



PODCAST

## Are hotels facing an industry-specific recession?

Podcast hosts unpack US hotel performance amid slow-but-stable GDP growth



Jan Freitag is CoStar's national director of hospitality analytics, and Isaac Collazo is STR's senior director of analytics.

By [Stephanie Ricca](#), [Jan Freitag](#), [Isaac Collazo](#)



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U.S. hotel performance is on a streak, and it's not a good one.

August marked yet another month of average daily rate growth falling below the rate of inflation.

On this month's episode of Tell Me More: A Hospitality Data Podcast, co-hosts Isaac Collazo of STR and Jan Freitag from CoStar Group dive deep into ADR and revenue per available room data trends to address the question, "Are we in a hotel industry recession?"

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**'Recessionary' is a tough word**  
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RevPAR growth year to date is only 0.2% and ADR is 1% year to date, leading Collazo and Freitag to pose both metrics are likely "the lowest for a non-recessionary period."

The economy is in recession by definition following two consecutive quarters of negative gross domestic product growth.

While the overall U.S. economy is not in a recession, Freitag said comparing hotel industry performance to the growth of the American economy leaves him with questions.

"Yes, the [U.S. economy] is bumpy up and down the food chain, and you have tariff impacts and the tax cut impact and immigration and all those conversations, but bottom line is continued growth of the American economy," he said. "And then we're sitting here looking at our data and saying, 'Growth? What growth?'"

"It seems like we're a little bit disconnected from what the macro environment is, if we look at our little microcosm of hotels," Freitag said.

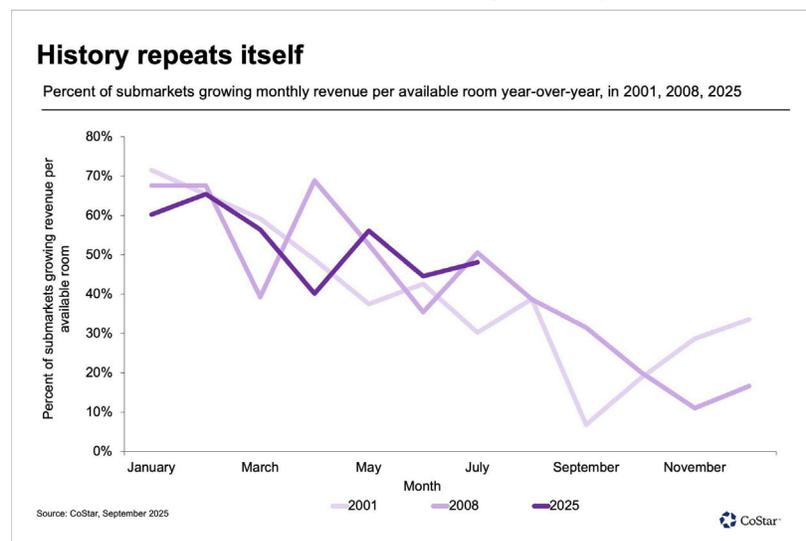
Collazo came back to the word "stuttering" as a good descriptor of current hotel performance. He cited employment statistics that typically correlate to a rise in hotel demand, which isn't happening right now.

Demand is still high — coming in at the fourth-highest at absolute levels — "but we're stuttering," he said.

Freitag took the recession conversation a step further, asking the question, "What is a hotel recession?"

"There's no official definition, of course, but we think about two consecutive quarters of RevPAR deceleration, and we're getting mighty close," he said. The second quarter "was down. July and August were down. September, we only have two clean weeks ... because of holidays. ... And we already know that [the fourth quarter] is likely going to be down because of hurricane impacts."

Freitag also looked at U.S. submarkets by month, [in his analysis posted on LinkedIn](#), to see how many grew RevPAR.



"I'm wondering if we're sliding into a recessionary environment in the lodging industry," he said.

Also in this episode:

- Collazo puts current ADR trends into context with a deep dive into the number of U.S. submarkets losing ADR now compared to other recessionary periods. "In August, just 22% (one in five) submarkets saw ADR growth at or above the rate of inflation," he said.
- Collazo and Freitag look at early results that show September hotel performance continuing to stutter.

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