

The US Lodging Industry

Outlook for 2025 and Beyond

June 12, 2025



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Drivers and Roadblocks for the Hotel Industry



Current trends and outlook

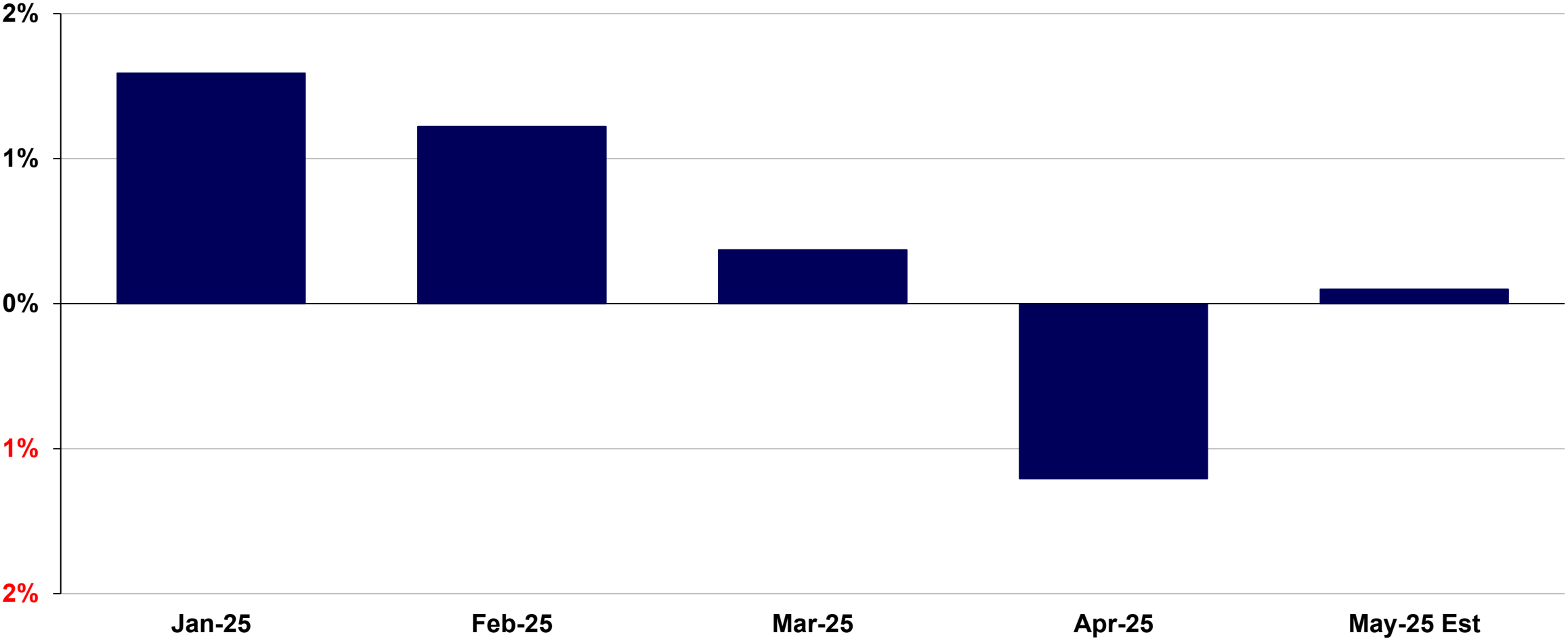
Isaac Collazo

June 2025



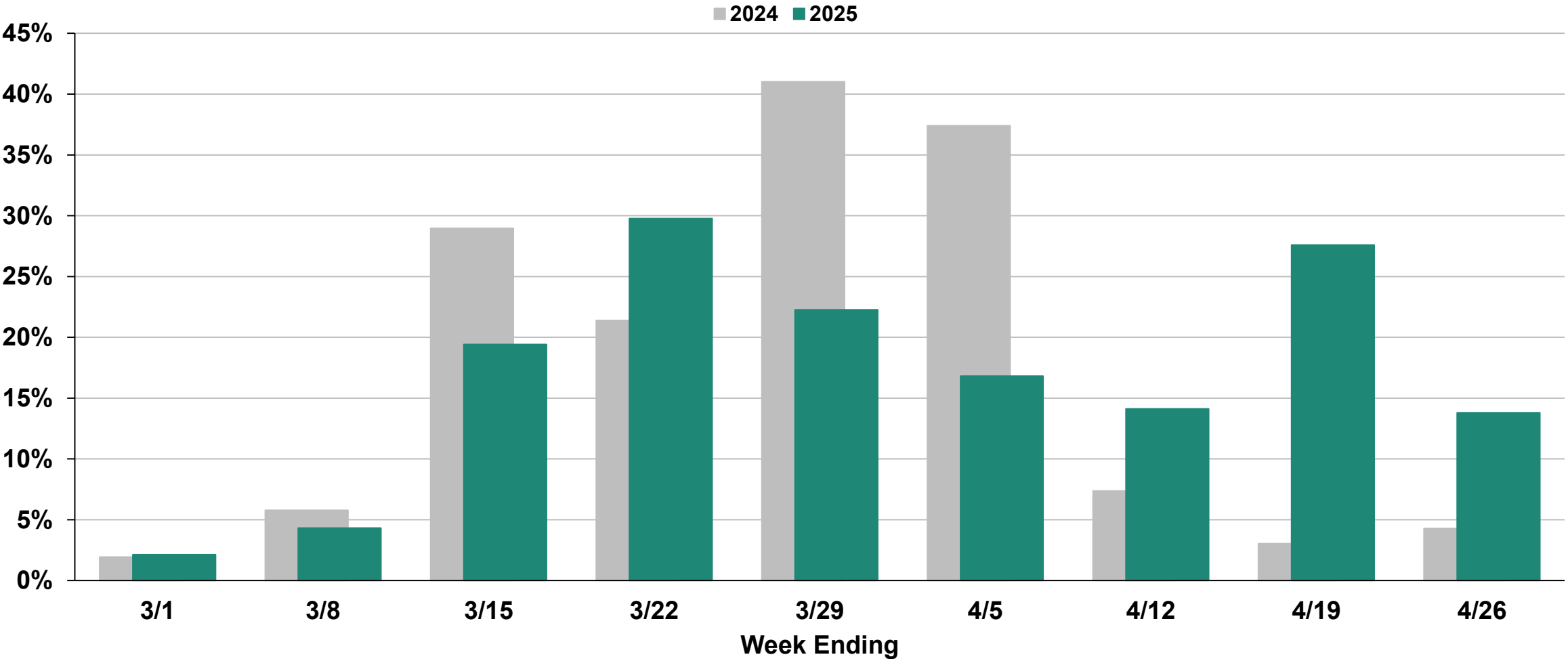
U.S. demand trending downward

U.S. room demand change



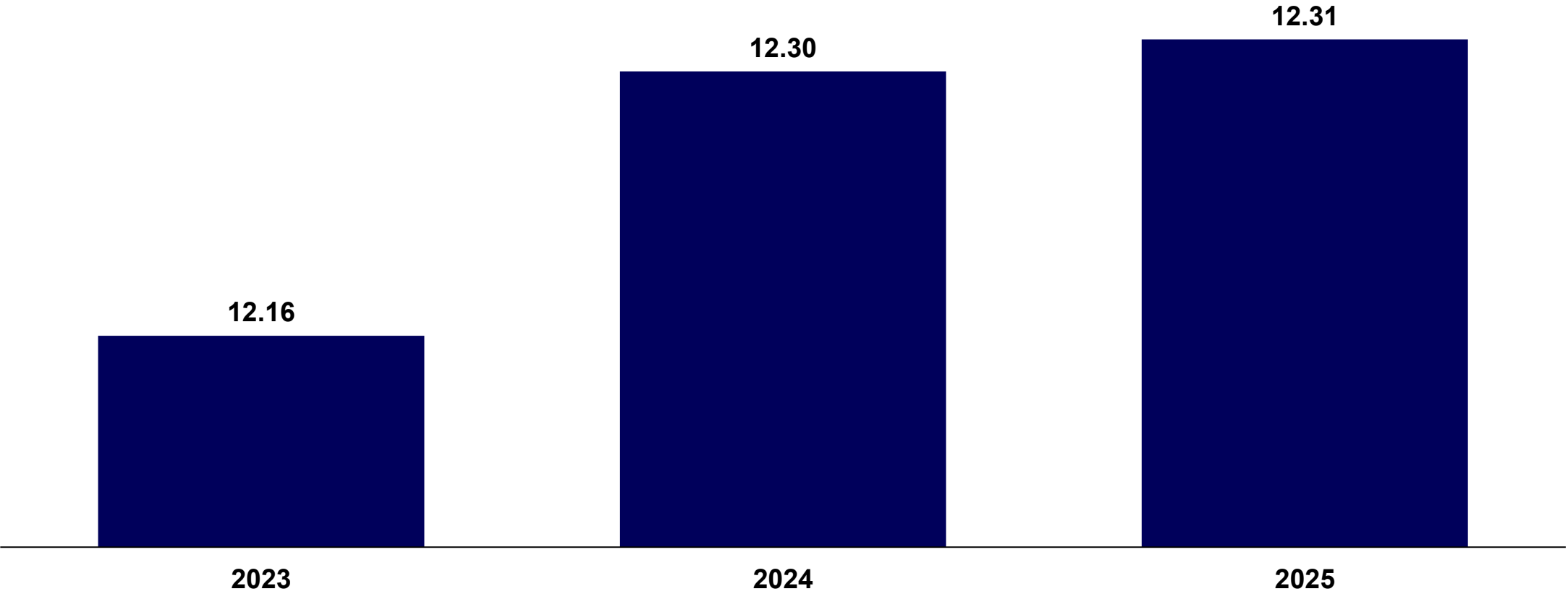
Changes in school holidays impacted March and April demand

Percent of school population on spring break



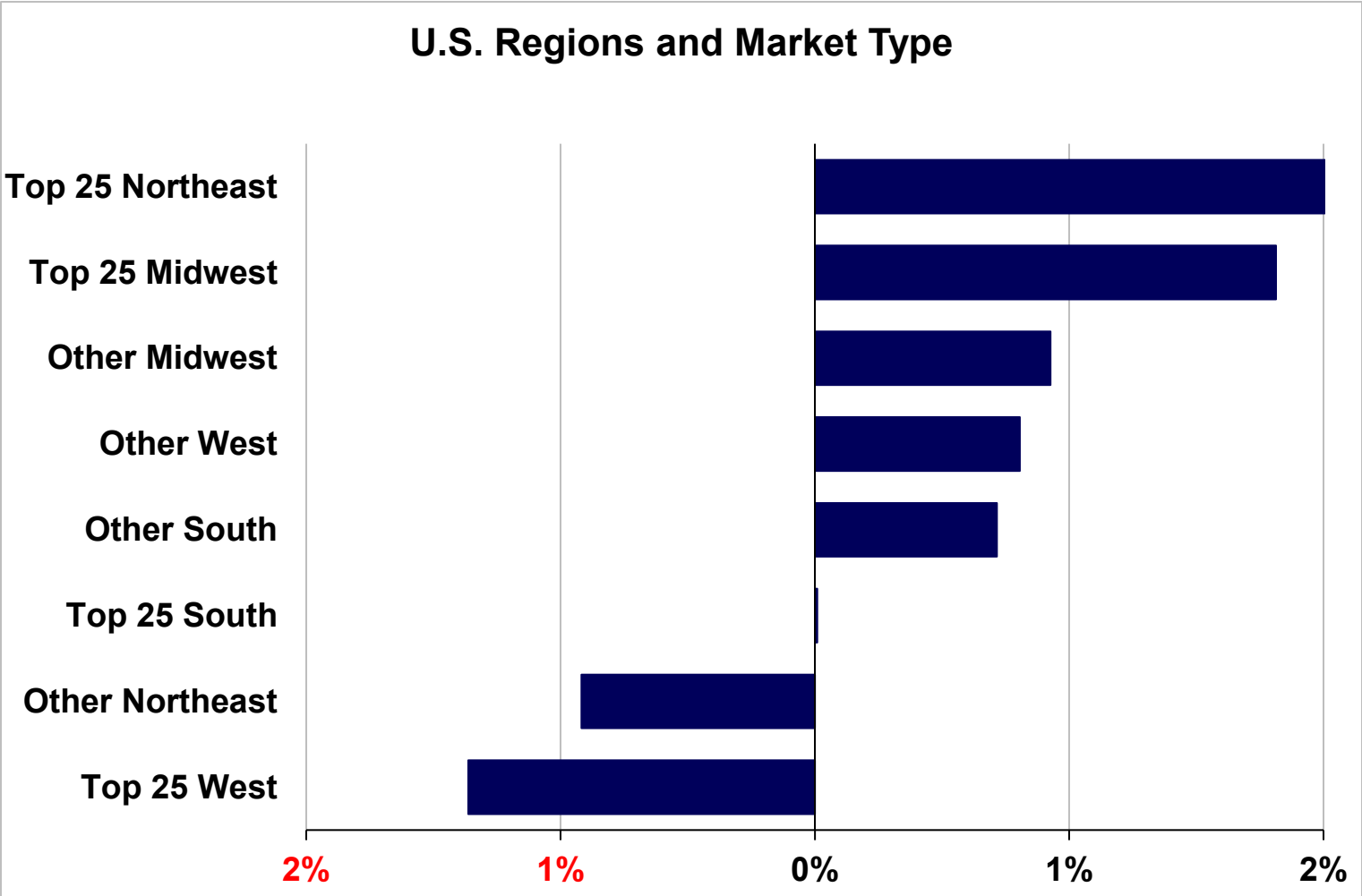
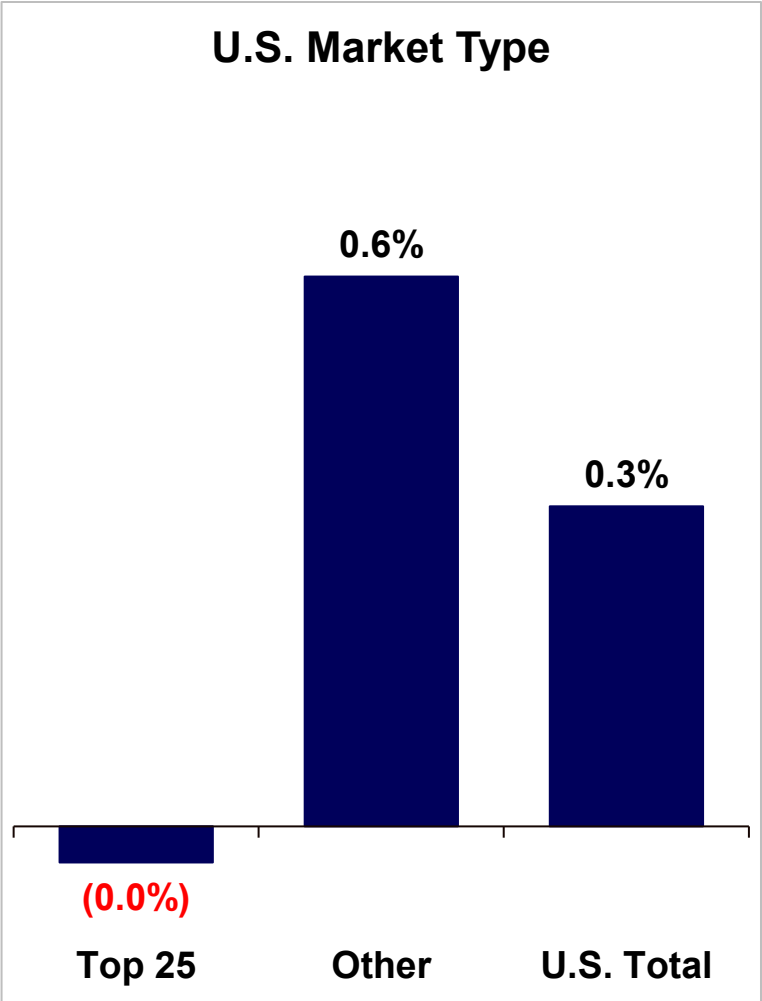
A "normal" Memorial Day

U.S. Memorial Day holiday (Friday-Sunday), room demand



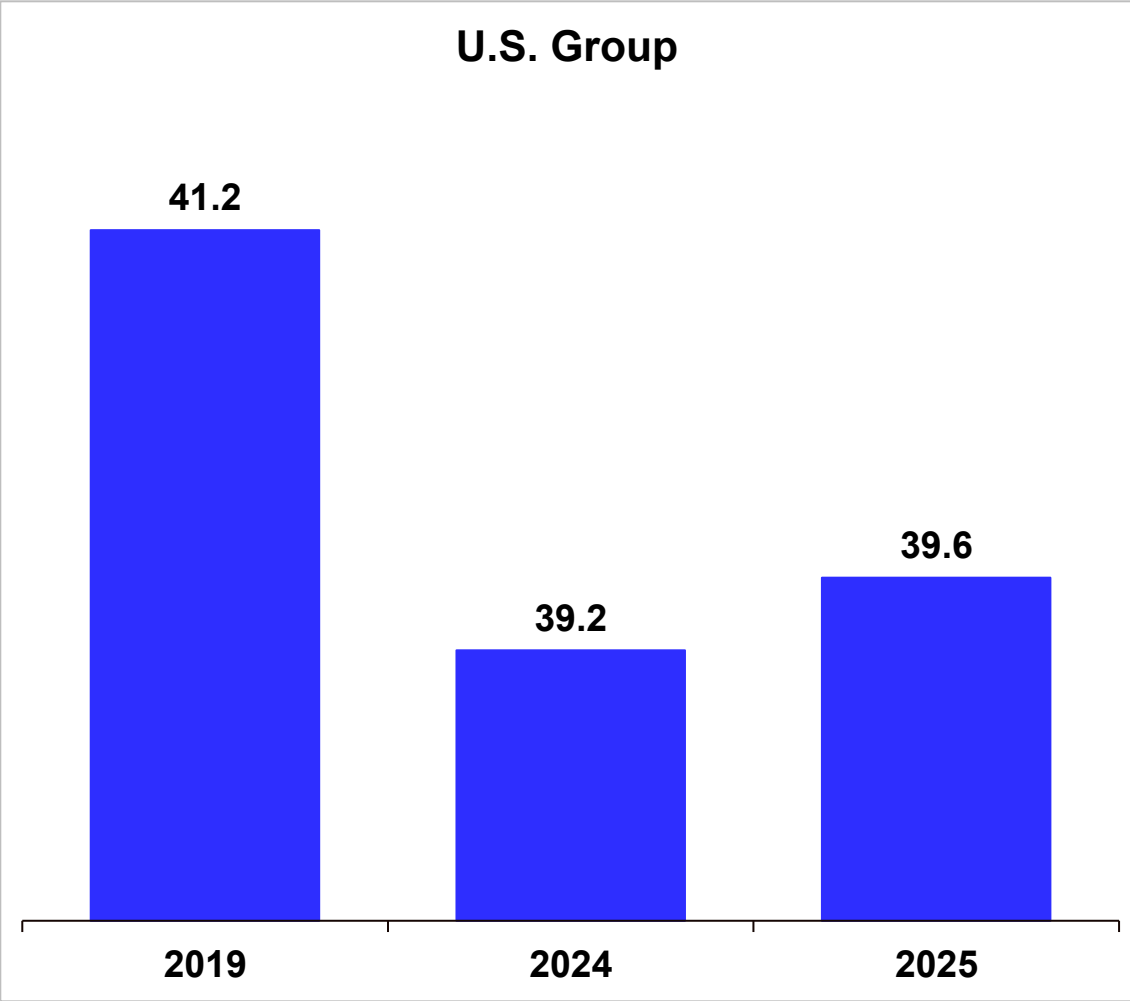
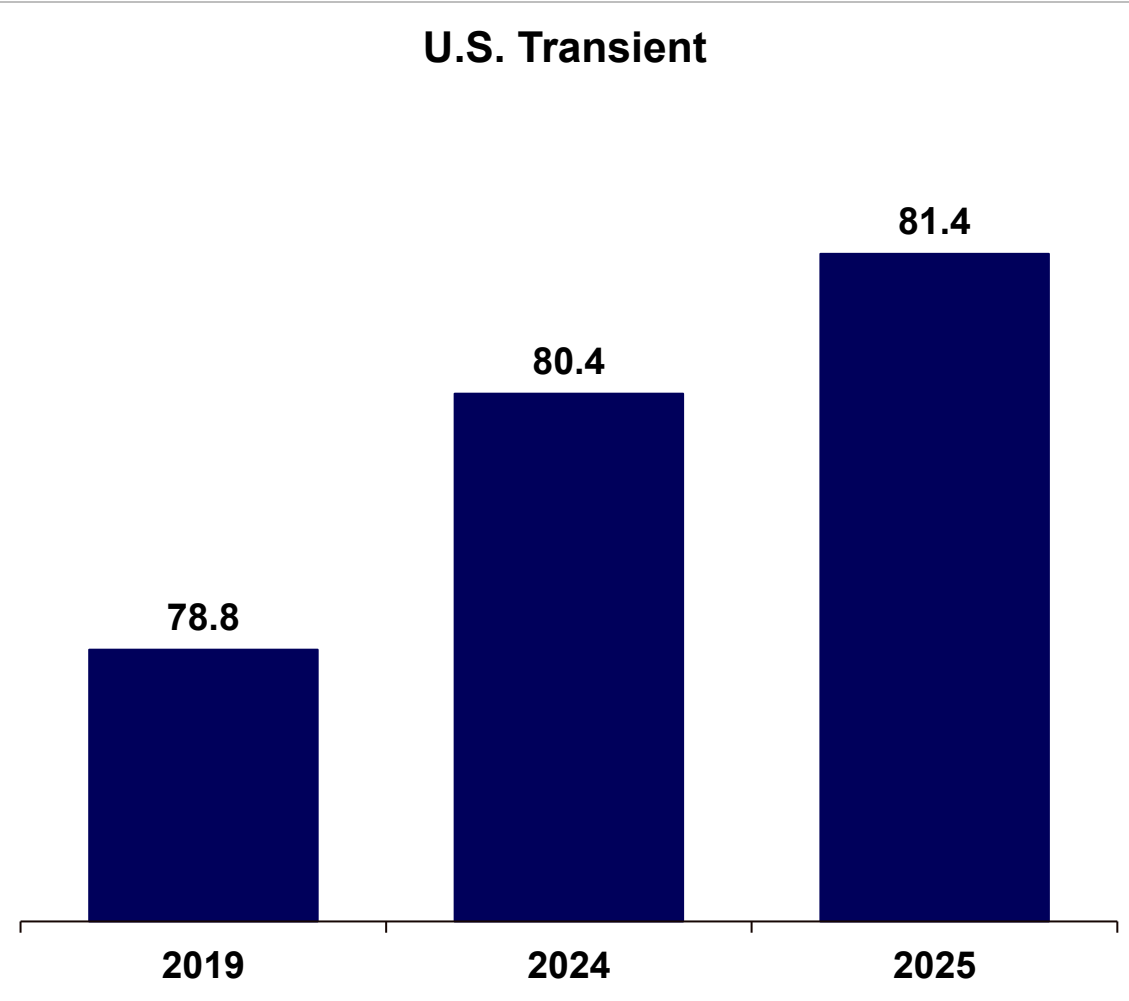
Even with the lower May demand gain, YTD still better than a year ago

U.S. room demand change by market location, May 2025 YTD estimate



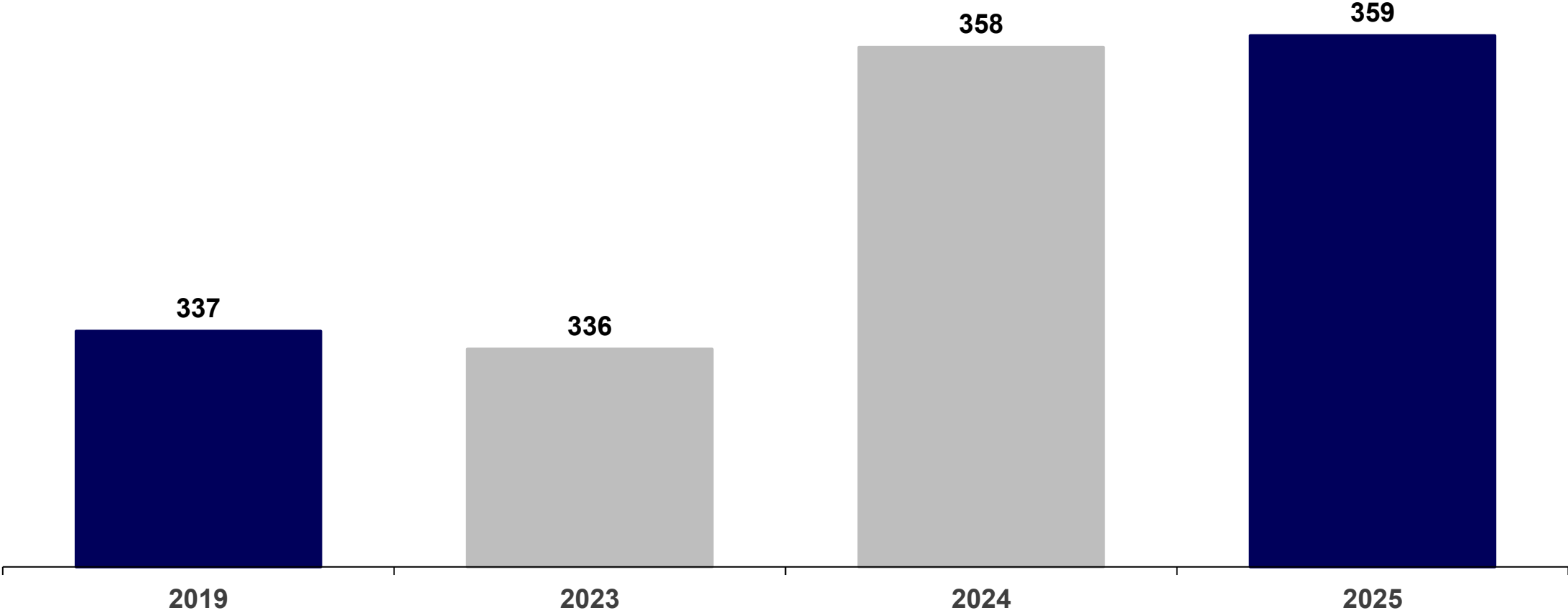
Transient and group demand still advancing

U.S. room demand by type, in millions, Luxury & Upper Upscale only May YTD estimate



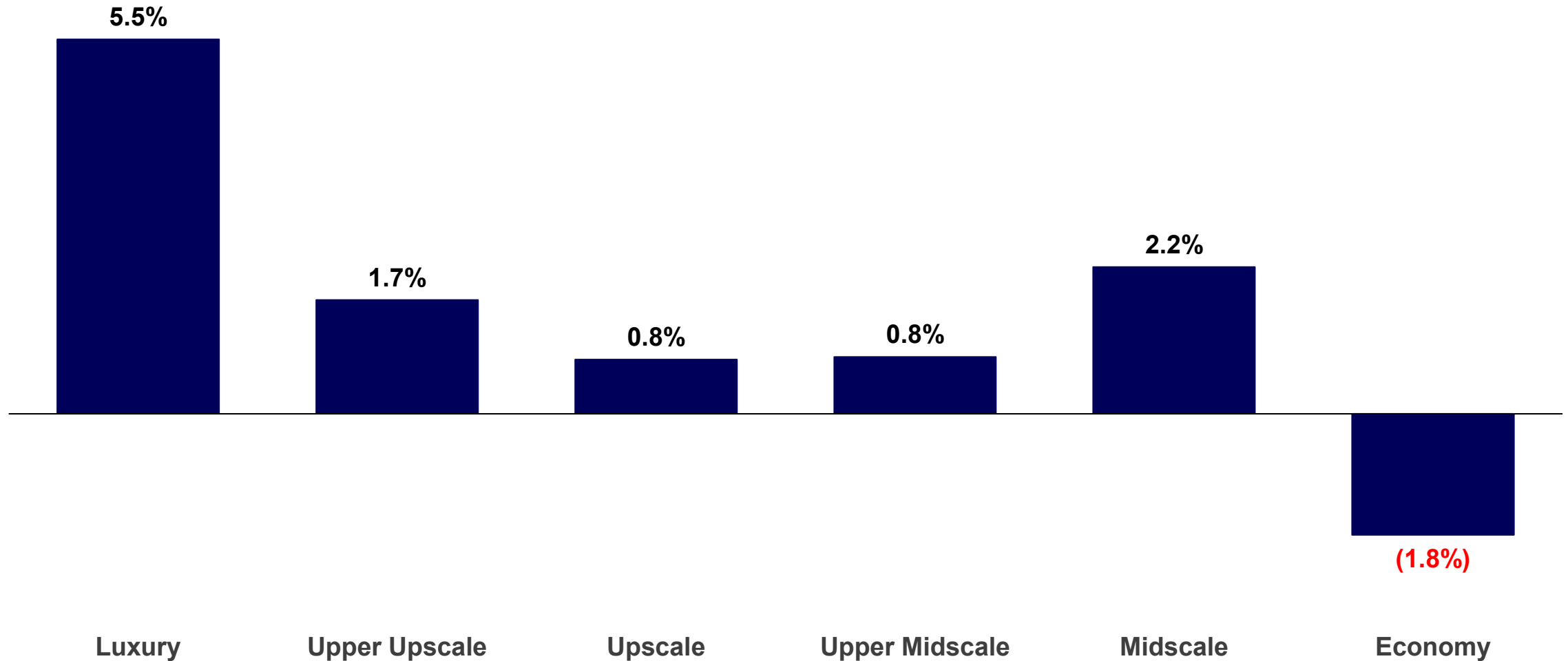
Air travel well above pre-pandemic peak, but slowing

U.S. TSA airport screenings (millions), May YTD



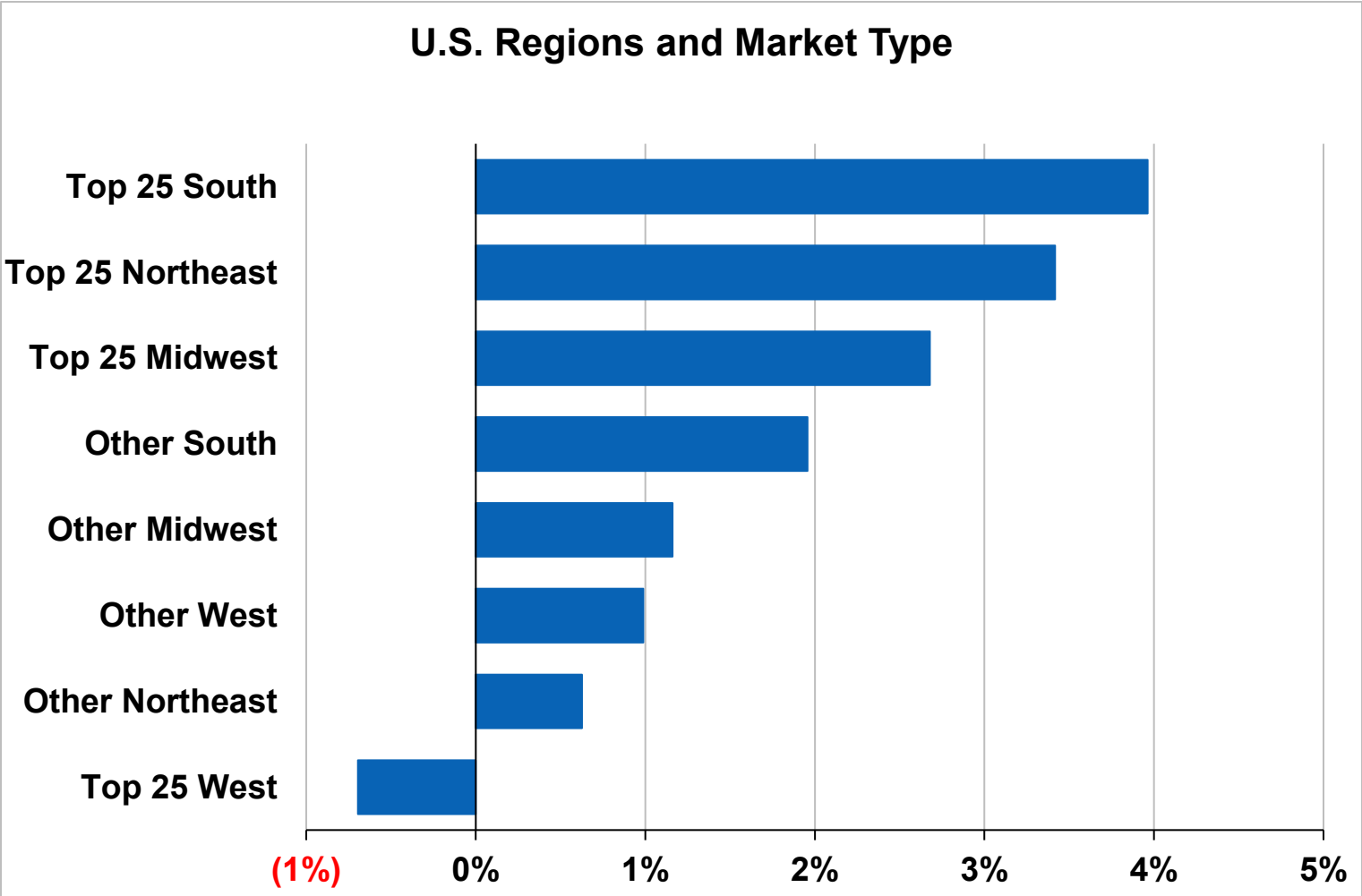
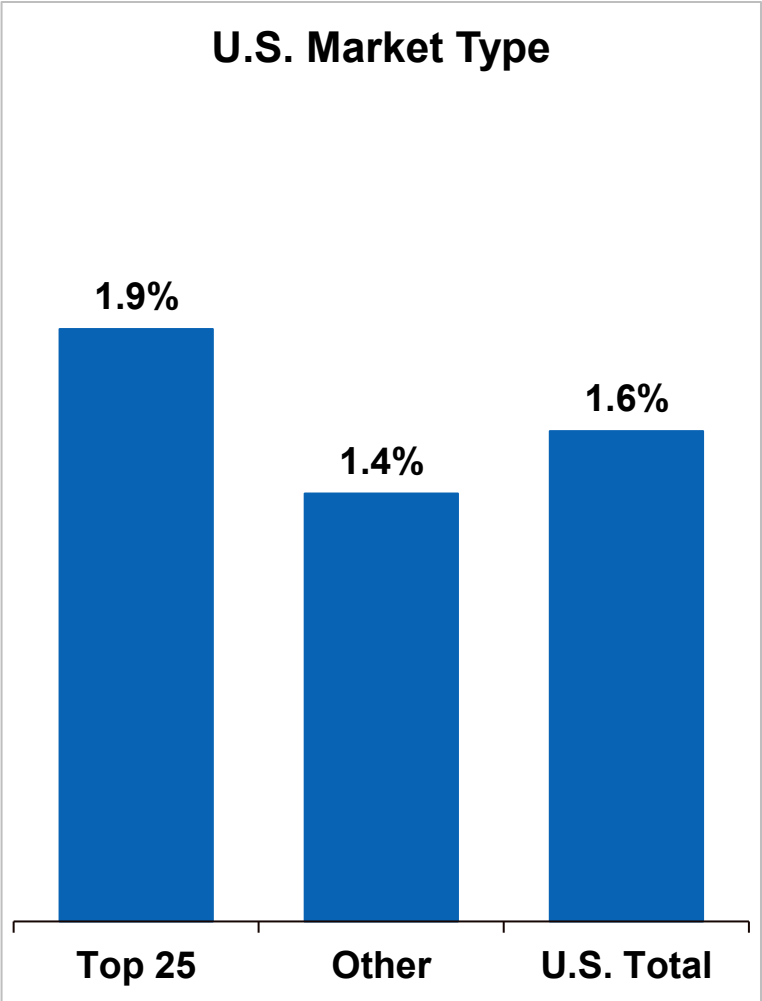
Demand remains bifurcated

U.S. chain scale demand change, May YTD estimate



U.S. ADR growth slowing

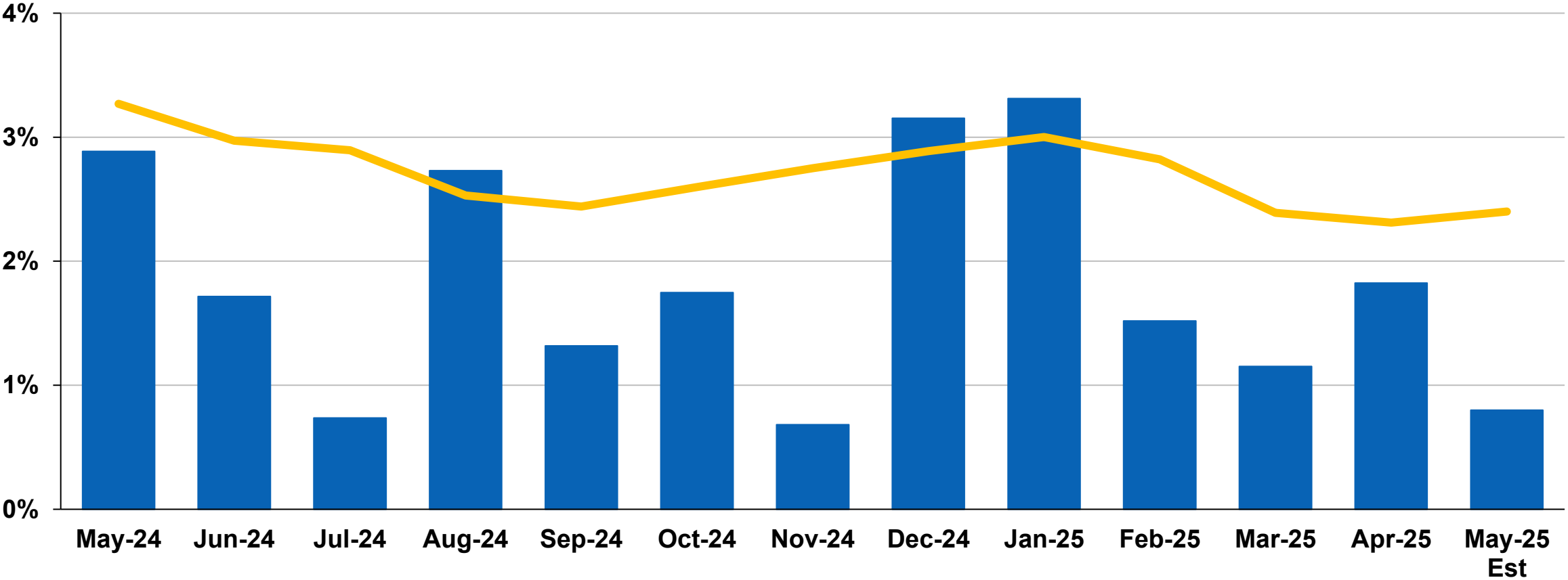
U.S. ADR change by market location, May 2025 YTD estimate



ADR growth lagging inflation

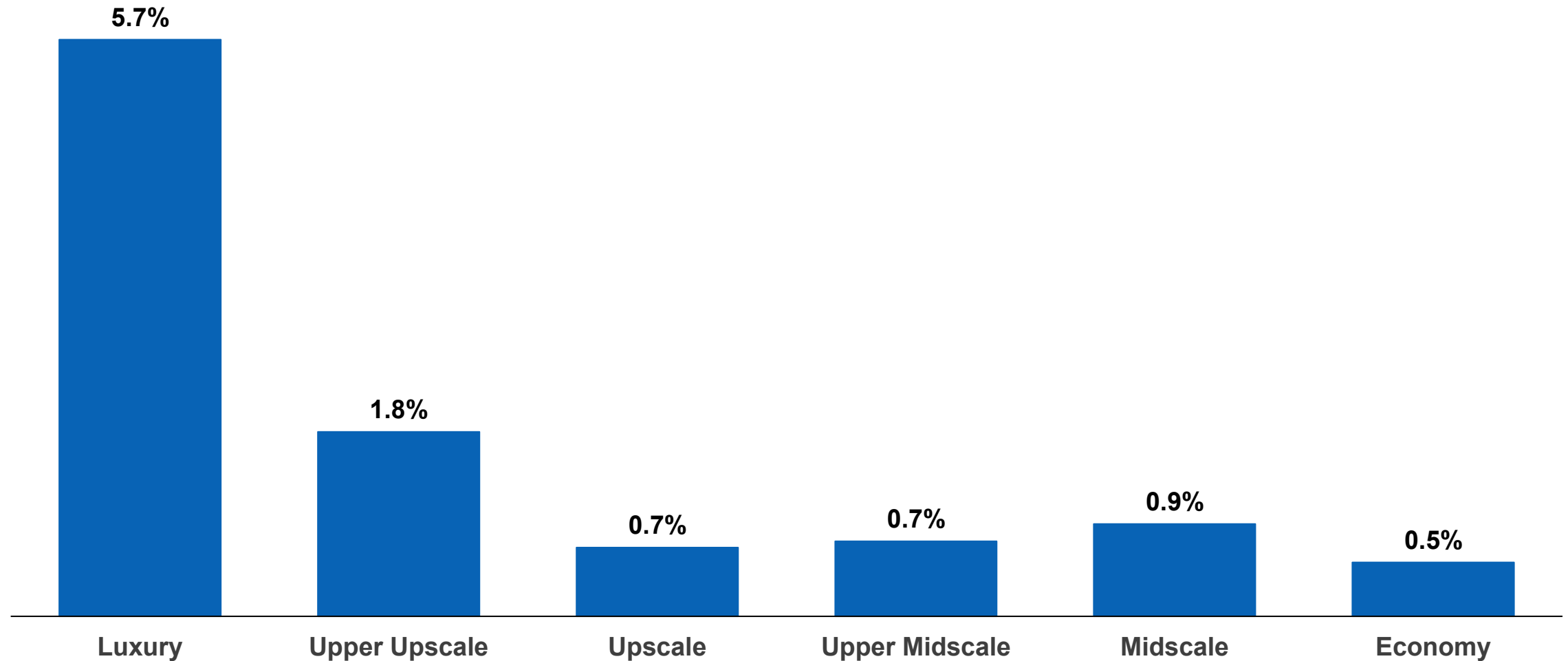
U.S. ADR change

ADR Inflation



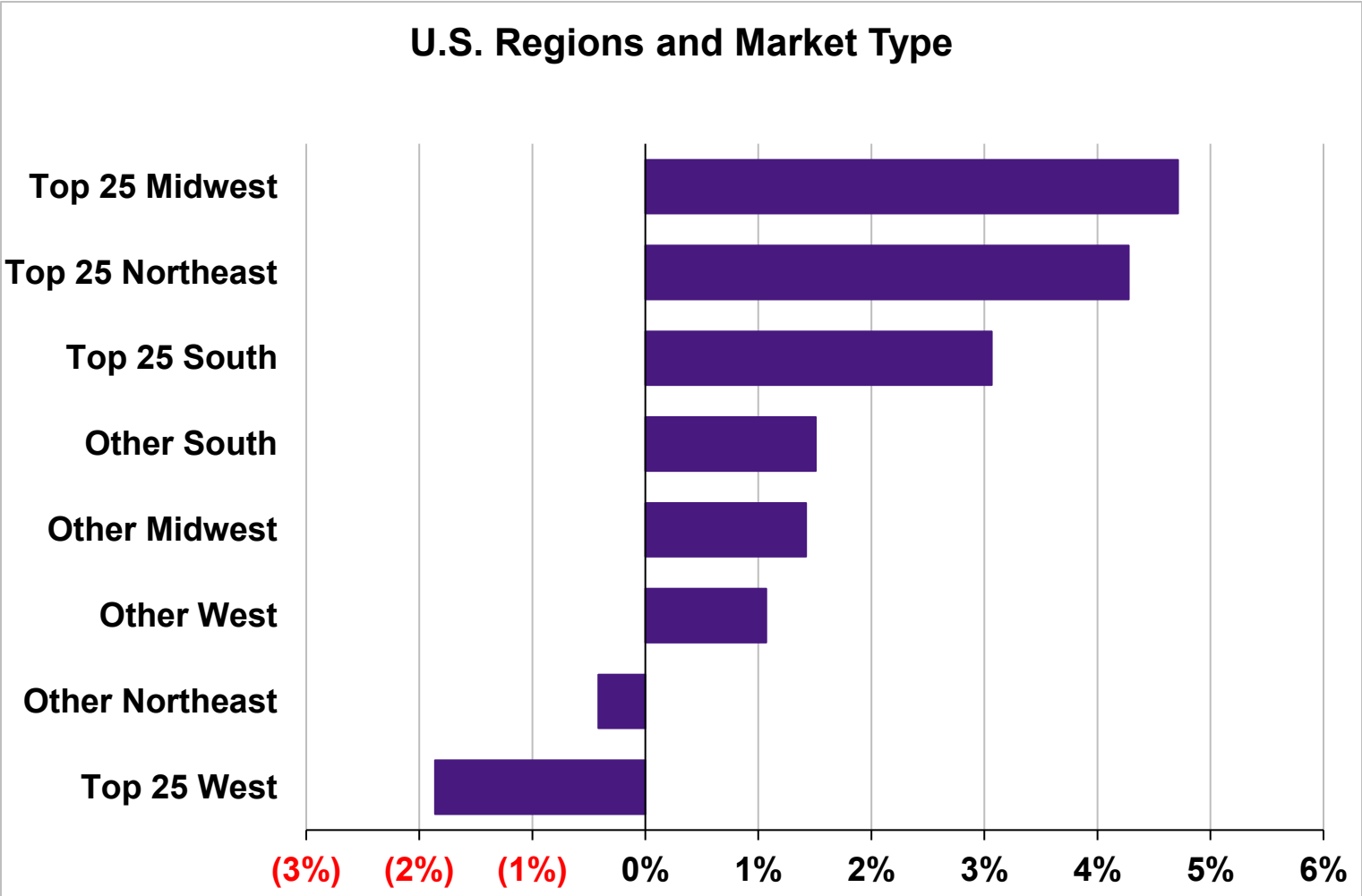
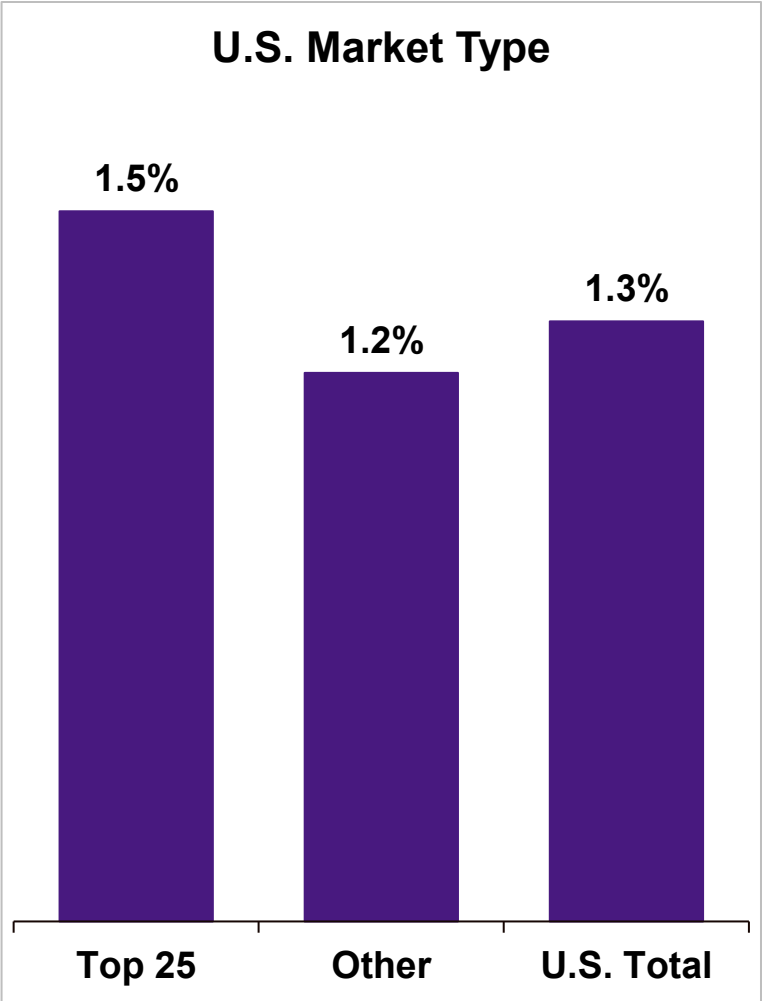
Most hotels seeing little to no ADR gains

U.S. chain scale ADR change, May YTD estimate



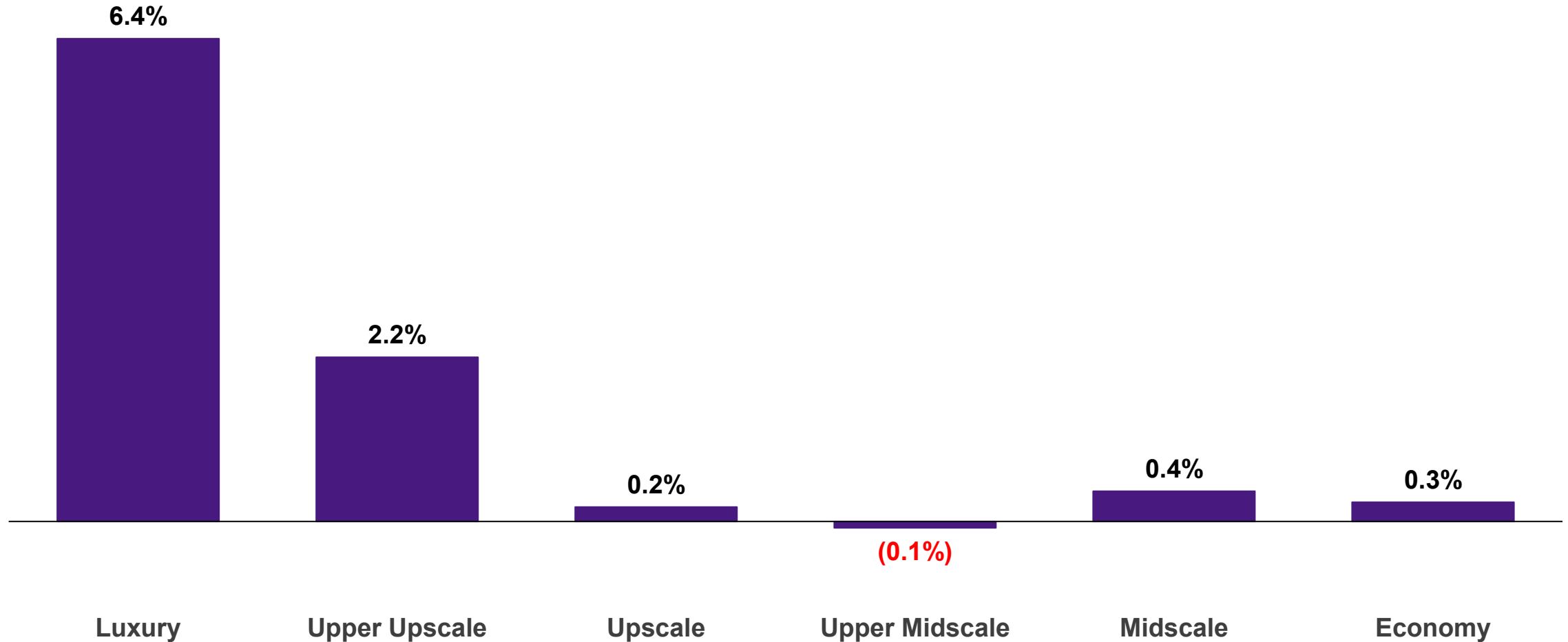
U.S. RevPAR held back by slower ADR gains and flat occupancy

U.S. RevPAR change by market location, May 2025 YTD estimate



RevPAR flat excluding upper tier hotels

U.S. chain scale RevPAR change, May YTD estimate





Outlook



US 2025 RevPAR forecast lowered

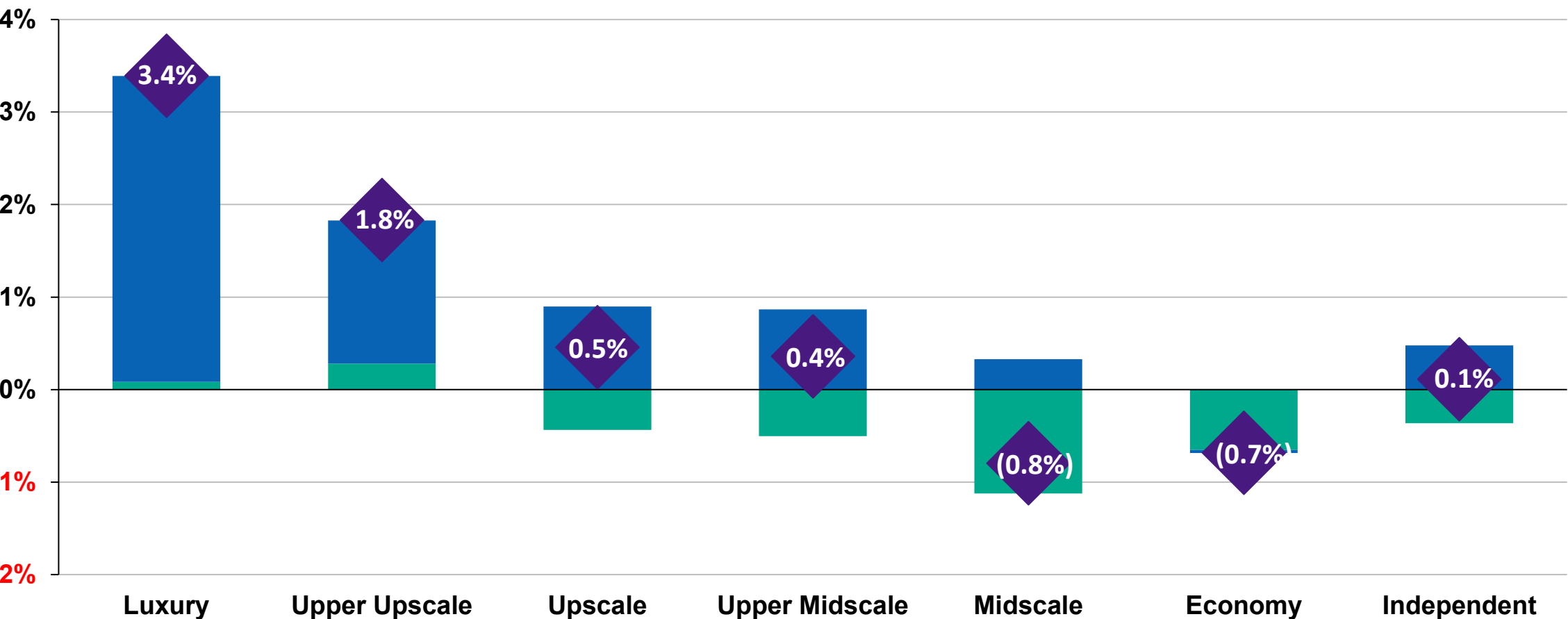
U.S. RevPAR forecast

	2024 (actual)	2025 (forecast)	2026 (forecast)
Supply (YoY)	+0.5%	+0.8%	+0.8%
Demand (YoY)	+0.5%	+0.5%	+1.1%
Occupancy	63.0%	62.8%	63.0%
ADR (YoY)	+1.8%	+1.3%	+1.3%
RevPAR (YoY)	+1.9%	+1.0%	+1.5%

ADR to drive RevPAR, but remain below inflation for most hotels

U.S. 2025 RevPAR forecast

OCC ADR RevPAR

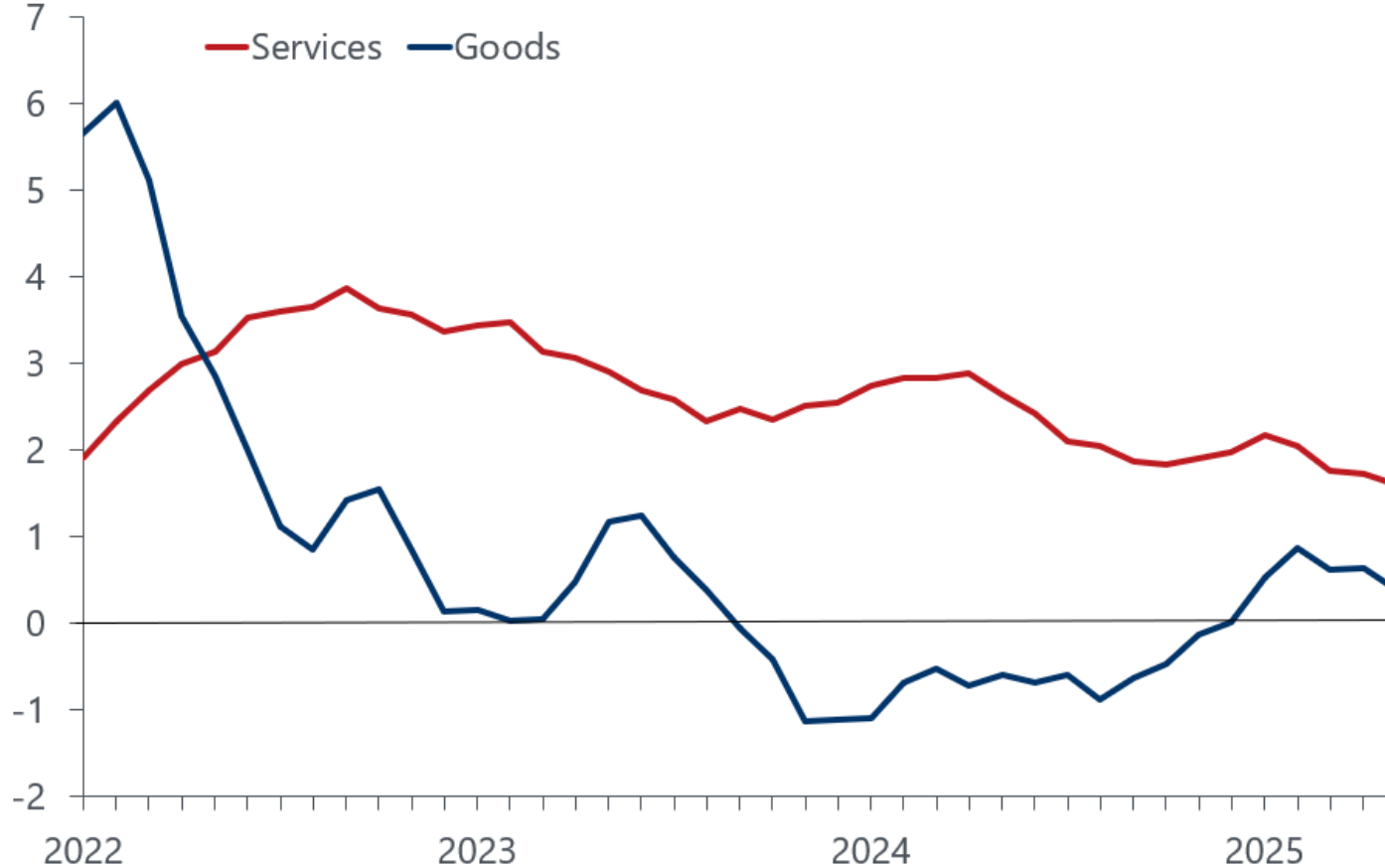


Economic Outlook

Core inflation fell to 2.9% in May

US: Core goods and services CPI

Annualized % chg over 6-mos

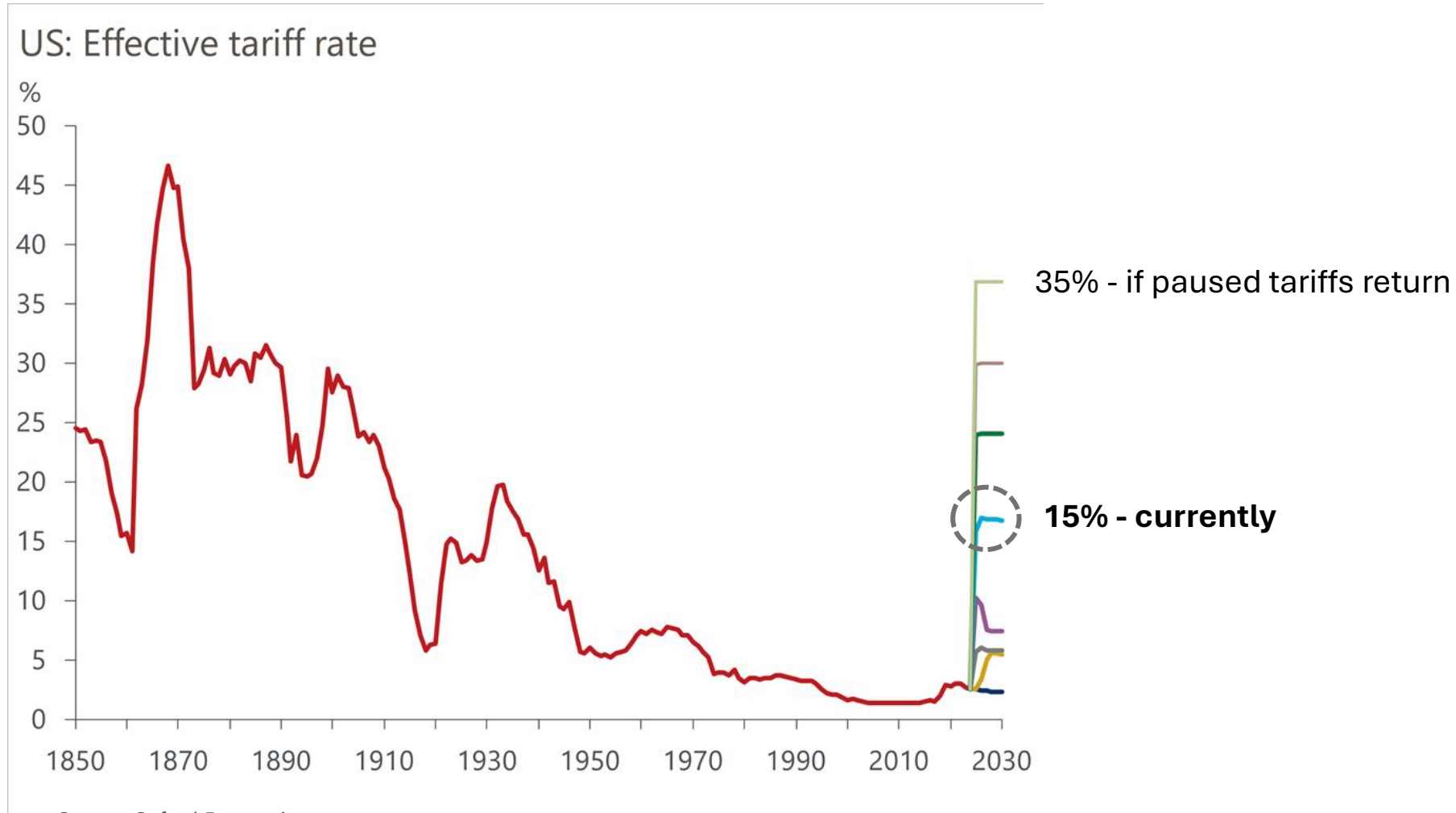


**Just 1.7% annualized
over the prior three
months**

However ...

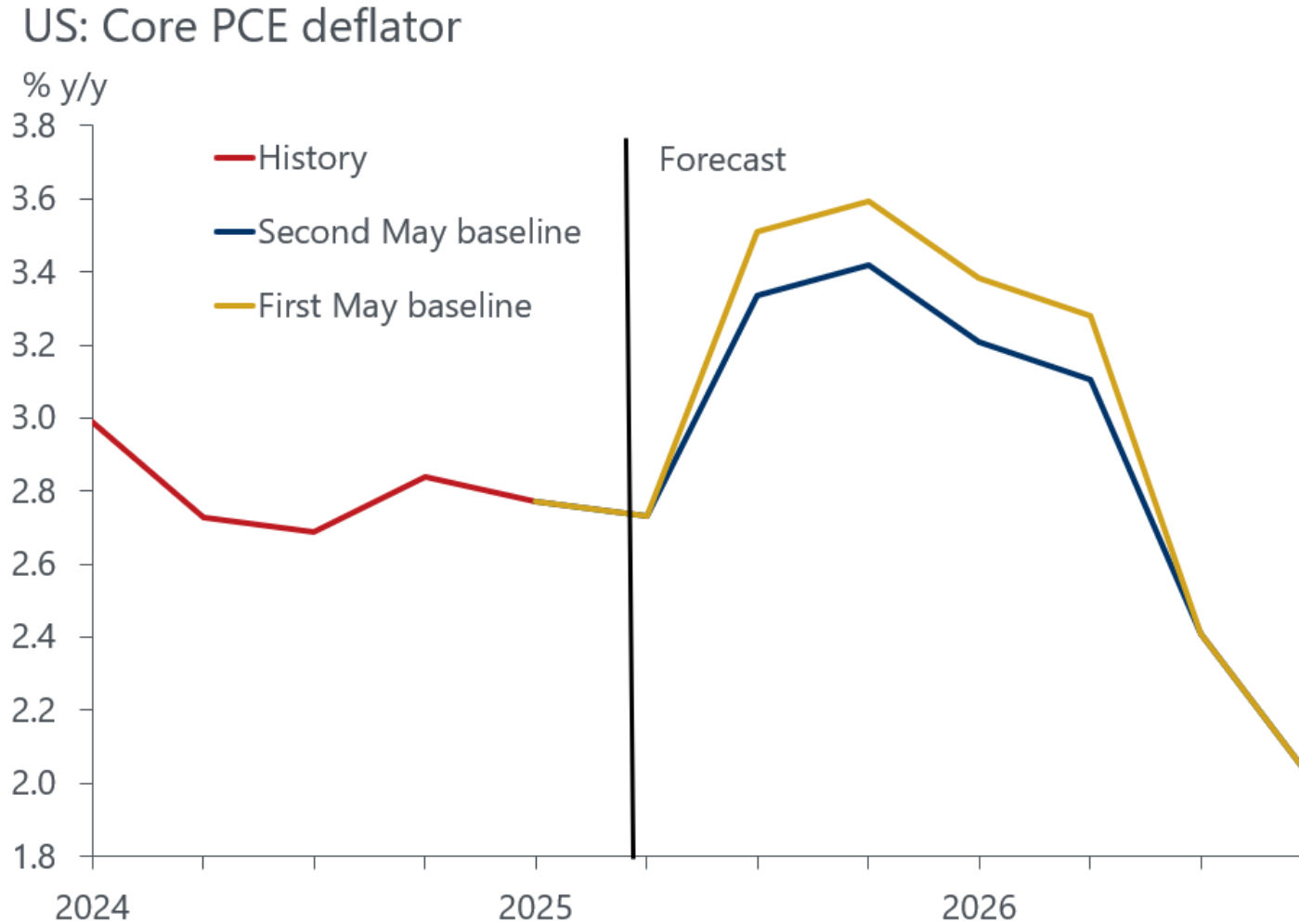
Source: Oxford Economics, BLS

Trade-weighted tariff rate highest in since 1930s



Source: Oxford Economics

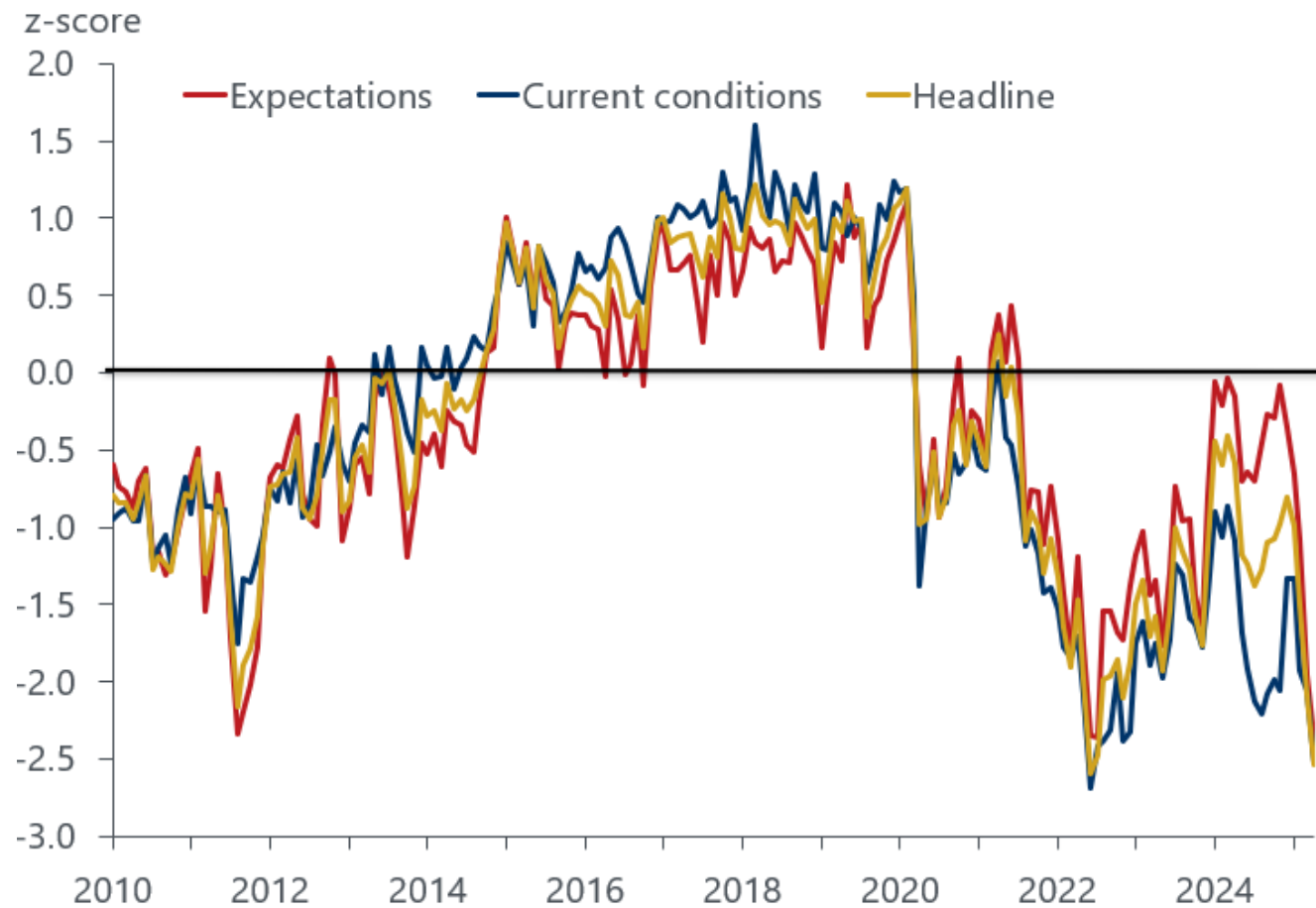
Core inflation will rise to 3.4% this year



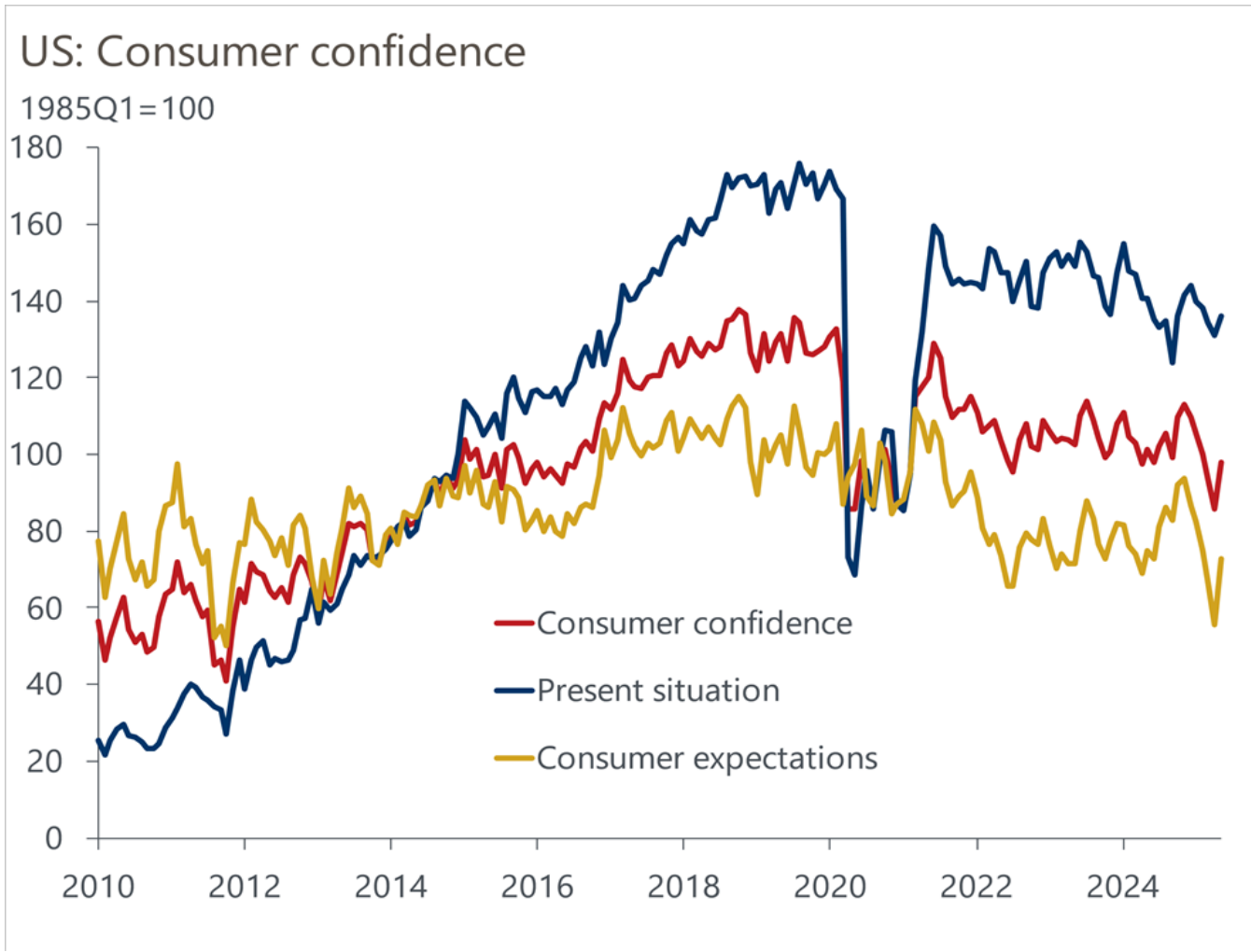
Source: Oxford Economics

Consumer sentiment is near its historic low

US: Michigan consumer sentiment

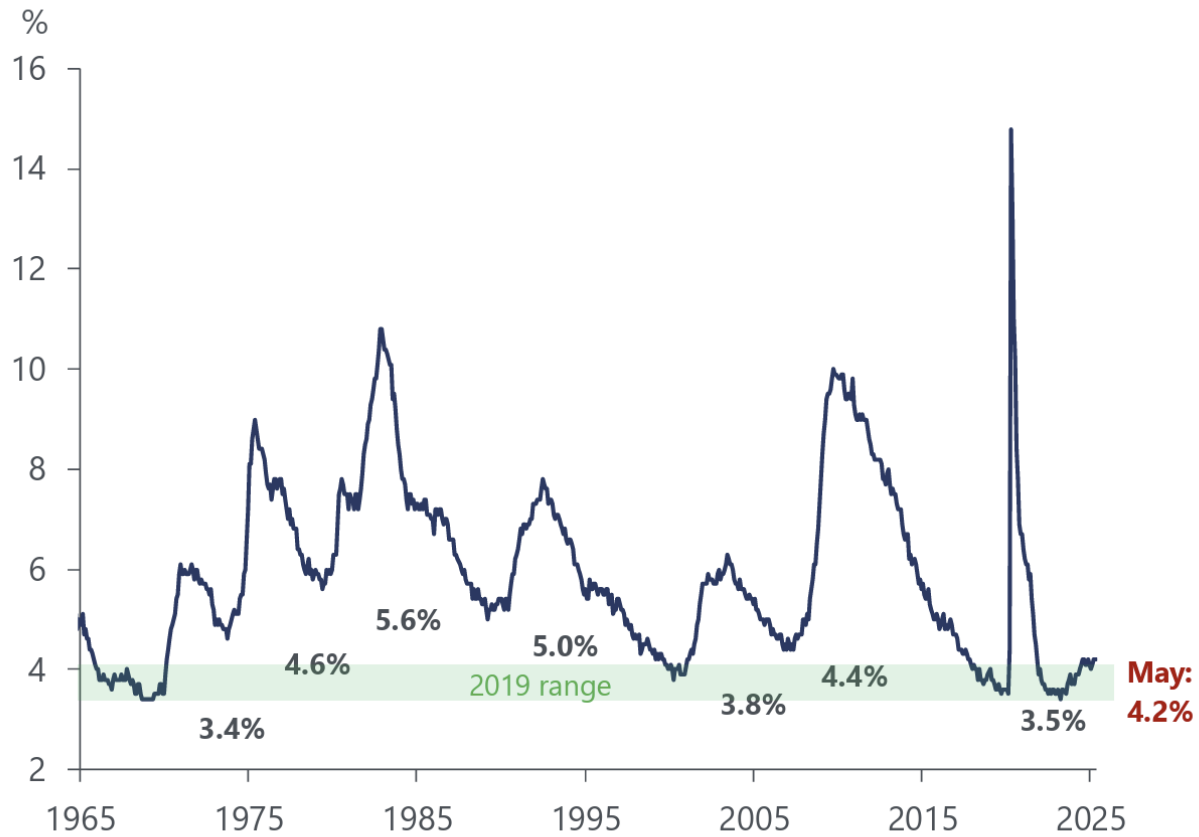


Though confidence rebounded in May



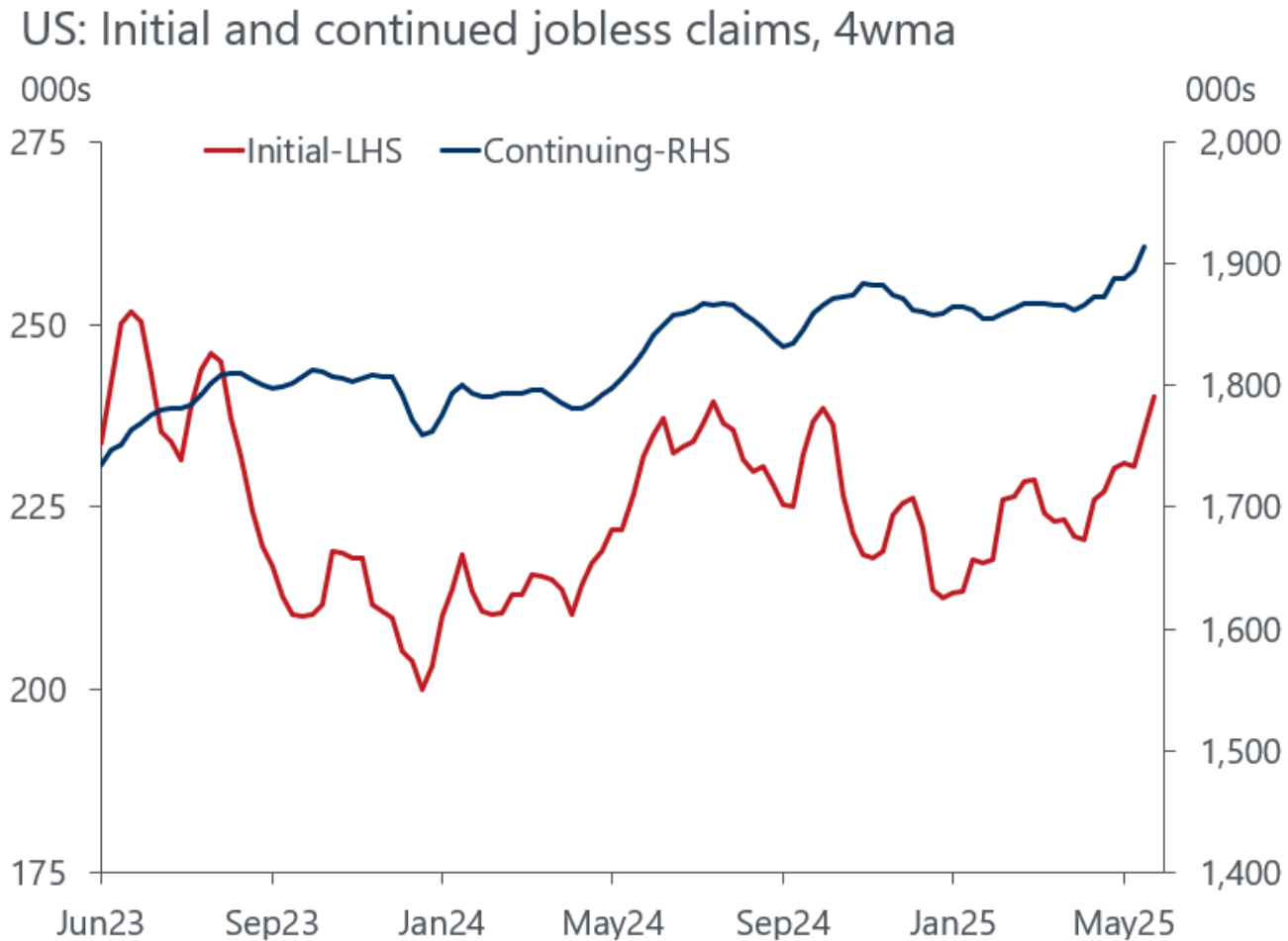
Unemployment remains low at 4.2%

US: U-3 unemployment rate



Source: Oxford Economics/Haver Analytics

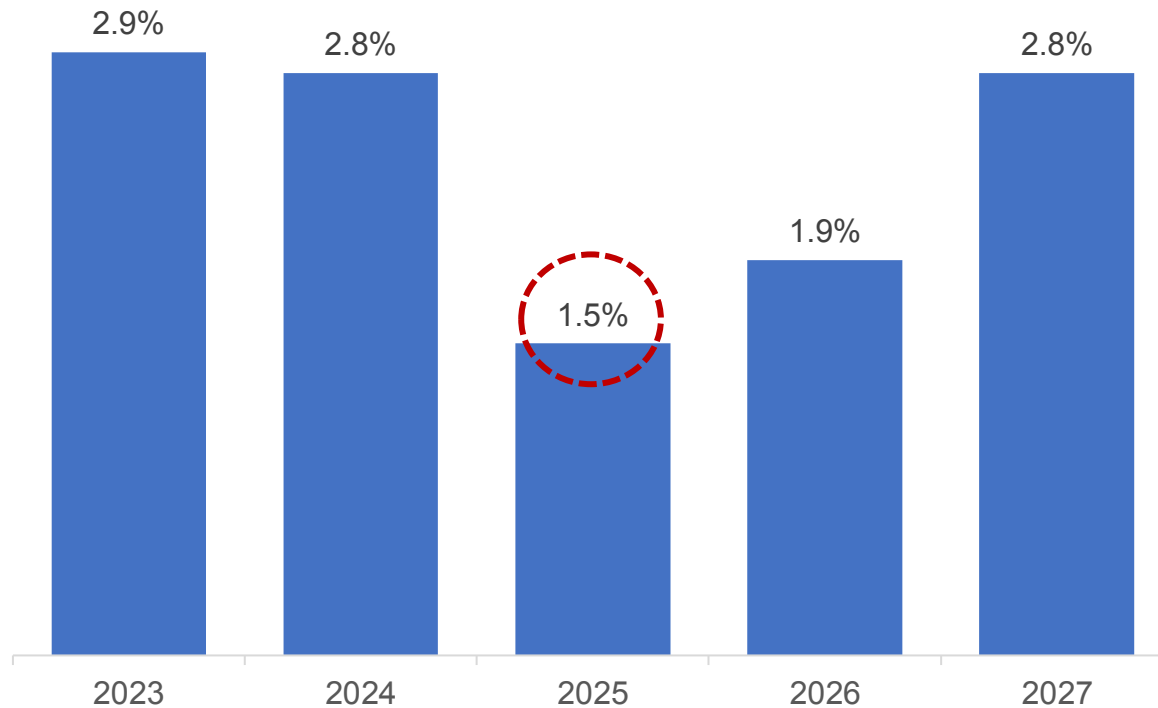
Initial claims signals rise in unemployment



Economic growth will slow markedly in 2025

US Real GDP

\$ annualized



Source: Oxford Economics

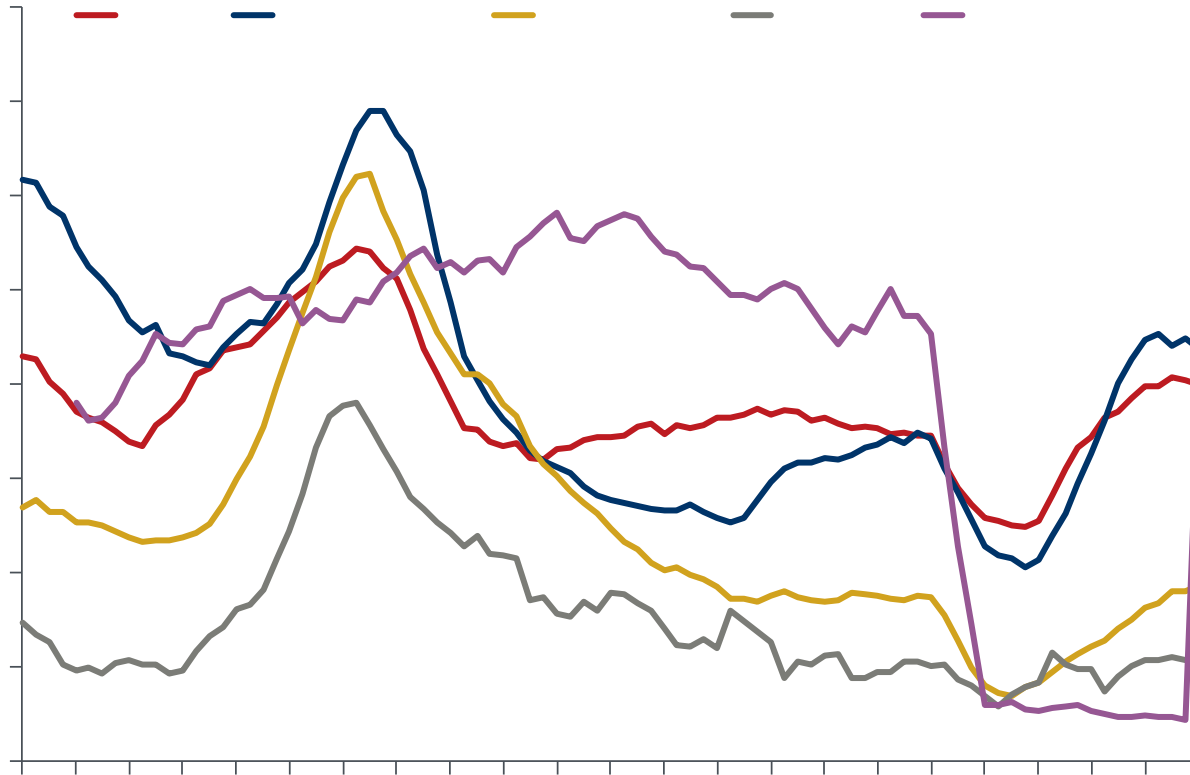
The economy is vulnerable and has little margin for error.

Unemployment rises to 4.7% this year

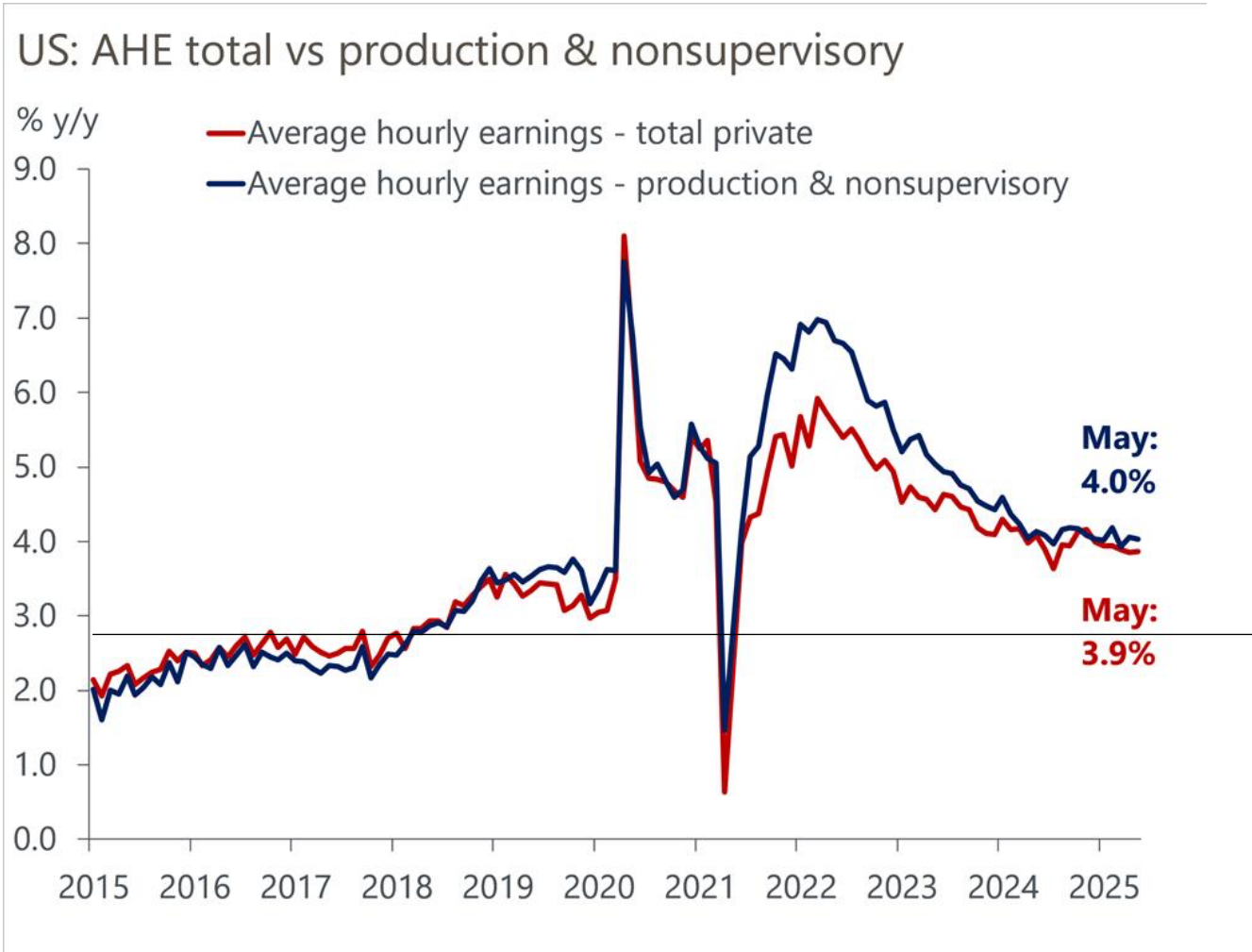
The economy will improve next year, supported by tax cuts/extensions and the fading effects of tariffs on inflation and real disposable income.

Leisure Travel

Credit delinquencies not flashing red



Income growth will sustain some spending growth

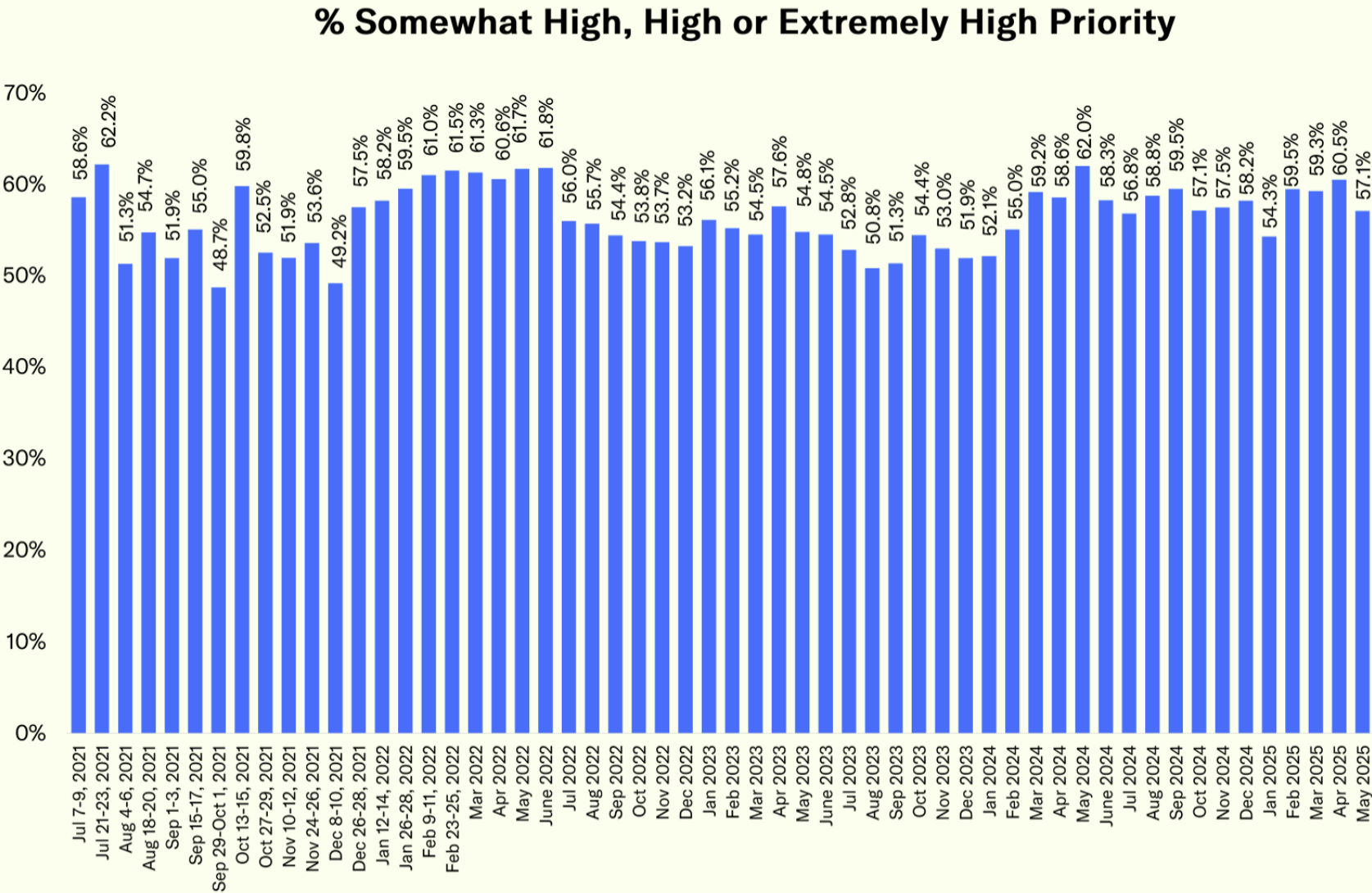


Travel remains a high priority

Question:

Thinking carefully about how you expect to spend your income in the NEXT THREE MONTHS, please use the scale below to describe your spending priorities. (Select one)

Leisure travel will be a(n) _____.



Perhaps with a lower budget

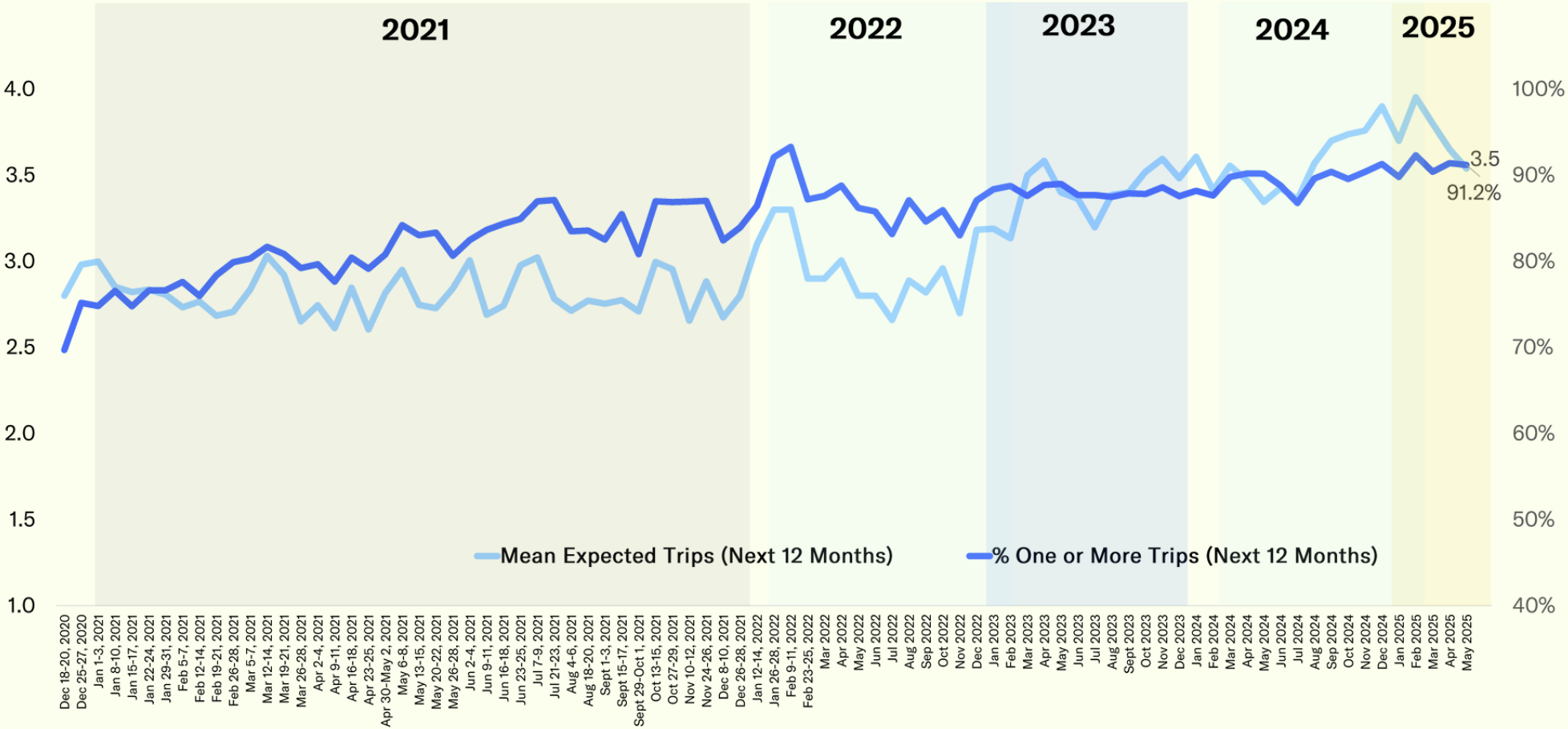
Question:
How much IN TOTAL is the maximum
you will spend on leisure travel
(including airfare, accommodations
and all other trip related spending)
during the NEXT 12 MONTHS?

Maximum I would spend on leisure
travel (next 12 months): _____



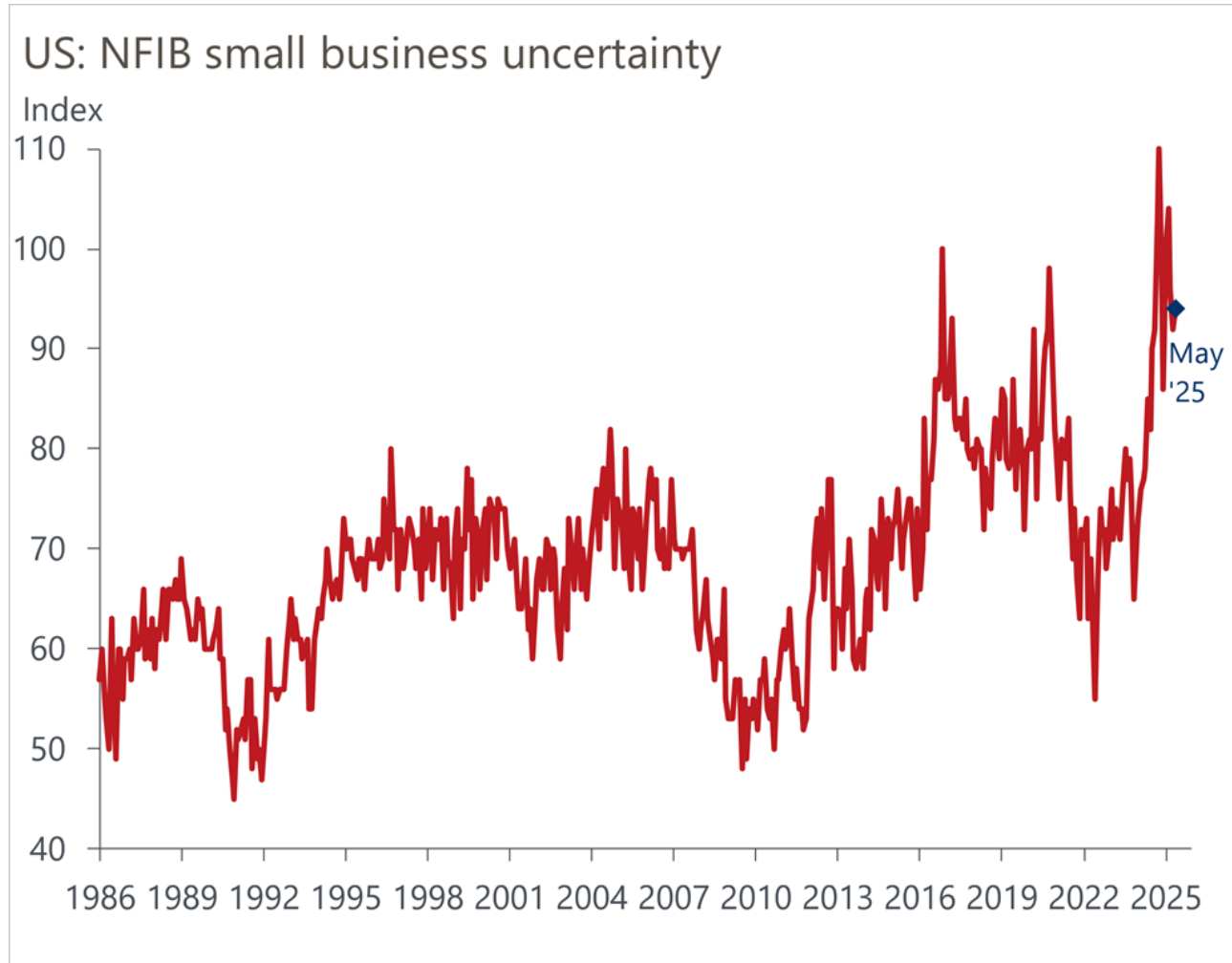
Intended leisure trips have dipped

Question:
IN TOTAL, how many
leisure trips (of 50
miles or more from
your home) do you
expect to take in the
NEXT TWELVE (12)
MONTHS? (Select
one)



Business and Group Travel

Business uncertainty poses a major risk

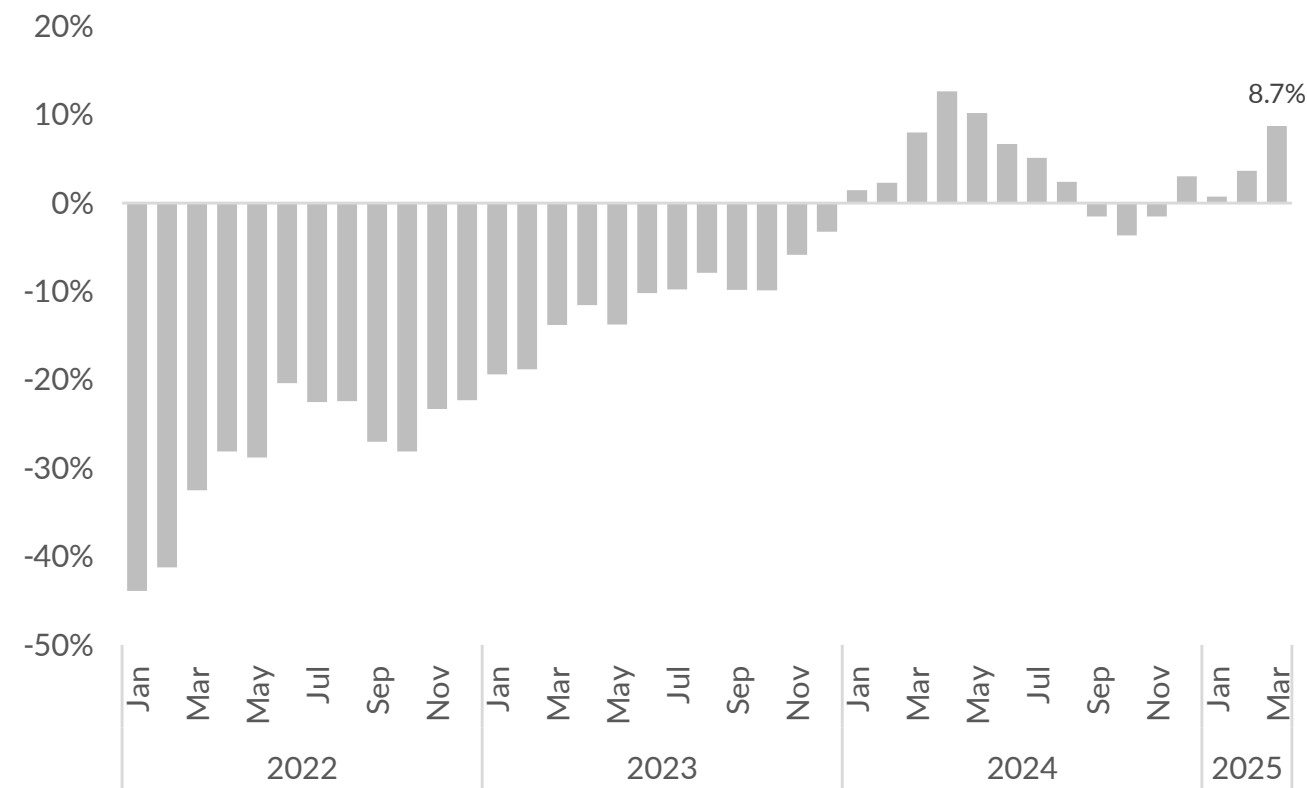


Source: Oxford Economics/NFIB

Group booking activity over the past six months has been strong ...

DMO booking activity, trailing six months

Hotel room nights contracted, trailing six-month sum, relative to 2019

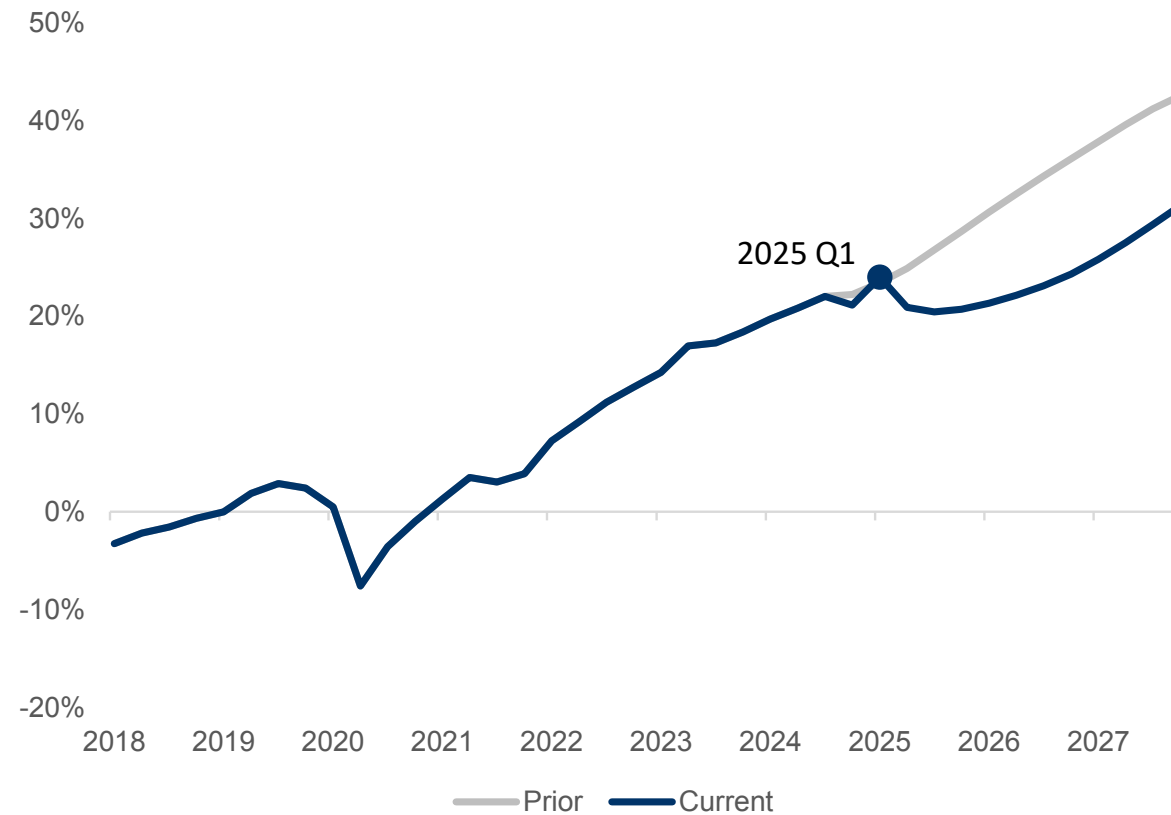


Source: Simpleview CRM (250+ DMOs)

Expect businesses to be cautious

Business investment

Nonresidential fixed investment, real, growth since 2019 Q1



Source: BEA, Oxford Economics

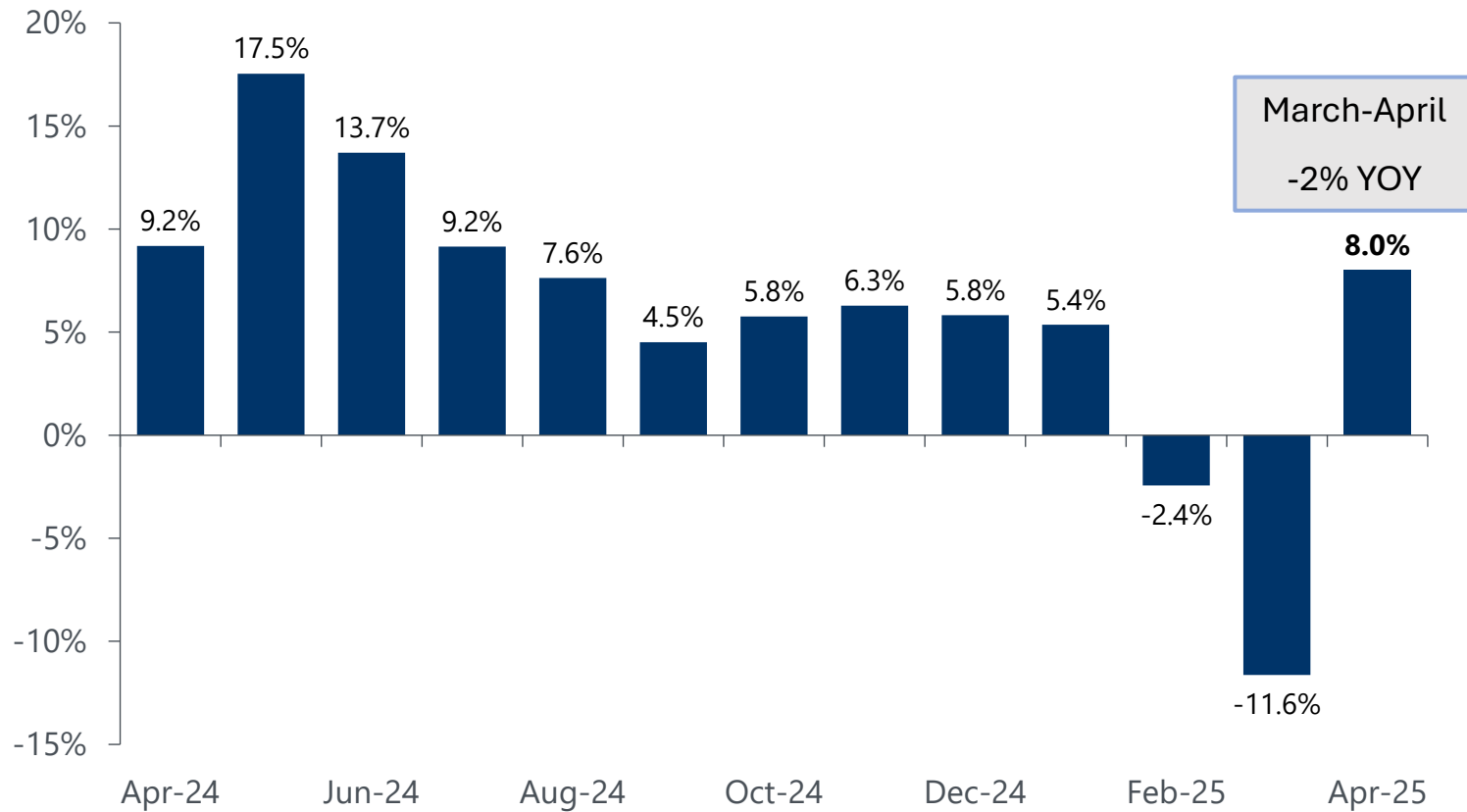
International

A large commercial airplane is shown in silhouette, flying directly towards the viewer. The aircraft is positioned centrally in the upper half of the frame. Below the plane, a city is visible at night, with numerous lights from buildings and streets creating a bright, glowing effect. The city is nestled in a valley, with dark, silhouetted hills or mountains rising in the background. The sky is dark with some wispy clouds. The overall scene conveys a sense of global travel and connectivity.

Effects are already evident (notwithstanding Easter effect)

Overseas visitor arrivals to the US

Year-over-year change

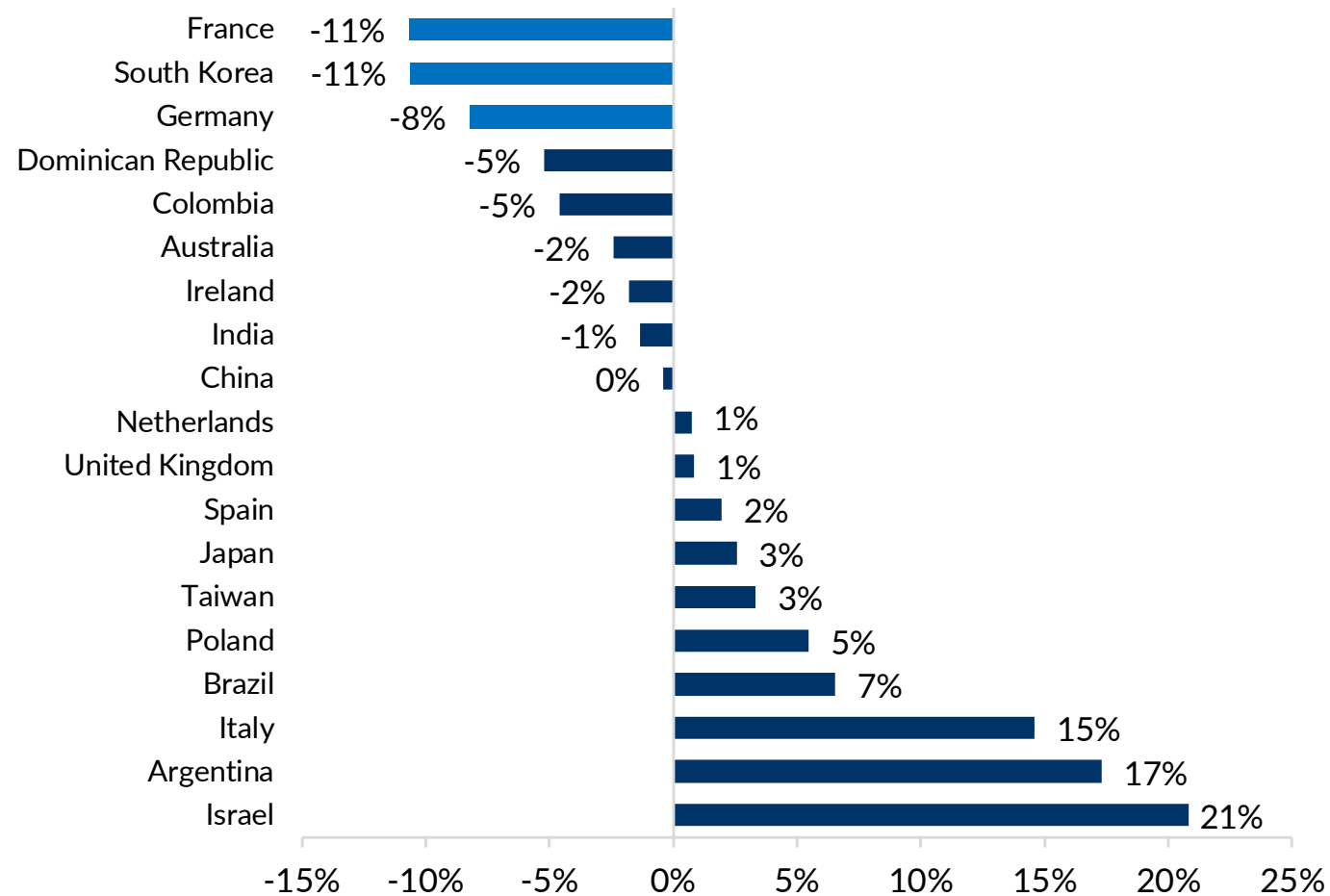


Source: National Travel and Tourism Office

France, Korea, Germany showing dramatic turn

Arrivals to the US by Country (March+April 2025)

% change year-over-year

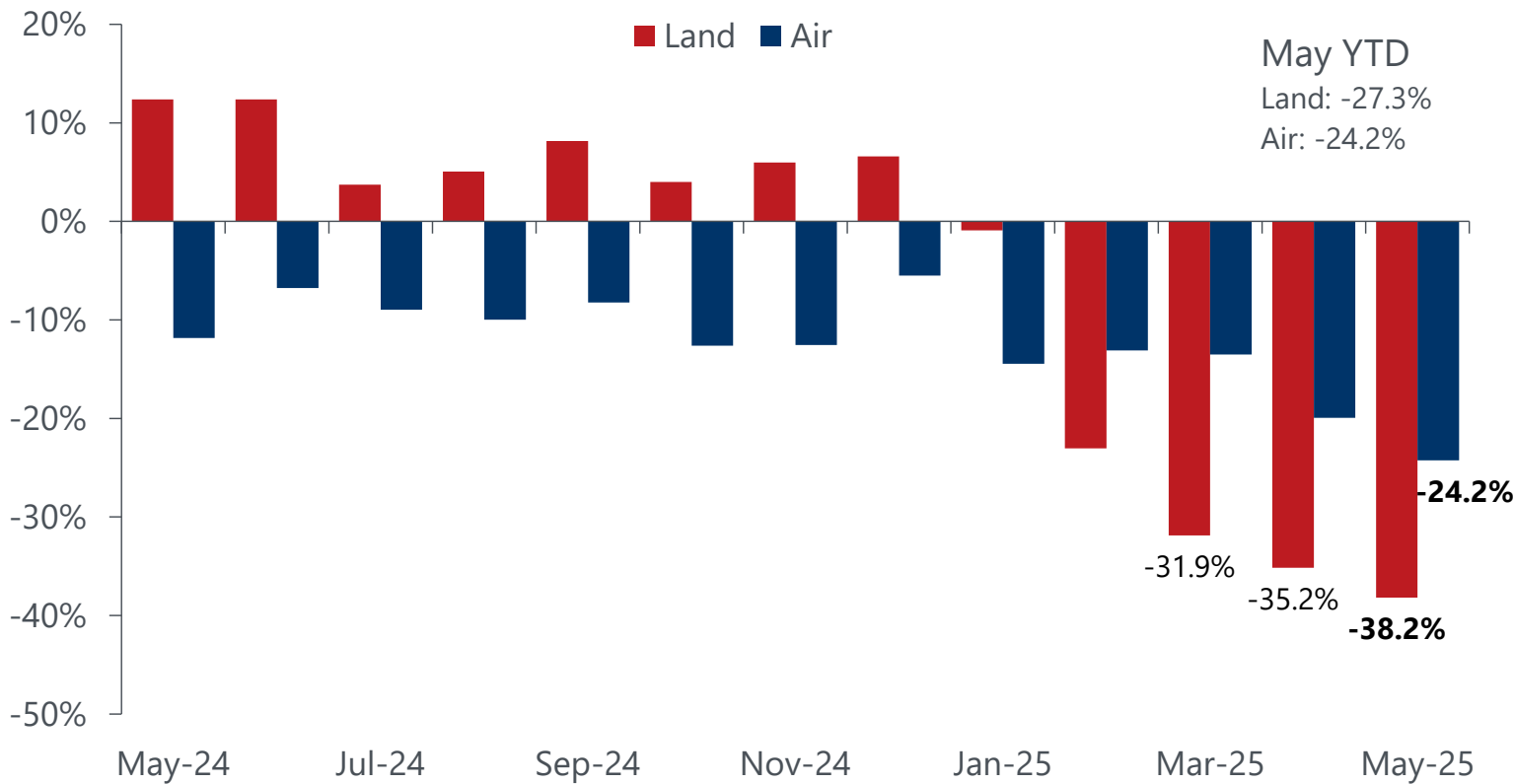


Source: National Travel and Tourism Office

Canada land travel continues to plummet

Canadian-resident US return trips (leading indicator)

Year-over-year change

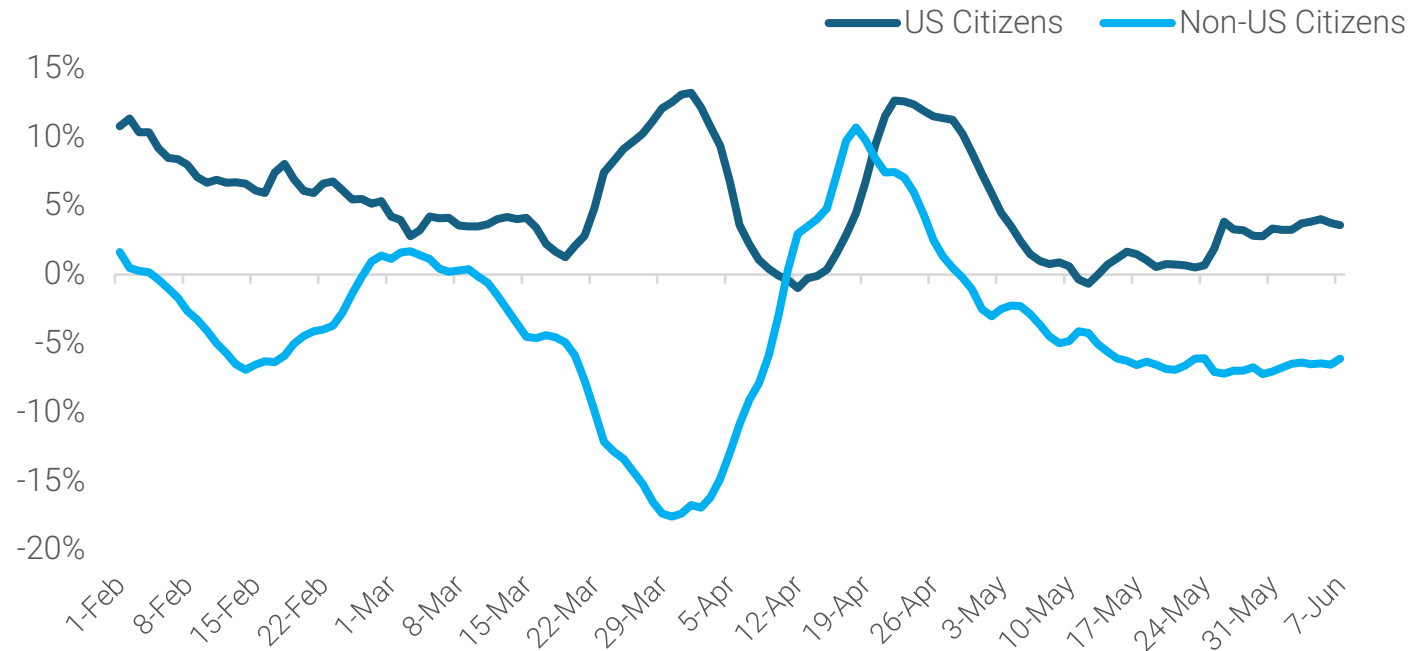


Source: Statistics Canada

May CBP data show international declines post-Easter

Inbound screened passengers

Percent change in pax over 14 days vs same 14 days last year

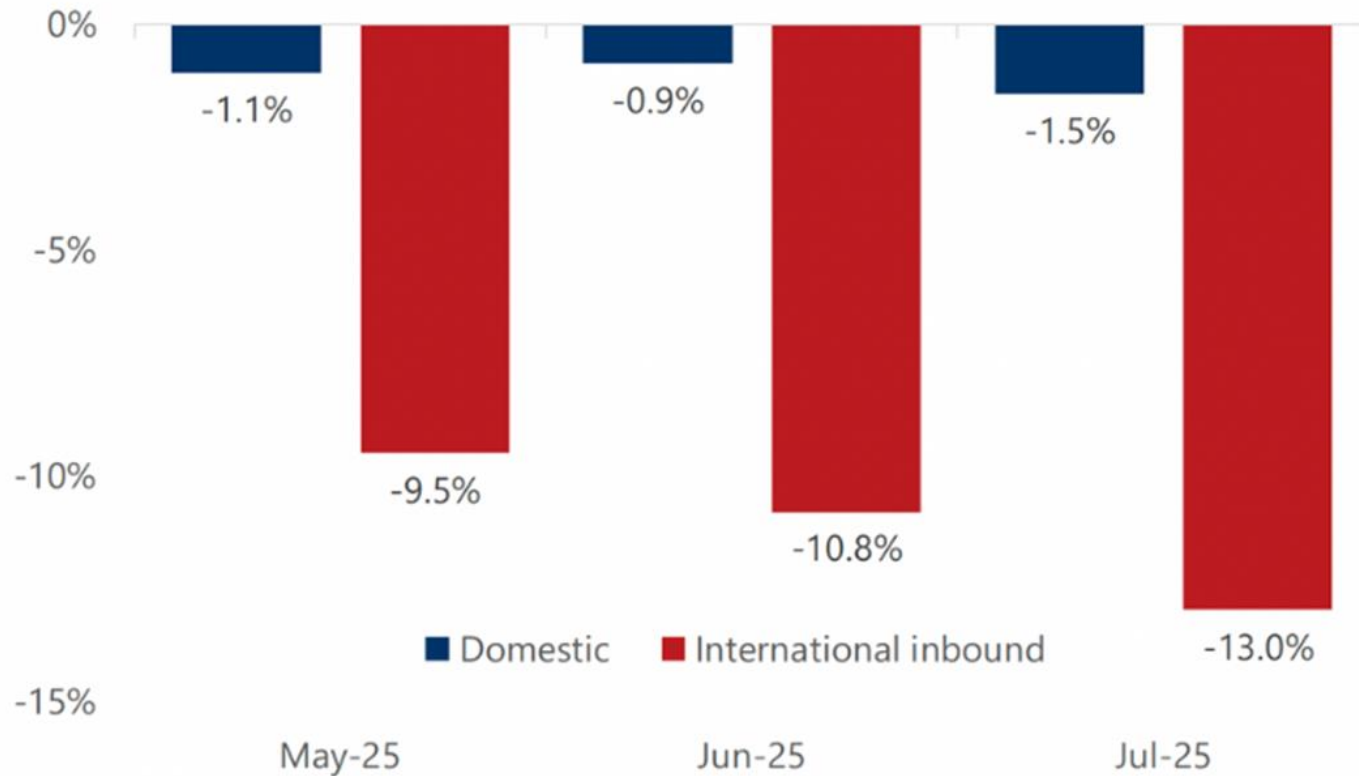


Source: US Customs and Border Protection

Note: Passengers processed by passport control at ATL, DFW, IAD, IAH, JFK (T4), LAX (IT) MIA, ORD, SEA
(Based on daily data through June 7, 2025)

Forward bookings point to steeper air declines

Bookings for future months, as of April 2025, relative to same time last year

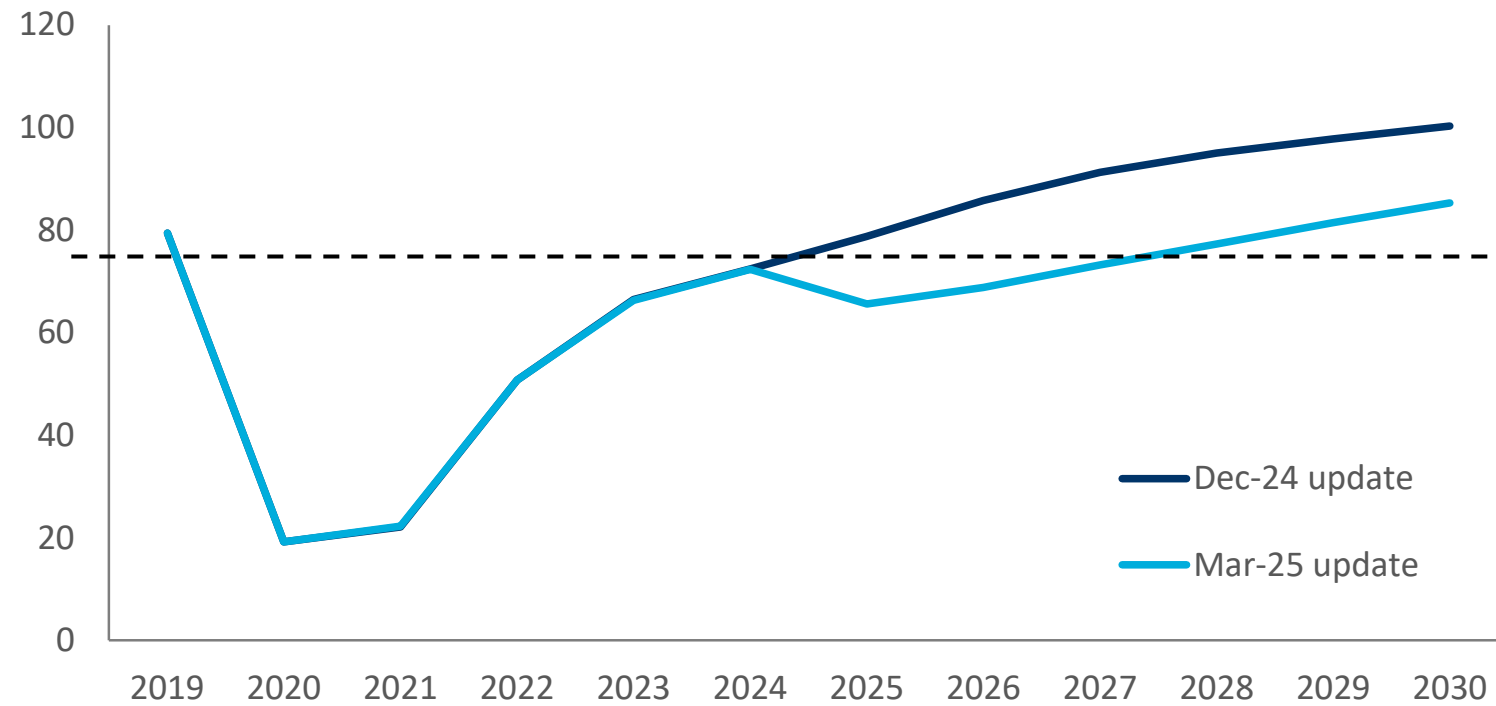


Source: OAG

US inbound arrivals recovery delayed to 2029

US inbound arrivals

Visits, mns

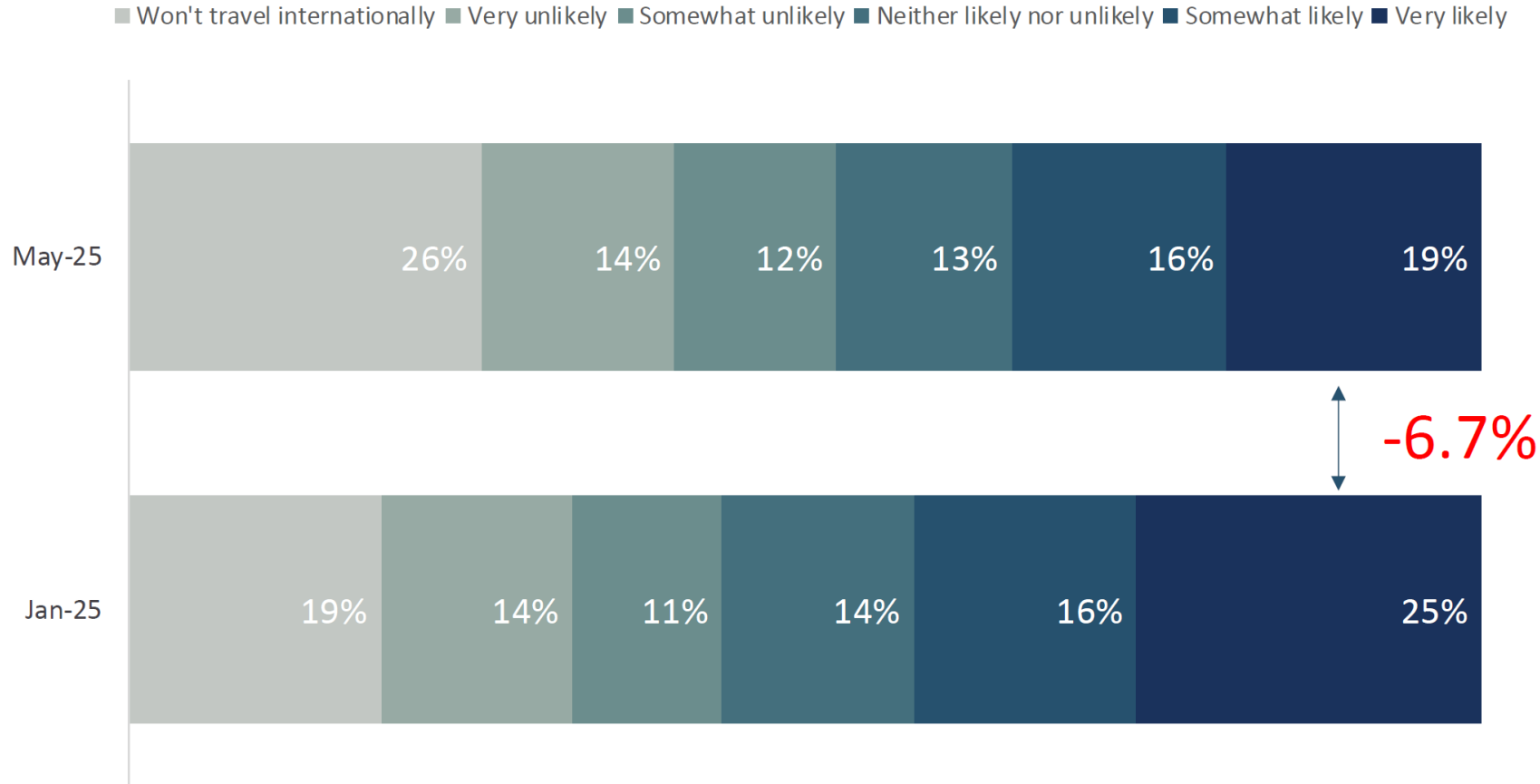


Recovery delayed to
2029

Source: Tourism Economics

Weakening US outbound ahead?

How likely are you to travel for an international leisure trip in the next 12 months?



Just comparing to January of this year, there has already been a **decrease of 7-points** in travelers who said they are **very likely to travel for an international leisure trip** in the next 12 months.

Putting it all together

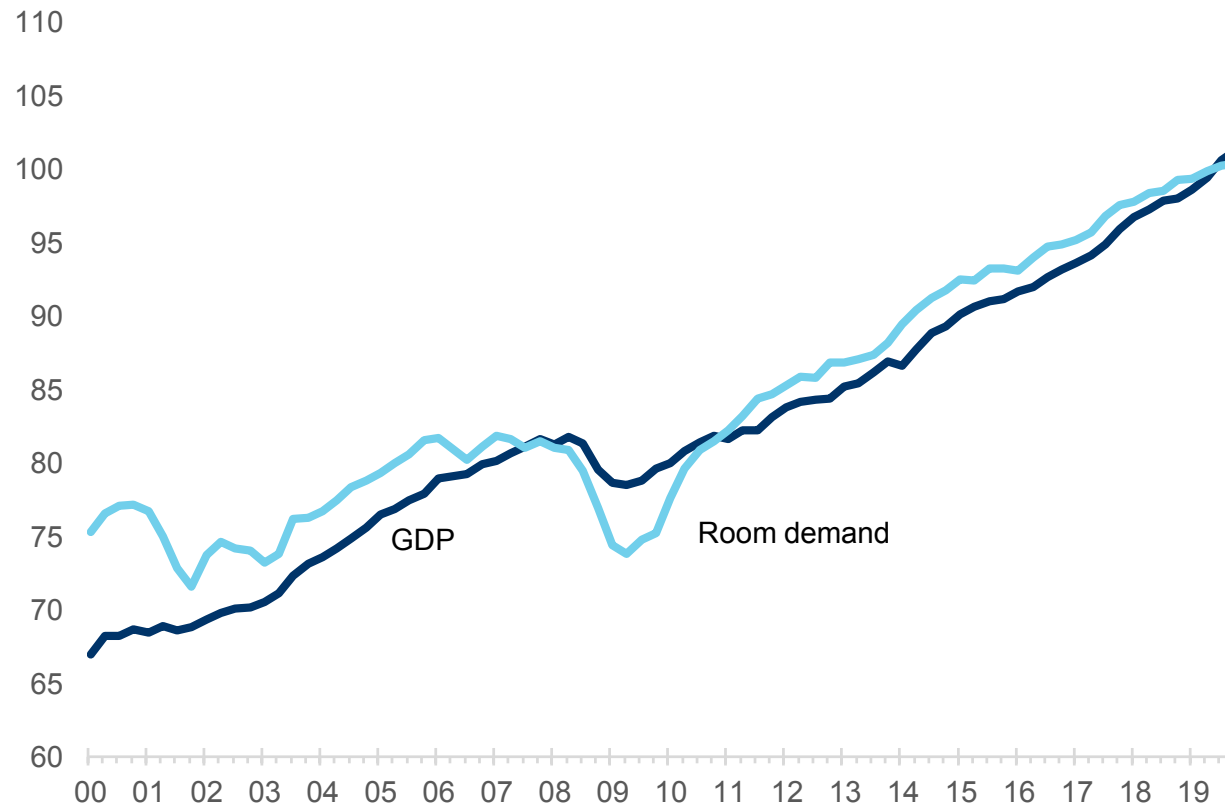
Aran Ryan | Director

Tourism Economics

" As long as we can forecast the ec

GDP and hotel room demand

Index (2019 = 100)



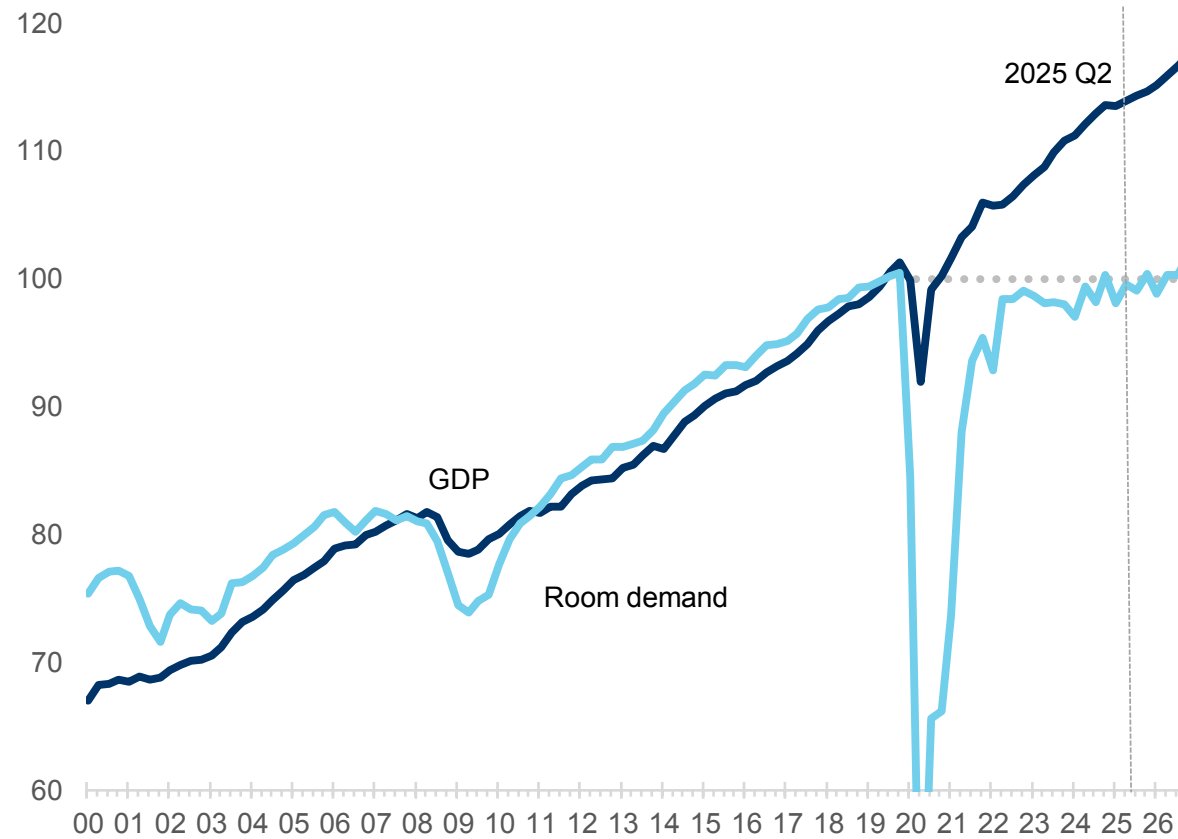
Note: Real GDP, seasonally adjusted.

Source: BEA; STR; Oxford Economics

Not so fast

GDP and hotel room demand

Index (2019 = 100)

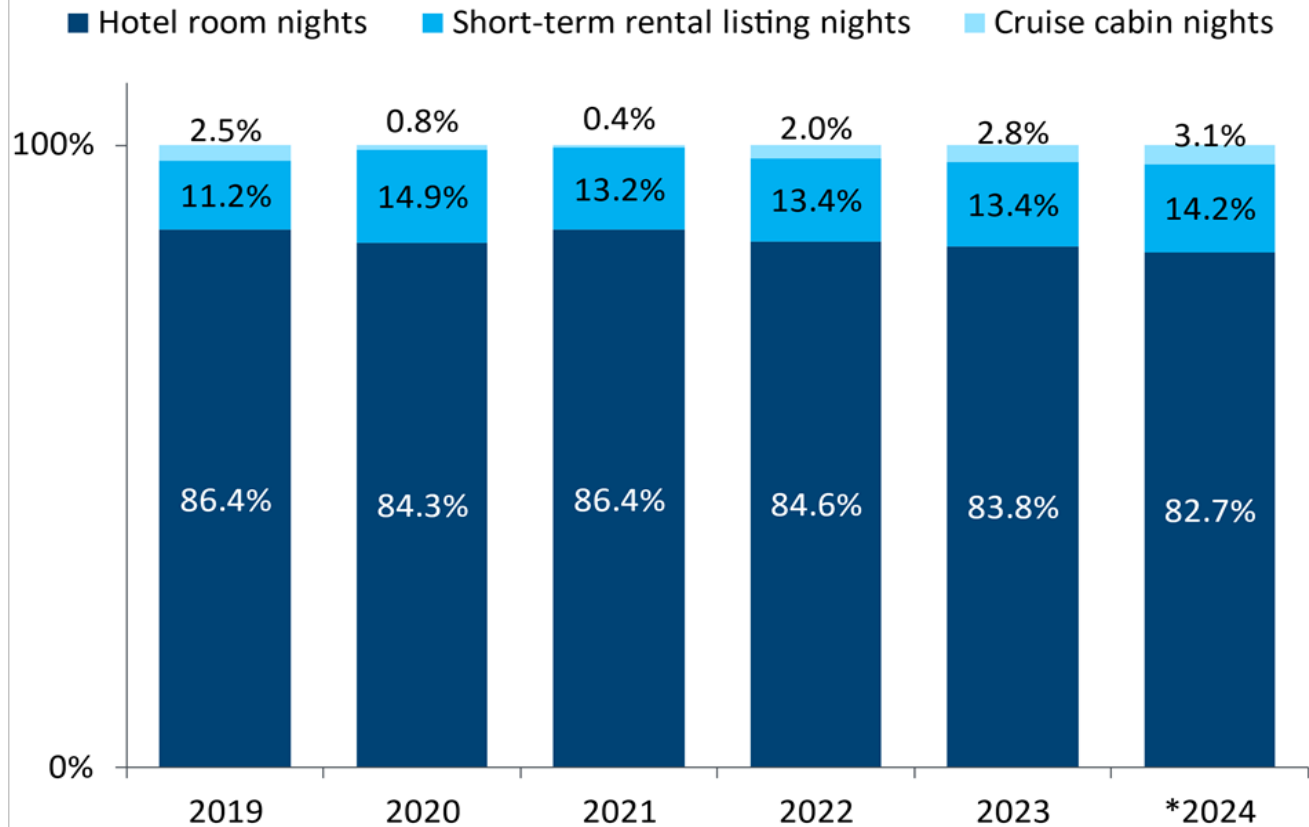


Note: Real GDP, seasonally adjusted.

Source: BEA; STR; Oxford Economics

Partial explanation: hotels have lost share

US lodging demand share



2024 vs 2019:

ST rentals: +31%

Cruise: +29%

Hotel: -1.4%

2025, Jan-Apr YTD

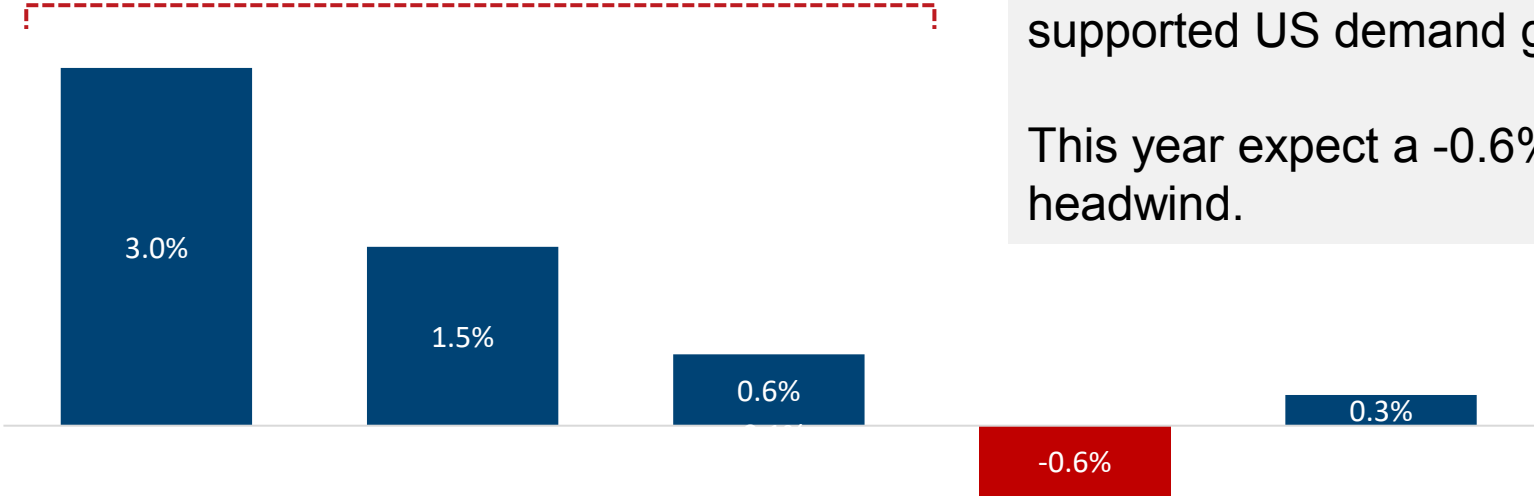
ST rentals: +6.2%

Hotel: +0.4%

Another explanation: international visitors

US room demand growth

Domestic/international split of total growth



For the past three years, international inbound travel has supported US demand growth.

This year expect a -0.6% headwind.

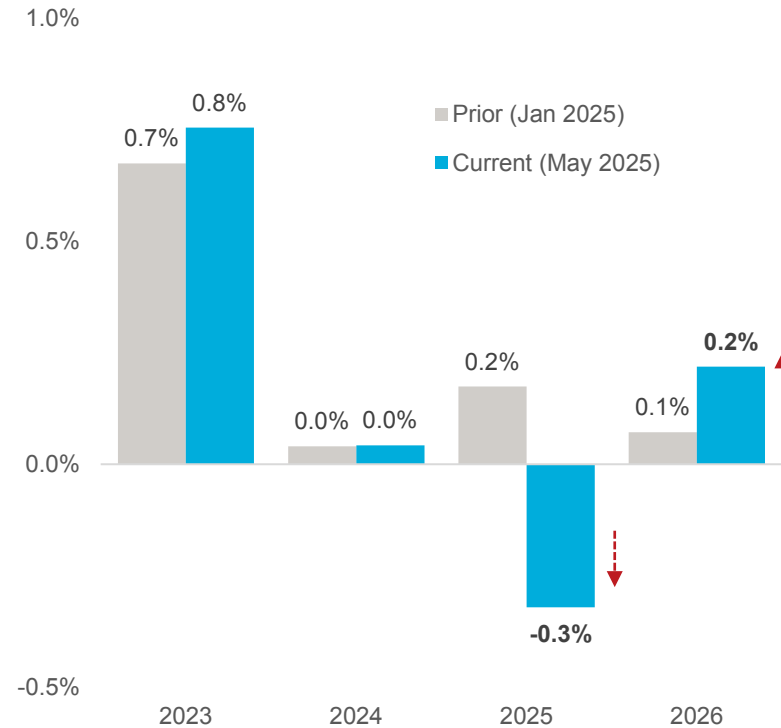
	2022	2023	2024	2025	2026
international	3.0%	1.5%	0.6%	-0.6%	0.3%
domestic	7.5%	-0.6%	-0.1%	1.1%	0.8%
total	10.6%	1.0%	0.5%	0.5%	1.1%

Source: CoStar-STR, Tourism Economics

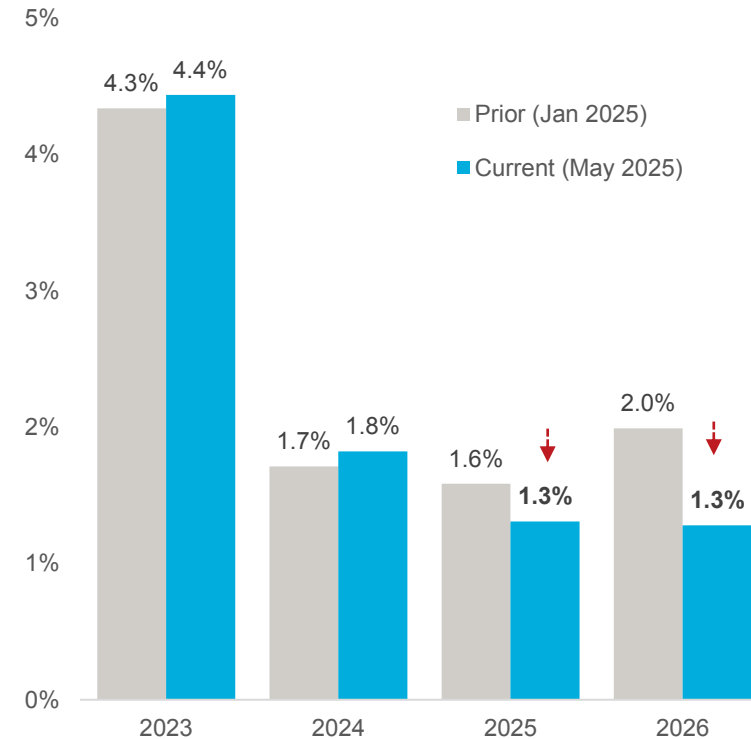
Note: Demand analysis assumes international visitors account for approximately 7% of hotel demand (2024).

Latest forecast: RevPAR growth slows to 1.0% this year

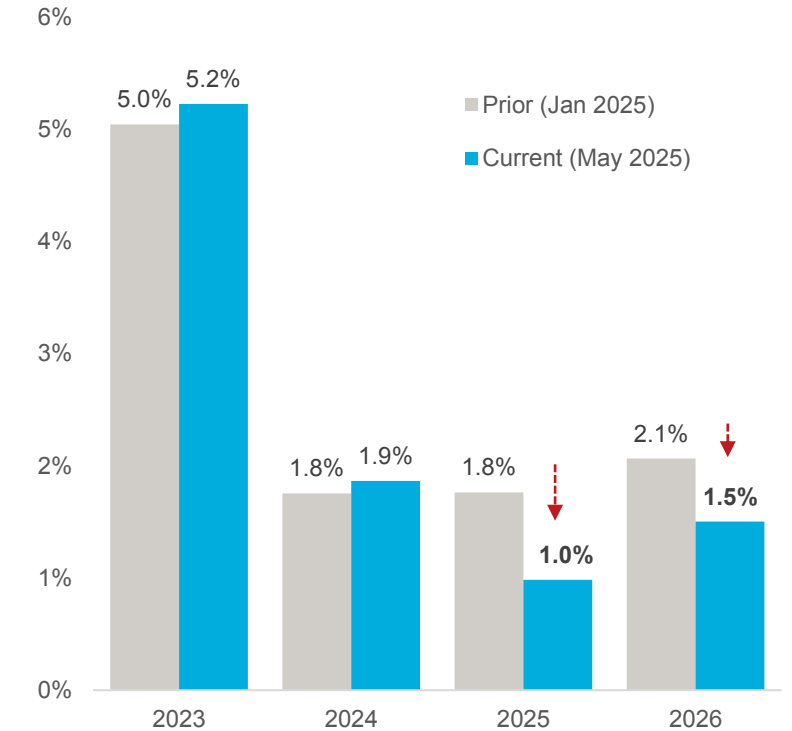
Occupancy growth



ADR growth



RevPAR growth

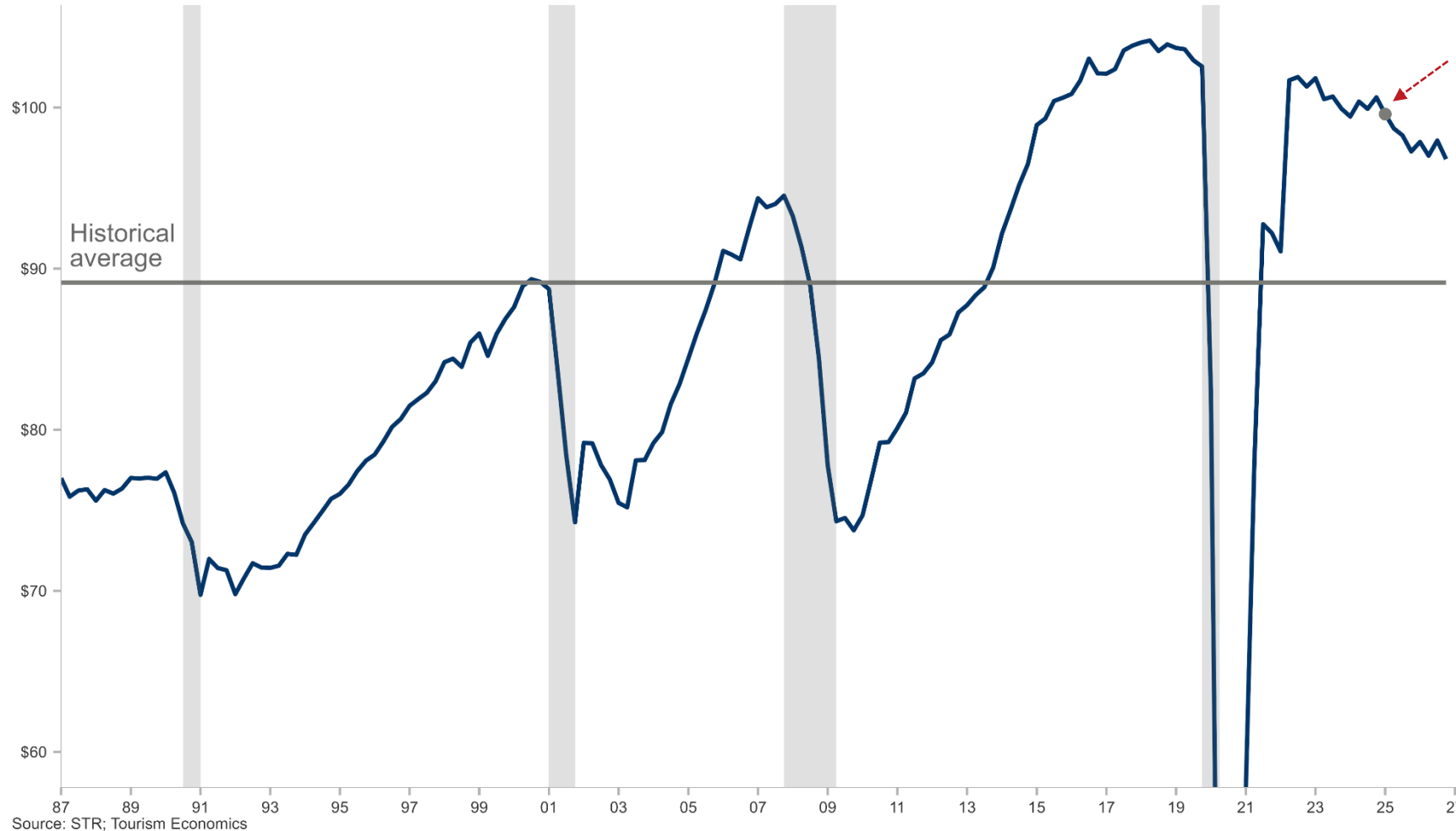


Source: CoStar-STR, Tourism Economics

RevPAR: Not quite 2019, but still above average

RevPAR, US

Real, seasonally adjusted



2025 Q1

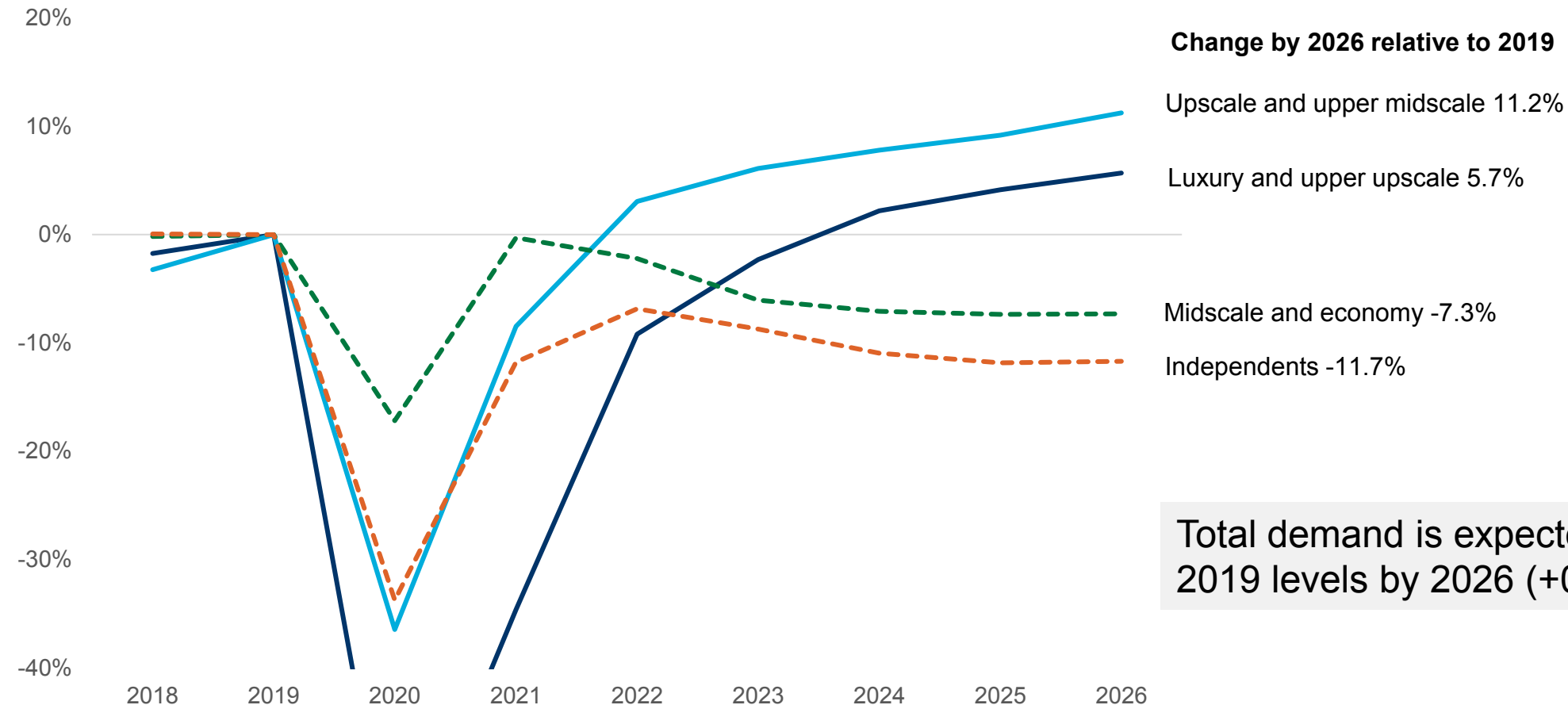
Real RevPAR has lost ground relative to 2019, but is still 11.7% above long-term average

Source: STR; Tourism Economics

Demand for lower-tier properties continues to decline

Demand relative to 2019

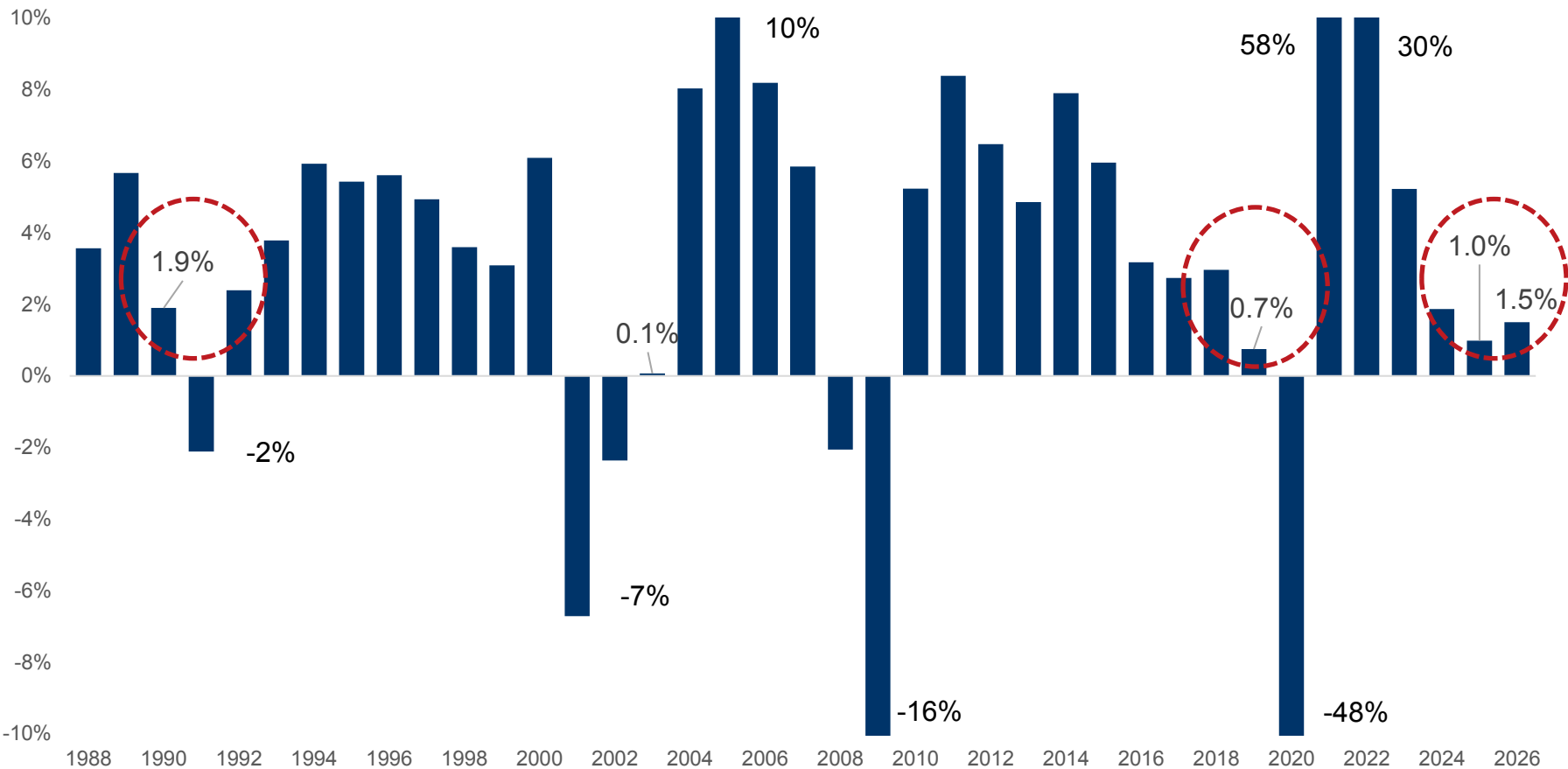
By chain scale groups



Total demand is expected to recover 2019 levels by 2026 (+0.3%)

Sideways is rare. Few cases of RevPAR growth of 1% to 2%

RevPAR
US, growth



Source: CoStar-STR, Tourism Economics

Thanks for joining!
Stay in touch.

