



*Achieve
Ambitions*



Destination Sustainability

Study Summary & Recommendations

Galveston Island CVB

June 2021



Executive Summary

The goal of the Destination Sustainability Planning process that was undertaken by the Galveston Island Park Board (GIPB) and the Galveston Island Convention & Visitor Bureau (GICVB) was to analyze the destination's current positioning and identify and recommend direction for the sustainable growth of the Island's tourism industry. The focus areas included: generating offseason or shoulder season growth, creating management policies to support the sustainable growth of the industry and positioning the Island to increase its capture of high value visitors who engage deeply with the destination's offerings, become ambassadors and return in the offseason.

A thorough evaluation of the destination's assets and amenities were conducted as part of the research plan. Additional research was conducted among residents of the Island to assess the sentiment of the local community when it comes to the tourism and hospitality industry. Furthering the local research, focus groups were conducted with key stakeholders and community leaders to dig in further on the local resident's goals as well as pain point for the study's focus. The study found that overwhelmingly, the local community is supportive of the industry. At the core of the community's concerns are areas of traffic and congestion, home sharing policies and the environmental protection of the island's natural assets.

Additionally, visitor research was conducted to understand the profile of Galveston Island's visitors and the trends that those visitors are illustrating. The visitor research helped identify markets of opportunity that align with Galveston Island's current assets and amenities as well as provide insight as to how the GICVB and GIPB can direct policy and plan for the future to capture a great share of visitor markets going forward.

Further research was conducted on comparable and competitive destinations across the country. This research identified how Galveston Island compares and, specifically, how the lodging market is positioned when visitors are deciding on accommodations. This benchmark analysis also providing insight into gaps in product and opportunities for GICVB to consider for new developments.

The Destination Sustainability Planning process was temporarily interrupted by the COVID-19 global pandemic outbreak in March of 2020. The impact of the pandemic is still being felt on the island as well as nationally, however this did not deter the GICVB and the GIPB from continuing the planning initiatives. The GICVB and GIPB remained steadfast in supporting the industry and community partners and furthered that commitment by continuing to plan for the destination's future.

Executive Summary

Armed with the detailed research information and insights gained from stakeholder conversations and the comparable destination analysis, the Destination Sustainability Planning process focused in on the following key areas for recommendations:

1. Enhance key natural resources as visitor and residential assets including the beaches, outdoor recreation (paths, trails, bikeways), water and paddle sports, fishing, boating, lagoons and parks. This includes assets that the GIBP and GICVB are responsible for as well as partnering with the City where the assets are City-owned and operated.
2. Support the City's implementation of a mobility plan with trolley-like service to significantly reduce visitor vehicle traffic on the island and create a seamless experience between visitor assets and more pedestrian-friendly districts that the GIBP and GICVB would take "ownership" of as far as wayfinding and directional signage, banners and visitor facing amenities to communicate to the visitors as well as broader community how to access and utilize the mobility solutions.
3. Focus on strategic product and experiential development beyond the full-service hotel inventory recommendation. Strategic product development for GIBP and GICVB should include a goal to develop a world class recreational park system, increased outdoor recreation opportunities, consideration for water taxi development to support alternative transportation, increased arts and cultural product, convention and meeting space as well as overall landscape and hardscape across the Island. The intentionality of focus needed to support these strategic product areas will improve the overall visitor experience on the island and improve the Island's overall competitive positioning while sustaining the viability of the environment on the island.
4. Develop a short-term rental policy to mitigate risk to neighborhood erosion, preserve the culture and history of the community and ensure the quality of life for residents is not reduced to an undesirable level as that quality is also a reason visitors keep coming back.
5. Proactively work with the City planning department and development community to see new full service, resort-style accommodations sustainably developed on the island to attract a higher-end visitor. This would also provide new and additional meeting space to support the growth of meetings and conference business on the island.
6. Support development of, and advocate for, greater pedestrian connectivity with desired retail and hotel amenities between the port and historic and commercial district.

The GIPB and GICVB has invested time and resource to listen and learn from the community as well as identify what visitors are interested in when they come to Galveston Island. The Destination Sustainability Planning process sought to leverage this information to make key recommendations and deliver direction to the GIPB and GICVB for future planning.

Resident Research Summary

Around three-fourths of Galveston resident respondents support tourism. While most Galveston resident respondents support tourism growth, they also believe tourism development needs to be planned and controlled. Over half of Galveston resident respondents believe their local government is going a good job at promoting tourism and believe the local government should help fund those efforts.

The majority of Galveston resident respondents believe tourism encourages community investments and the tax revenues tourists bring means residents pay lower state and local taxes. However, there are concerns, such as the lack of perceived quality tourism jobs and price inflation. Also, almost half of residents don't believe tourism increases their household's standard of living.

Over two-thirds of Galveston resident respondents support accommodation-sharing regulation and think their presence causes an inflation in rent costs for locals.

Despite concerns about traffic congestion and parking, almost two-thirds of Galveston resident respondents recognize that tourism leads to an overall better quality of life, including more recreational opportunities and maintaining/preserving local historical and cultural sites. The transportation programs most appealing to residents are bike path along length of the Island, shuttle buses, and bus service to beaches and parks on weekends.

The cruise industry and the cruise port expansion have the support of almost three-fourths of Galveston resident respondents. Three-fourths of Galveston think cruise traffic primarily impacts Harborside Drive, and over half say they can still maneuver around the island on cruise sailing days.

When asked what industries are most important to the local economy, tourism ranks 2nd out of 17.

Stakeholder Research Summary

In addition to the resident research, additional sessions were conducted with the members of the hospitality and tourism industry as well as leaders of the community. Over 66 different organizations and 135 individuals participated in this Destination Sustainability planning process.

Key themes of stakeholder feedback were similar to, and agreed with, the sentiments of the resident feedback. Many of the stakeholders, especially those on the governmental side, were interested in developing decision-making tools for new and existing policies.

Additionally, a strategic approach to product development including new hotel development, cruise passenger capture and more was a theme of the stakeholder feedback. This strategic product development also came up in support of the shoulder seasons growth.

Stakeholders were also interested in seeing improved existing product and infrastructure through beautification and wayfinding signage. This includes the outdoor experiences, primarily the beaches and natural resources as well as outdoor recreation and existing visitor districts. This improves the visitor experience and ensures that visitors leave satisfied.

Stakeholders continued to reinforce the need to balance new strategic growth areas with areas of existing product focus. Overall stakeholders appreciated the community's input and were pleased at the support the broader community has for the industry.

The alignment between both stakeholders of the industry and residents is a great foundation by which GIPB and GICVB can move initiatives forward.

Visitor Research Summary

Visitors to Galveston Island are coming for a variety of reasons with visiting friends and relatives making up 36% of reasons for trip. The second highest reason for visitor trips was for a resort stay at 14% of visitor respondents. The third highest reason for visitor trips was the outdoor experiences at 9% of visitor respondents.

The additional reasons for visiting Galveston Island include the cruise industry (8%), touring trip (8%), special event (6%), other business (4%), business-leisure (3%), theme park (2%) and conference/meeting (1%).

More than half of all overnight stays are coming from markets within the state. The primary feeder markets in Texas for overnight stays are Houston at over 20%, Dallas at 14% and Austin at 6%. Out of stay visitation skews much lower than instate visitation. However, a combined 11% of overnight stays are originating from Louisiana, Arkansas and Oklahoma.

Seasonality is driven by the summer months with shoulder seasons experiencing a drop in visitation anywhere from 10-20%. On average there are 4.8 nights in a visitor's trip with 2.3 of those nights being in Galveston Island. Additionally, the traveler party is made up of 2.6 adults and 0.9 children. This indicates that the destination is appealing to families as well as couples without children.

Visitors are predominantly arriving by car. This reinforces the in-state drive market being the primary audience. Additionally, since the start of the COVID-19 global pandemic, car arrivals to the island have continued to increase. The drive market creates the need to focus on transportation and parking solutions on the island.

Galveston Island Positioning Summary

Galveston Island is an appealing Texas beach destination with natural resources including pristine beaches, state parks, outdoor recreation paths and much more. The destination is rich in history and cultural assets. While the variety of things to do is valuable to visitors, the beaches and outdoor amenities are the primary draw for visitors.

The destination's lodging options are dominated by limited-service properties at a 2:1 ratio for limited to full-service properties. The property mix also skews toward the midscale to economy scale hotel classifications. This illustrates that the inventory is primarily more affordable or lower cost brands. With only 8% of the combined inventory representing upper-upscale and luxury properties. This includes the independent properties. Additionally, home sharing services provide a significant inventory of options for alternative lodging, which adds another 3,000 listings to the market – of which the majority are multiroom homes.

Galveston Island is also home to a robust port and cruise industry. Port of Galveston is the 4th most popular cruise port in North America behind Port of Miami, Port Canaveral and Port Everglades with over 1.7 million passengers embarking from the port in the 2017 season. Port of Galveston is the 11th busiest cruise port by passenger count in the world*. None of the competitive destinations studied have cruise ports of this magnitude.

The destination's strengths of the beaches, natural resources, outdoor recreation and culture that cause visitors to flock to the island can also cause issues of traffic, congestion and demand at peak periods. While the residential community is mostly supportive of the tourism industry, these are areas of concern for the destination's strength and sustainability.

*Excludes ports in Asia.

Destination Sustainability Recommendations

Based on the research, stakeholder and resident feedback received, the following are the recommended areas of focus for the GIPB and GICVB:

1. Enhance key natural resources as visitor and residential assets including the beaches, outdoor recreation (paths, trails, bikeways), water and paddle sports, fishing, boating, lagoons and parks. This includes assets that the GIBP and GICVB are responsible for as well as partnering with the City where the assets are City-owned and operated.
2. Support the City's implementation of a mobility plan with trolley-like service to significantly reduce visitor vehicle traffic on the island and create a seamless experience between visitor assets and more pedestrian-friendly districts that the GIBP and GICVB would take "ownership" of as far as wayfinding and directional signage, banners and visitor facing amenities to communicate to the visitors as well as broader community how to access and utilize the mobility solutions.
3. Focus on strategic product and experiential development beyond the full-service hotel inventory recommendation. Strategic product development for GIBP and GICVB should include a goal to develop a world class recreational park system, increased outdoor recreation opportunities, consideration for water taxi development to support alternative transportation, increased arts and cultural product, convention and meeting space as well as overall landscape and hardscape across the Island. The intentionality of focus needed to support these strategic product areas will improve the overall visitor experience on the island and improve the Island's overall competitive positioning while sustaining the viability of the environment on the island.
4. Develop a home sharing policy to mitigate risk to neighborhood erosion, preserve the culture and history of the community and ensure the quality of life for residents is not reduced to an undesirable level as that quality is also a reason visitors keep coming back.
5. Proactively work with the City planning department and development community to see new full service, resort-style accommodations sustainably developed on the island to attract a higher-end visitor. This would also provide new and additional meeting space to support the growth of meetings and conference business on the island.
6. Support development of, and advocate for, greater pedestrian connectivity with desired retail and hotel amenities between the port and historic and commercial district.

Each recommended area of focus is expanded on in the following pages.

Recommendation: Preserve Key Natural Resources

Preserve and enhance key natural resources as visitor and residential assets including the beaches, outdoor recreation (paths, trails, bikeways), water and paddle sports, fishing, lagoons and parks and the amenities available at these points of interest. This includes assets that the GIBP and GICVB are responsible for as well as partnering with the City where the assets are City-owned and operated.

Stakeholder & Resident Impact: as this is a key reason visitors come to Galveston Island, it is also one of the quality of life reasons people want to live there.

Visitor Impact: this is the primary activity and amenity that visitors engage with. This means that continued upkeep and maintaining the pristine nature and beauty are incredibly valuable to preserve.

Strategic Direction: continue to invest in and maintain the natural resources and outdoor recreation assets as a priority for the future sustainability of the Island's primary tourism product as well as the sustainability of the visitor industry. Focus on facility enhancements and new service delivery to round out and elevate the end-user experience. On the facility side this may include restroom facilities and food and beverage outlets. From the services side this could include concession agreements, increased vendor relationships and food and beverage services at the natural resources sites or outdoor recreation sites.

Funding Implications: this is currently conducted through the existing GIPB budget and this important work should continue. The GIPB should continue seeking state and federal grants for beach nourishment and replenishment as well as investing in the parks and public spaces where outdoor recreation is positioned for growth. Additionally, through this funding, the GIPB and GICVB should look for ways to grow the asset, i.e., increased footprint of the beach or improve the overall experience where possible through services mentioned above.

Recommendation: Implement Mobility Plan

Support the City's implementation of a mobility plan with trolley-like service to significantly reduce visitor vehicle traffic on the island and create a seamless experience between visitor assets and more pedestrian-friendly districts that the GIBP and GICVB would take "ownership" of as far as wayfinding and directional signage, banners and visitor facing amenities to communicate to the visitors as well as broader community how to access and utilize the mobility solutions.

Stakeholder & Resident Impact: reduction in overall congestion, especially during peak visitor periods. Improved pedestrian and vehicular safety.

Visitor Impact: ease of mobility on the island through dedicated, consistent service in a mobility solution connecting various points of interest.

Strategic Direction: reduce new car traffic by introducing a new mobility solution on the Island. This should also include limiting specific high traffic roadways in key visitor areas/districts that do not have capacity for the current volume of both vehicular and pedestrian traffic from vehicles. Strategic pedestrian-friendly district development and wider roadway shoulders or dedicated lanes plus the mobility solution through a trolley service would reduce the congestion and make the island more visitor and resident friendly. This could also include parking solutions to be included in future public-private partnership opportunities.

Funding Implications: a new mobility solution will require either public investment in funds and human resource to execute or a public-private partnership to execute. There will be additional funds needed to procure the services of a vendor and invest in signage as well as other physical assets to bring the mobility solution to life. Additionally, funding will need to be secured for a public information campaign to communicate through a variety of mediums including temporary and permanent signage to residents, business owners and visitors that this change is occurring.

Recommendation: Strategic Product & Experience Development

Focus on strategic product development beyond the full-service hotel inventory recommendation. Strategic product development for GIBP and GICVB should include a goal to develop a world class recreational park system and nature-based tourism experiences, increased outdoor recreation opportunities, consideration for water taxi development to support alternative transportation, increased arts and cultural product, convention and meeting space as well as overall landscape and hardscape across the Island. The intentionality of focus needed to support these strategic product areas will improve the overall visitor experience on the island and improve the Island's overall competitive positioning while sustaining the viability of the environment on the island.

Stakeholder & Resident Impact: increased assets and amenities for residential use as well as diversification in product offerings for stakeholders to leverage.

Visitor Impact: improved and enhanced product offerings for leisure experiences as well as new group meetings facilities and product.

Strategic Direction: advocate for and partner with other organizations including the private sector to enhance the island's existing product offerings in the areas of improving the park system, outdoor recreation, water taxi development, arts and culture, convention and meeting space and beautification. This should also be focused on improving amenities based on the target markets that have a propensity to visit found in the research as well as focus on opportunity markets for new experiences i.e. resort-style assets to attract a higher end traveler, increased value of sports tourism business both related to tournaments and sporting activities, arts and cultural assets and preservation of the natural resources, etc.

Funding Implications: funding for new projects should be sourced through increased budget to the GIPB and GICVB budgets as well as potentially through public-private partnerships.

Recommendation: Create Short-Term Rental Policy

Develop a short-term rental/vacation rental policy to manage supply and mitigate risk to neighborhood erosion, preserve the culture and history of the community and ensure the quality of life for residents is not reduced to an undesirable level as that quality is also a reason visitors keep coming back.

Stakeholder & Resident Impact: provides Galvestonians the opportunity to embrace short term rentals and the revenues they attract while protecting quality of life for residents and neighborhoods.

Visitor Impact: ensures that our neighborhoods continue to thrive along with our local arts, culture, history, architecture, and our beaches, giving visitors reasons to return again and again.

Strategic Direction: by creating a policy which regulates, enforces and promotes responsible property management, stakeholders – property owners/managers, residents, PB, CVB, City staff, and elected officials - will all have a hand in preserving our unique neighborhoods. The policy should include the following considerations: annual registration fee (\$50), investment in technology to manage vacation rental data, multi-point disciplinary (3-strike) policy after complaints are validated then permit to rent is removed, if property is not registered and receives a validated complaint the property loses its ability to apply for a permit, occupancy limitation to match number of bedrooms with double occupancy, ratio of 30% max rental properties per neighborhood – could go as granular as block level to manage density. To further mitigate the risk to neighborhood erosion and maintain community engagement the City could require a minimum level of residency by the property owner. Additionally, it is proposed that a “Good Neighbor” policy be put in place which would provide additional marketing support from the GICVB for those properties that do comply and showcase Galveston in the best light, which could be added on to the existing CTA program. Additionally, shared accommodations units should receive a collateral package when they pay their annual fee.

Funding Implications: the resources needed in this case are tied primarily to human resource dedicating time to craft the appropriate policy for implementation.

Recommendation: Grow Full-Service Inventory

Proactively work with the City planning department and development community to see new full service, resort-style accommodations sustainably developed on the island to attract a higher-end visitor. This would also provide new and additional meeting space to support the growth of meetings and conference business on the island.

Stakeholder & Resident Impact: concentrates lodging development in visitor districts. Hotel tax increases and spending increases from new inventory absorbed in the market will lower costs to residents and ultimately impact quality of life amenities positively.

Visitor Impact: this will provide the needed inventory where the island lacks product. This provides new hotel options, especially should the new product be a “mainstream” brand.

Strategic Direction: enhance the guidelines for limited-service hotels for a 5-year period in order to proactively focus on new, full-service inventory development. Craft new incentive language for full-service style lodging options. Additionally, the GIBP and GICVB in conjunction with the City and economic development partners should identify 3-5 sites where this development could occur. This should include Stewart Beach among other key site opportunities. Additionally, the GIPB and the City should jointly develop a marketing package to raise visibility of those sites and the opportunity to hotel development partners.

Funding Implications: determining new public incentives for full-service hotel development may come in the form of property tax relief/credits or capital investment in a public-private hotel deal.

Recommendation: Cruise District Connectivity

Support development of, and advocate for, greater pedestrian connectivity with desired retail and hotel amenities between the port and historic and commercial district.

Stakeholder & Resident Impact: aligned strategic management of the Port's growth to lessen the cruise industry impact on the broader community through build up of the cruise "district".

Visitor Impact: improved visitor experience and enhanced visitor spending capture in the cruise district.

Strategic Direction: as the Port of Galveston master plan identifies, cruise industry growth (prior to COVID-19) will continue to grow incrementally on an annual basis to 5.38 million passengers by 2038, essentially doubling the 2019 figures. With this trajectory in mind, the GIBP and GICVB should advocate for increased and enhanced product to support the district's growth to increase spending capture and mitigate cruise traveler impact to the broader community. The GIBP and GICVB should work with the City and Port to see a full-service hotel developed within the Port grounds to support the growing industry's needs. This was also identified in the Port's Master Plan. By focusing on the Port area's development and pedestrian connectivity, the GIBP and GICVB is also able to prioritize the preservation of natural resources and their development on the rest of the Island. This could also include investment in wayfinding, public art and signage improvements from the GIPB and GICVB.

Funding Implications: determining the roles and responsibilities will impact funding needs and opportunities. It is recommended that the City and its partners investigate a creative solutions related to funding activities and improvements within the district which would benefit the Port's overall connectivity. The GIPB and GICVB should consider a similar path to the transportation initiative in supporting the City-run program and being responsible for wayfinding and directional signage and aspects of beautification as well as interfacing with the developer community on the hotel inventory needs.

Summary of Initiatives

Based on the recommendations and areas of focus described in this report, the following are initiatives that could be taken within the next five years. The items include the impact on the primary markets and the prioritization of these initiatives.

Galveston Island Destination Sustainability Recommended Initiatives							
Focus Area	Impact Area			Lead Organization	Prioritization		
	Resident	Stakeholder	Visitor		Green	Yellow	Orange
Enhance Key Assets through the Development of Recreational Facilities							
Pursue beach nourishment and replenishment project funds (East End)				Park Board			
Pursue beach nourishment and replenishment project funds (West End)				COG			
Develop mobile beach user facilities				Park Board			
Seek funds to preserve and maintain the East End Lagoon Nature Preserve (implement master plan)				Park Board			
Improve outdoor recreational opportunities for water based activities				Park Board			
Improve outdoor recreation assets at Stewart Beach				Park Board			
Obtain additional lands for recreational purposes				Park Board			
Improve Mobility Plan							
Create wayfinding signage and information campaign				Park Board			
Develop bicycle friendly routes and promote "Travel by Bike"				Park Board			
Develop a dedicated funding source for visitor transit system for visitors				COG			
Finalize route and points of interest to be included with City				Joint			
Determine seasonal nature and timing of plan to be implemented				COG			
Determine locations/zones for pedestrian only access				Joint			
Set procurement path to execute with vendor				COG			
Incentive Park and Ride Opportunities				Joint			
Improve transit/bus stops to include ride times, maps, POI and visitor information				Joint			
Create Short-Term Rental Policy							
Finalize and update ordinances to capture local HOT from third party rental platforms				COG			
Develop collateral materials for education and distribution to tax payers regarding tax requirements				Park Board			
Finalize and update ordinances to promote 'good neighbor' policies by short term rentals				COG			
Develop collateral educational and promotional pieces to assist short term rental marketing & visitation				Park Board			
Review ordinances to limit the overall density of number of short term rental units in neighborhoods				COG			
Identify any reinvestment areas for future growth				Joint			
Grow Full-Service Hotel Inventory							
Enhance development guidelines relative to height and density on the Seawall Corridor				Joint			
Identify potential sites, qualify infrastructure requirements and actively solicit full service hotel bids				Joint			
Identify criteria for future hotel development permits				Joint			
Create solicitation package for full service developments				Joint			
Create Cruise District Connectivity							
Vet potential for creating a funding district (BID, PID, TBID)				Joint			
Develop potential guidelines for ratio of cruise passenger growth to resident balance				Joint			
Develop charter opportunities to drive new arrivals from new fly-in markets				Park Board			
Identify land opportunities for hotel development within the Port				Park Board			
Identify connectivity opportunities with landscape and hardscape				Joint			
Pursue Strategic Product Development							
Improve beautification of public spaces including landscapes and hardscapes				COG			
Invest in infrastructure needs for holiday decorations around town				COG			
Surface new cultural experiences for new product				Park Board			
Create signage plan and packaging across the island				Park Board			
Improve infrastructure needs including parking, pedestrian paths and bike lanes				Park Board			
Pursue the creation of a Sports Authority to sell sports tourism business & organize stakeholders				COG			
Pursue Medical Tourism opportunities				Park Board			

Conclusion

The GIBP and GICVB undertook a detailed and thorough process to assessing the tourism landscape across the destination. While the process was temporarily interrupted by the effects of COVID-19, the GIBP and GICVB remained committed to the process and achieved its ambitious goals of identifying destination sustainability items that should be considered for the industry's long-term success and growth on the Island.

It is important to note that this planning process was done on behalf of the community that lives in, and loves what, Galveston has to offer and subsequently share with its growing visitor population. With the support from the residential community for the industry's success, the priorities identified within this Destination Sustainability planning process will only further the synergies of the community and visitors.

The GIBP and GICVB will have significant roles to play in furthering the priorities identified through this planning process. From advocates of City-backed initiatives to leaders and managers of implementation aspects, the GIBP and GICVB will need to continue to facilitate conversation with City and community leaders to bring the recommended priority areas to life.

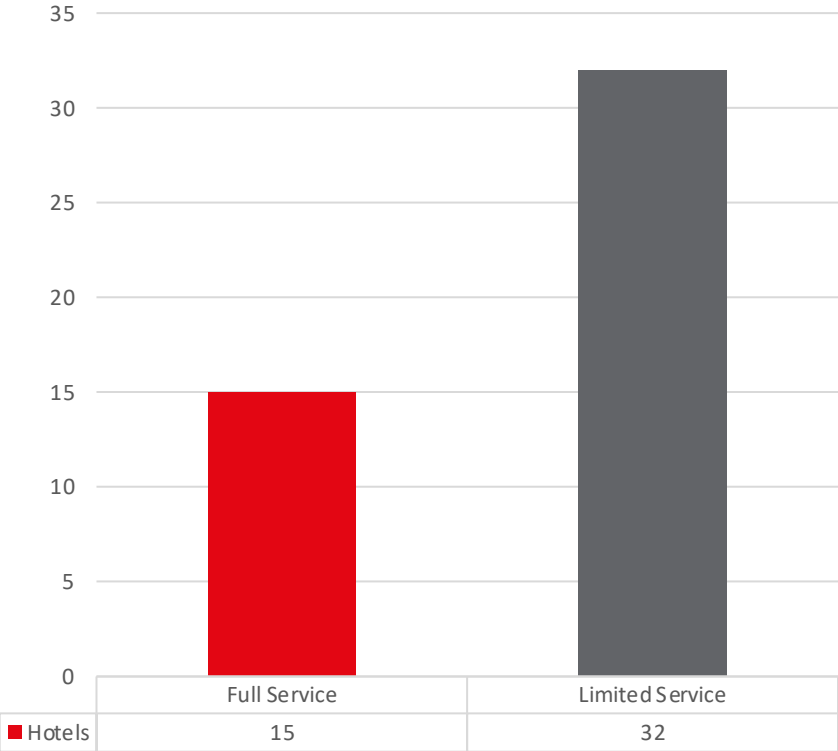
By taking on the ambitious challenge of planning for an island destination's future sustainability, the GIBP and GICVB have shown their commitment to bettering the community's quality of place and the appeal to visitors in the future while sustaining the momentum of the tourism economy's success and growth in recent years.

Appendix

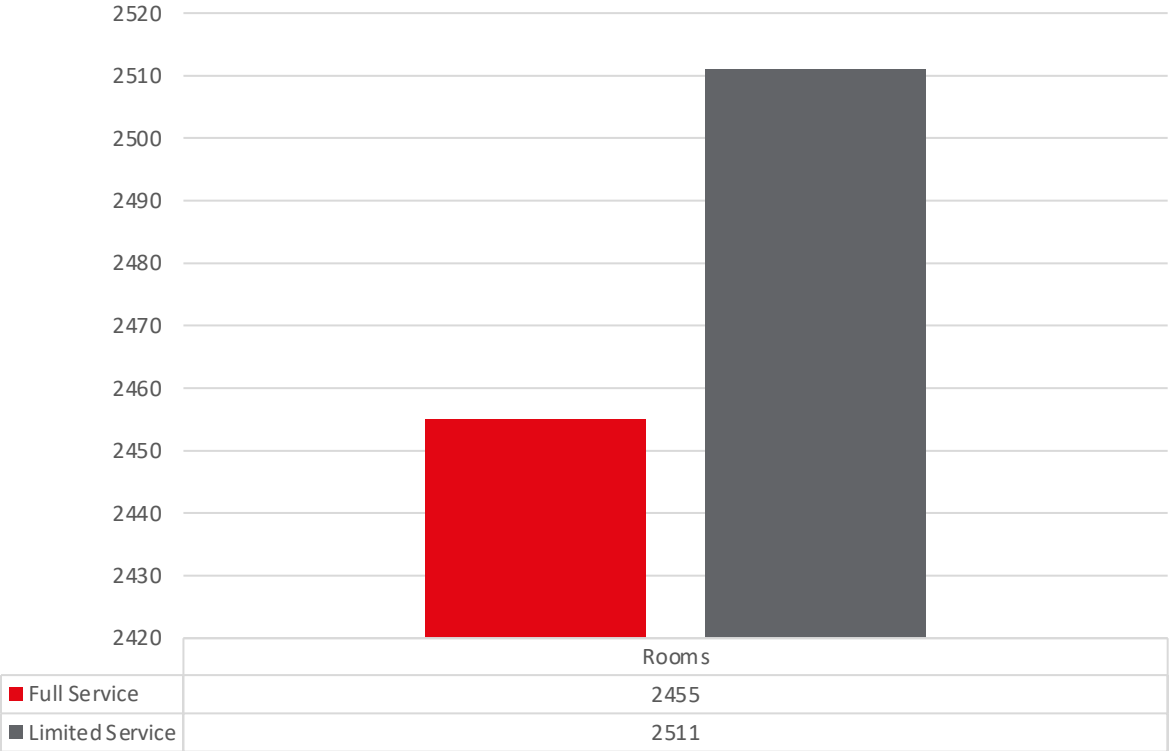
Research Study Elements

Existing Hotel Inventory

Galveston Island Inventory
of Hotels



Galveston Island Inventory
of Rooms

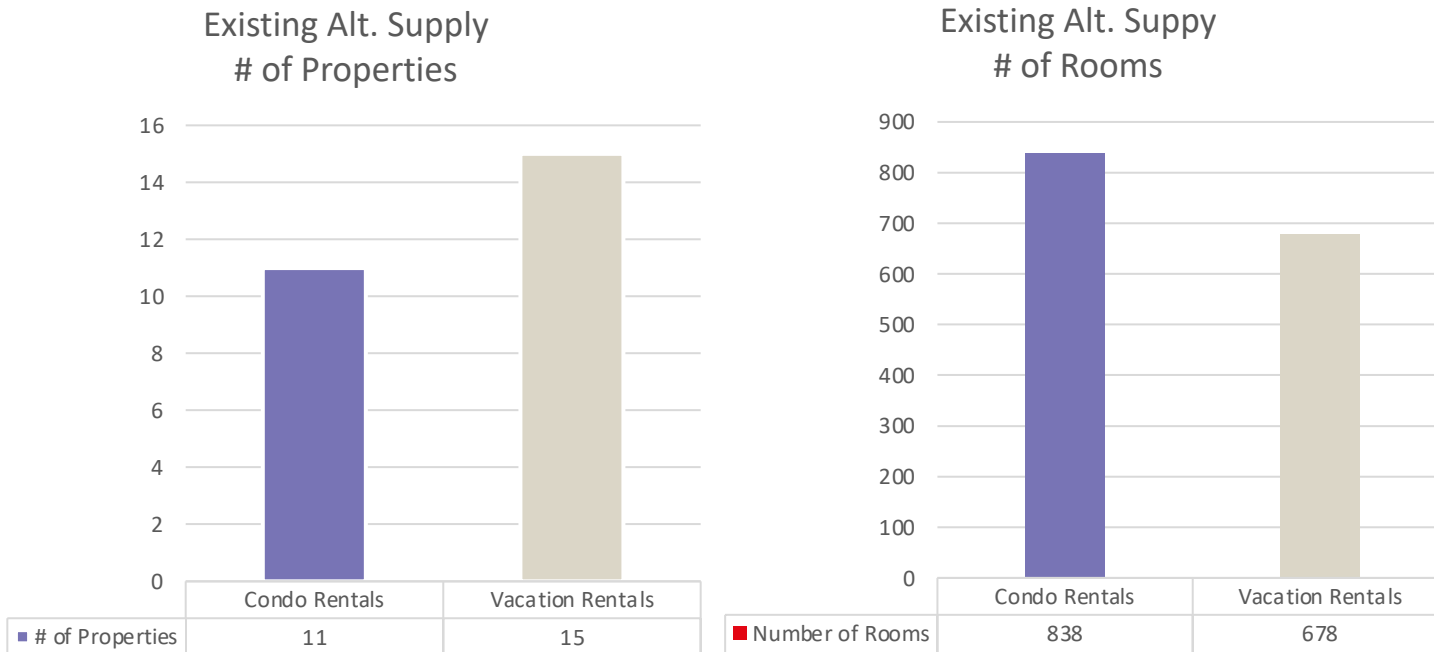


Existing Alternative Lodging Inventory

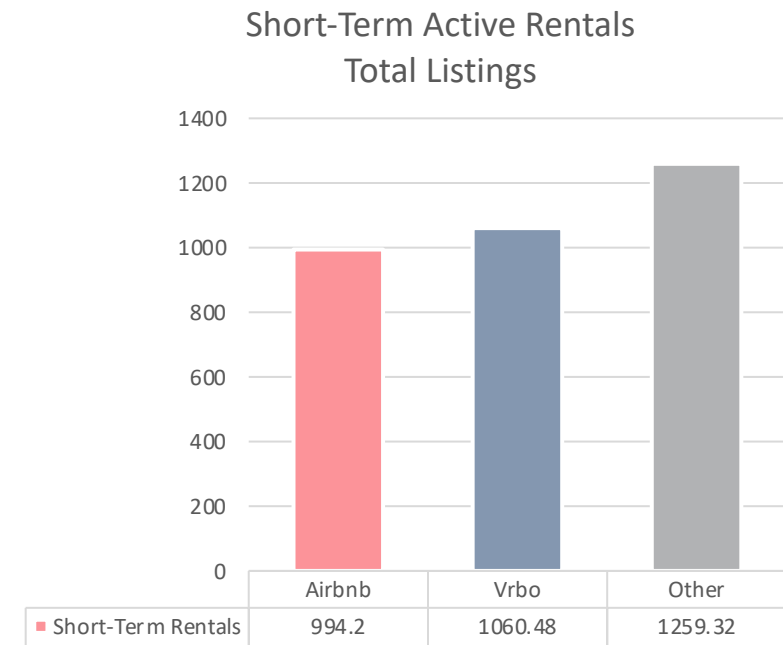
According to AirDNA research, Galveston Island has 3,000+ existing listings in the short-term rental marketplace.

- ADR - \$239 – seasonal \$267 (Nov) \$195 (Dec)
- Occupancy - 43% - seasonal 73% (Jul) 26% (Oct)
- Rev - \$2,491 – seasonal \$4,000 (Jul) \$1,650 (Oct)
- Rental mix – 2.4 bedrooms with 7.8 guests on average
 - 97% are entire homes
 - 30% of all rentals are 3 bedrooms

Data From Galveston CVB



Data From AirDNA Research

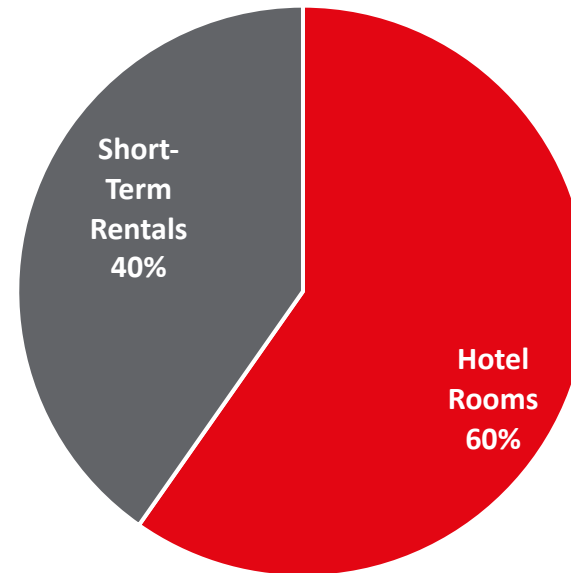


Existing Hotels by Class

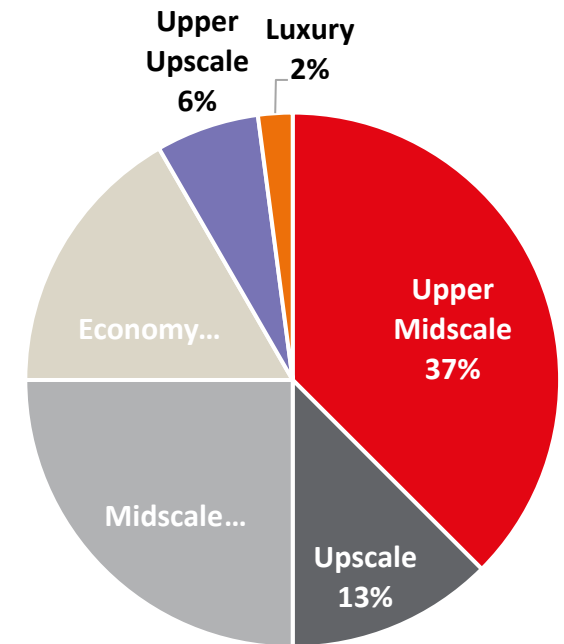
In reviewing Galveston Island CVB's existing hotel inventory, JLL has identified the following:

- Hotels
 - Mix of hotels is primarily independent (assuming upper midscale as highest tier)
 - Full service independent properties are 4.0-star AAA four diamond properties
 - Remaining hotel mix is 3.0 stars or lower
 - Majority of hotels are limited service
 - *Potential* product gaps in branded upscale and upper upscale
- Short-Term Rentals
 - Entire homes
 - Average bedroom rental to guest ratio is low
 - Indicates stay is value travel driven

Total Inventory All Types
of Rooms

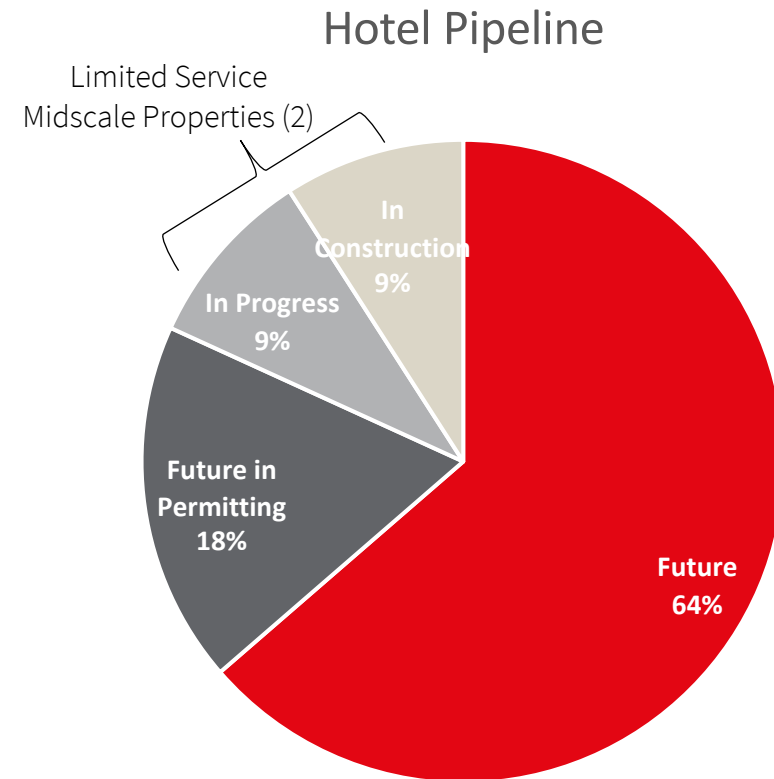


Existing Hotel Supply by STR Chain
Scale/Class



Hotel Pipeline

- 11 properties in established pipeline
 - Representing 862 total rooms
 - 7 properties are categorized as Future
 - 2 properties are categorized as Future in Permitting
 - 1 property is categorized as In Progress
 - 1 property is categorized as In Construction
- Properties in the pipeline represent
 - Limited service
 - Upscale
 - Upper midscale
 - Midscale
 - Full service
 - Upper Upscale
 - Upscale
 - Independent boutique – luxury

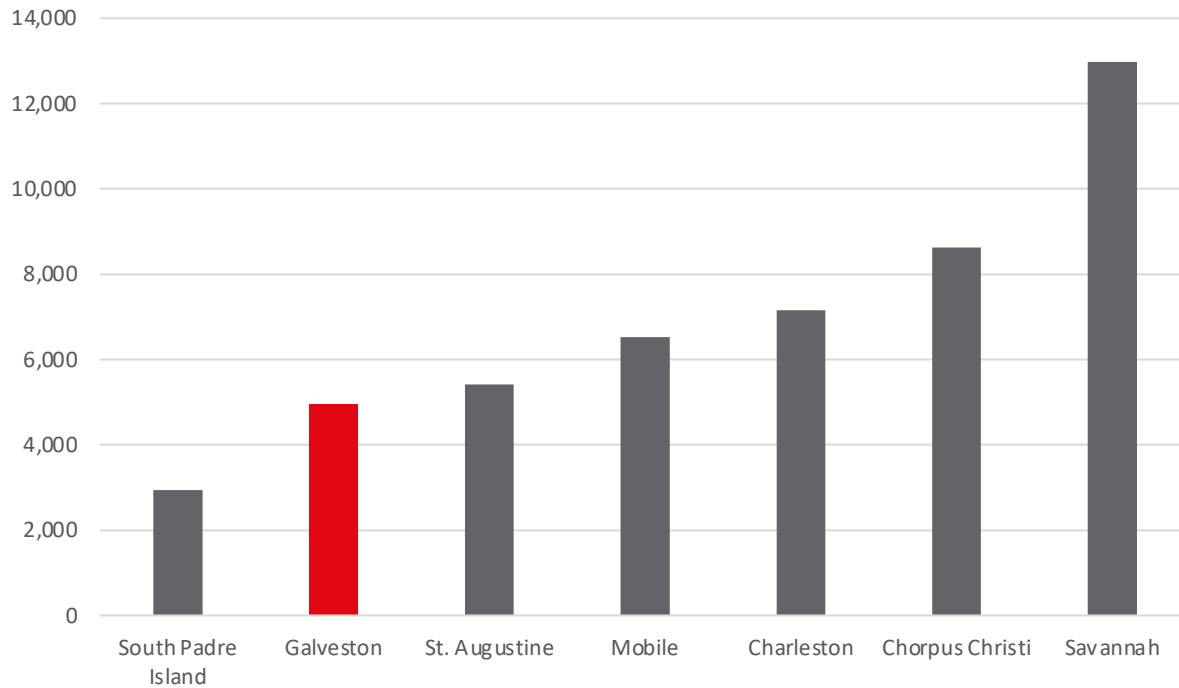


Benchmark Destinations' Hotel Stock

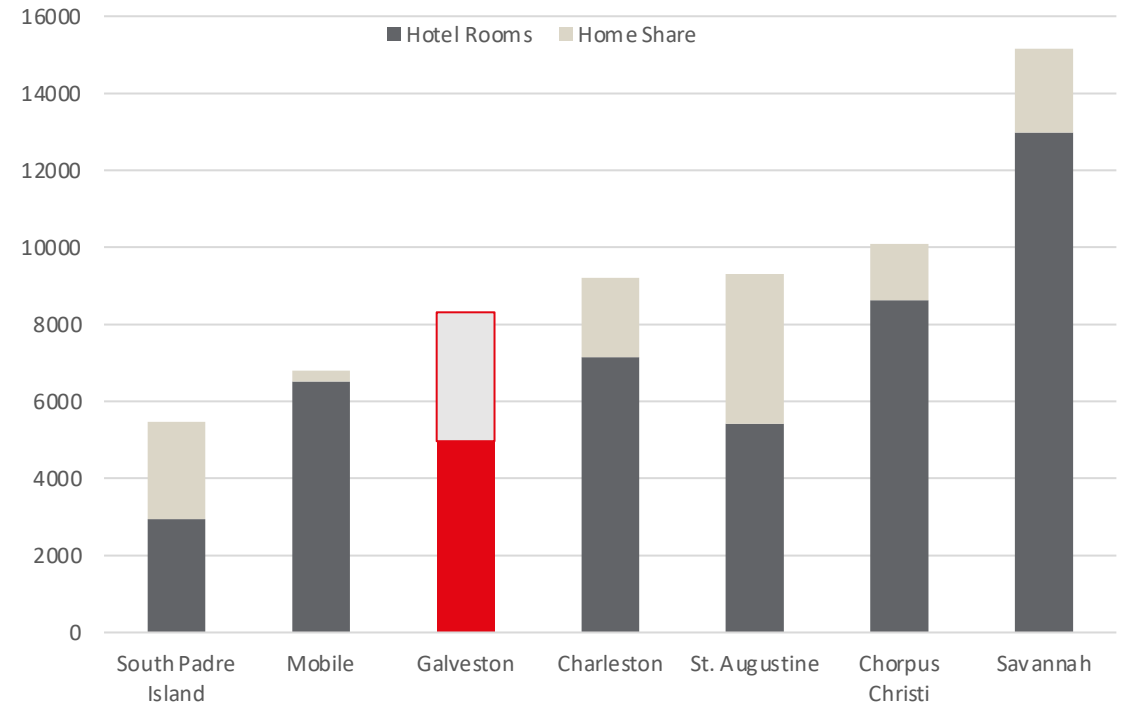
Galveston has the second lowest total hotel inventory amongst the comp set.

Galveston's lodging inventory increases by 67% when home share units are added in - second highest increase behind South Padre Island.

Comparable Destinations by Total Hotel Inventory



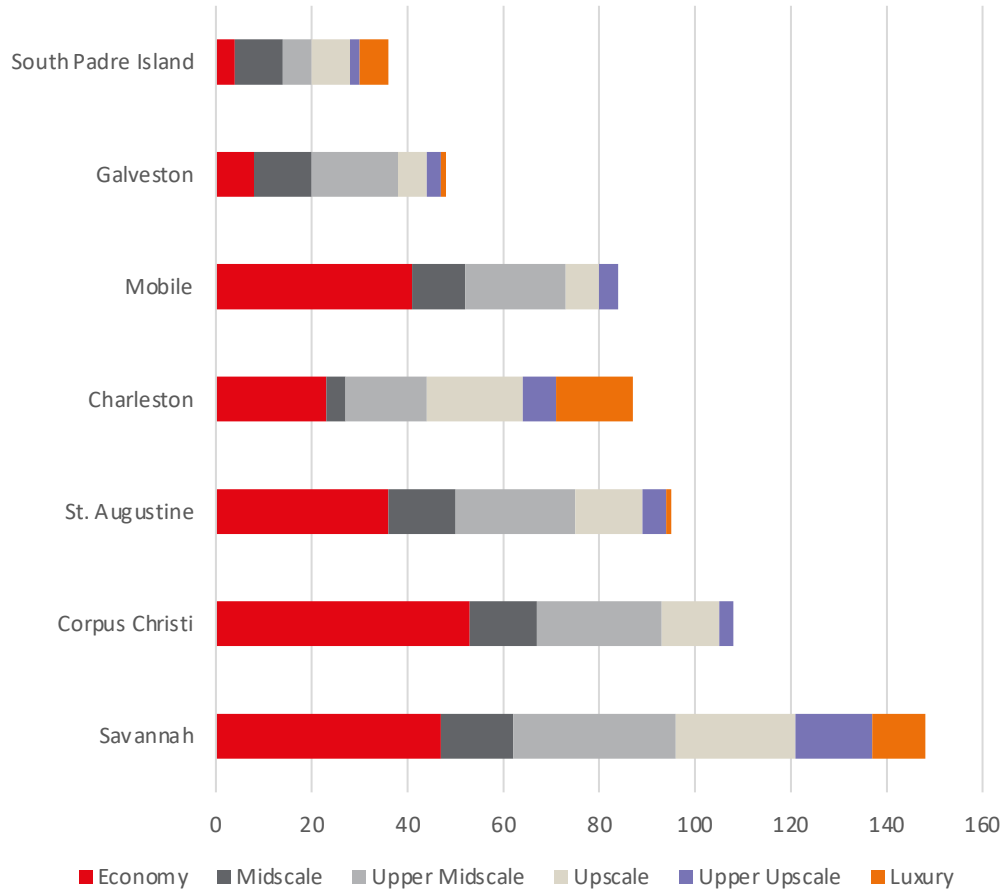
Comparable Destinations by Total Lodging Inventory



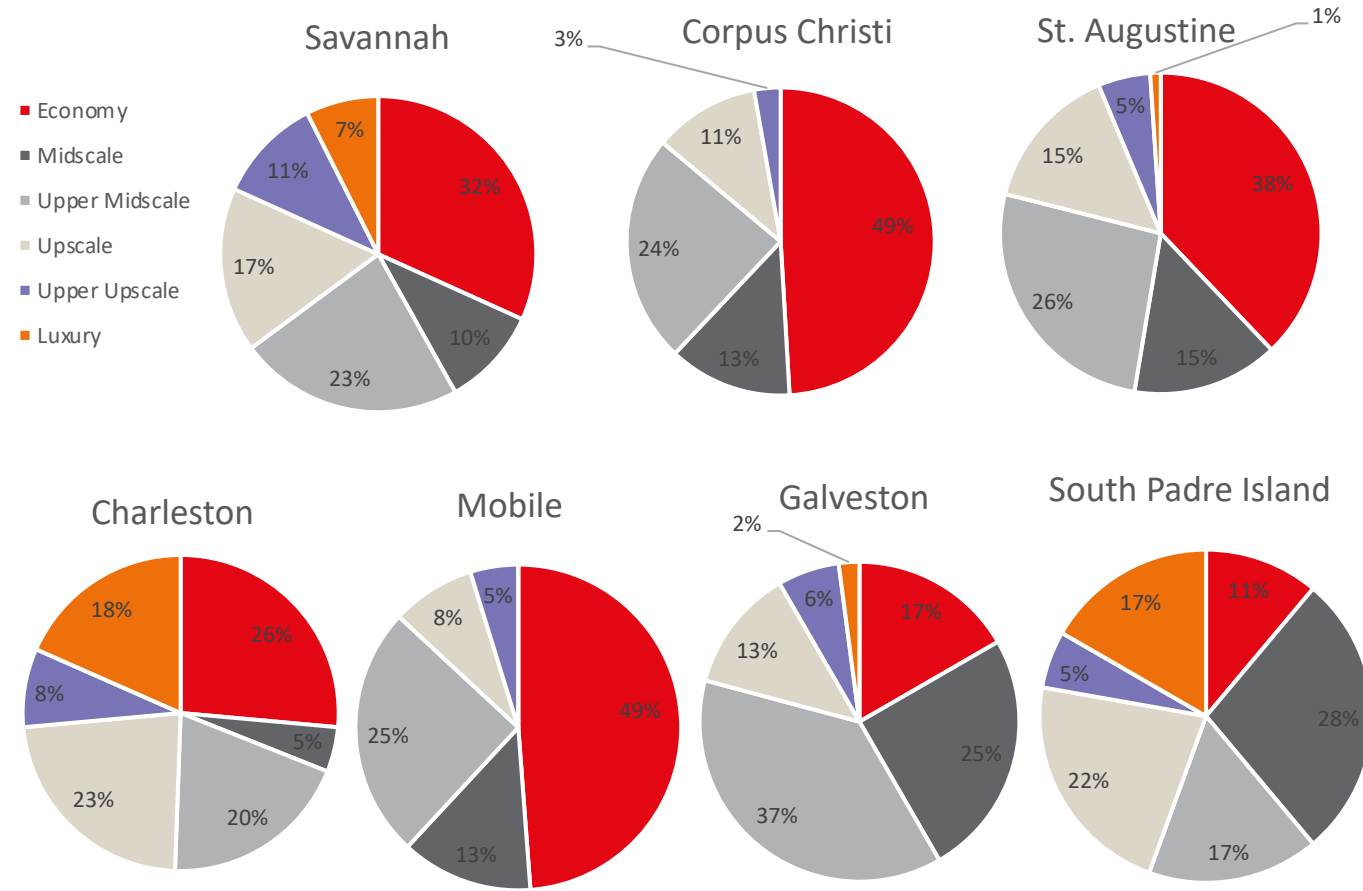
Benchmark Destinations' Hotel Stock

When comparing total stock by STR chain scale/class Galveston has the most inventory allocated in Upper Midscale (37%) of total inventory.

Comparable Hotels by Chain Scale
of Properties



Comparable Hotel Stock by Chain Scale
% of Inventory



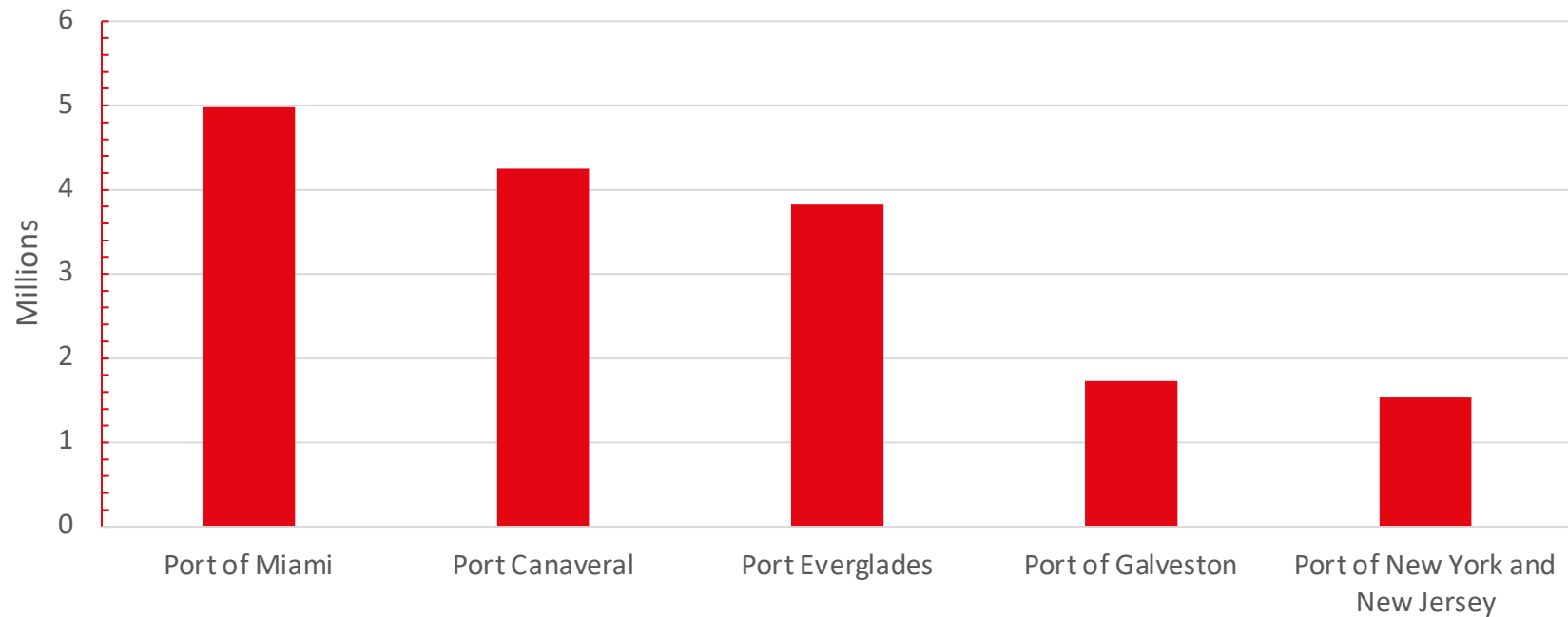
Port of Galveston

Port of Galveston is the 4th most popular cruise port in North America behind Port of Miami, Port Canaveral and Port Everglades.

Port of Galveston is the 11th busiest cruise port by passenger count in the world*

None of the competitive destinations studied have cruise ports of this magnitude

Annual Cruise Passengers 2016-2017



*does not include all Asian ports due to lack of data.

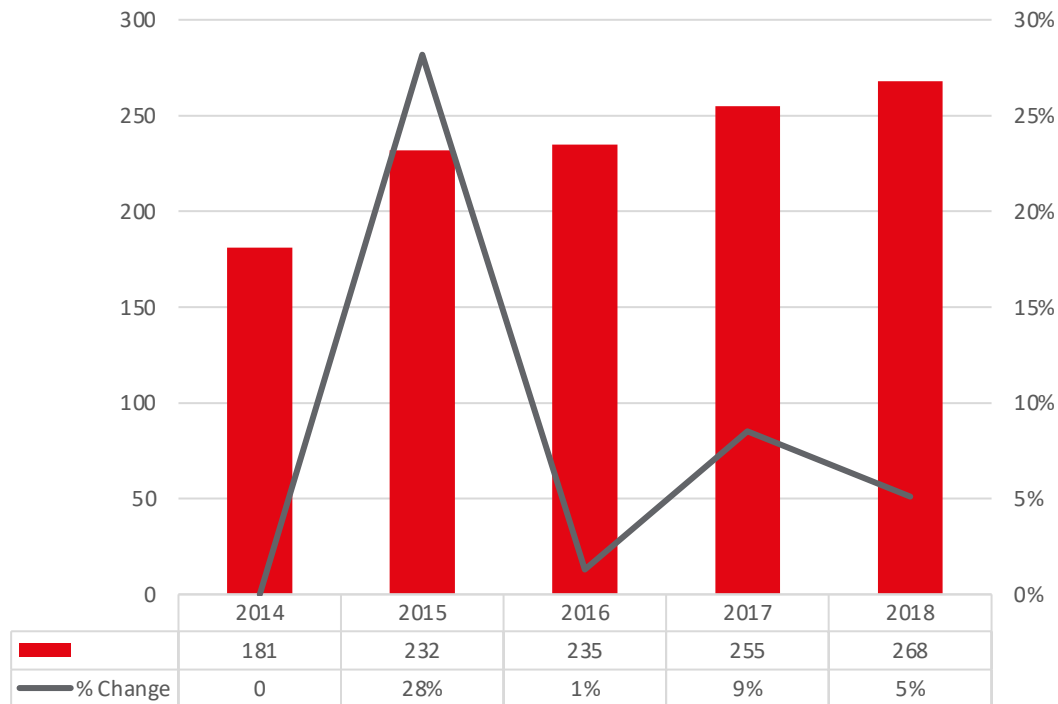
Port of Galveston

In the five-year period studied, Port of Galveston’s annual Cruise Ship Calls has increased nearly 50% from 181 to 268.

2019, not included below, reached new heights with two million total passengers coming through the Port of Galveston.

When considering embark vs. debark, more passengers embark in Port of Galveston than debark. Although this number is nominal, it indicates that cruise passengers are not staying as long in Galveston as they are in their final cruise destination.

Total Cruise Ship Calls
5-Year Trend



Total Cruise Passengers Embark & Debark
5-Year Trend

