

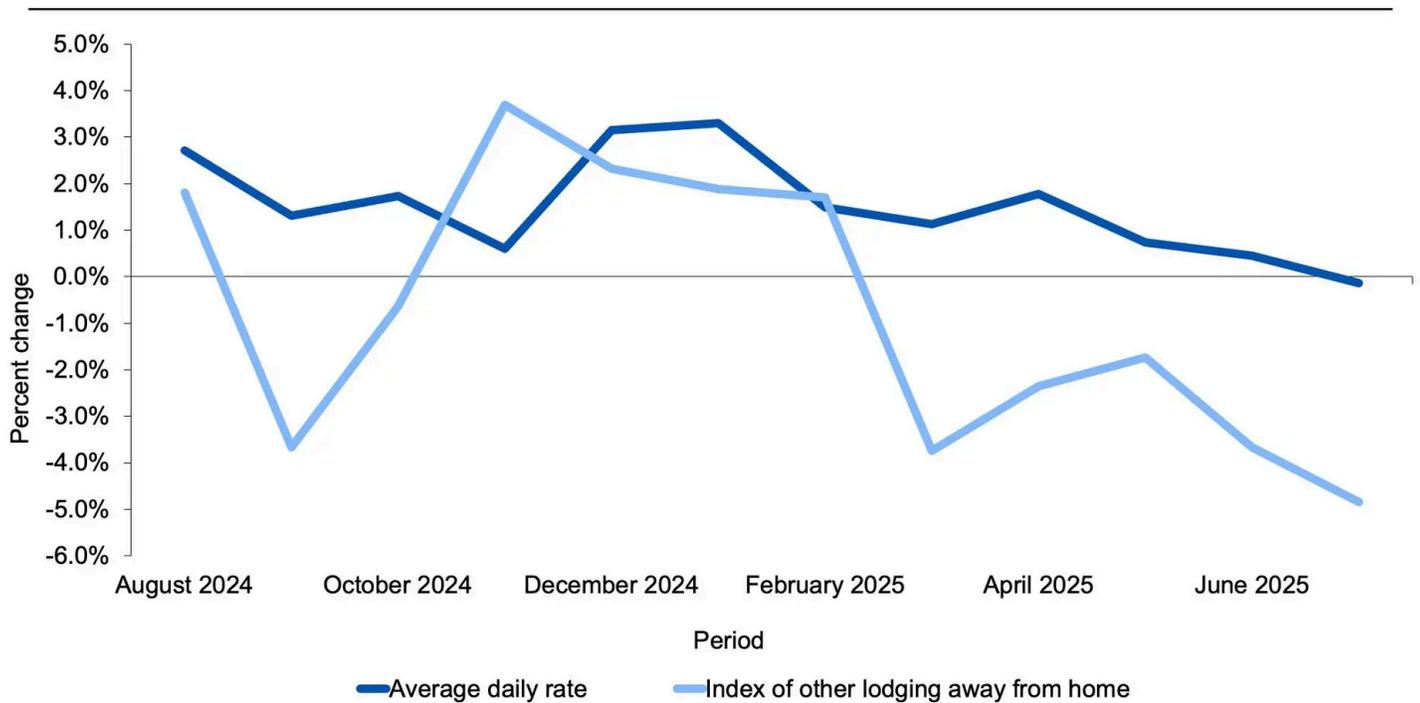
COSTAR INSIGHT

Consumer price index 'lodging away from home' and average daily rate data indicate less pricing power for hoteliers

Room rates in the fall may be under further pressure

Inflation data for lodging drops faster than hotel room rates

Average daily rate and index of other lodging away from home, year over year percent change, August 2024 – July 2025



Source: CoStar, August 2025



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The comparison of the backward-looking average daily rate and the more forward-looking consumer price index component of “other lodging away from home,” are showing weakness.

The annualized change for “other lodging away from home” has been negative for almost a year, and the growth in the U.S. hotel industry’s ADR continues to slow.

The U.S. Bureau of Labor Statistics measures monthly price changes in the CPI. As part of its calculation for the “shelter” category, it collects data for “other lodging away from home, including hotels and motels.” According to the BLS website, the input to this measurement includes prices for “short-term accommodations at hotels, motels, resorts, hostels, vacation rentals and similar establishments. The item also includes houses and apartments in the sharing economy.”

The prices are collected monthly from various consumer-facing websites and are for a future stay. The sample is split between reservations one month out, between 30 and 90 days out, and greater than three months in the future. Most reservations are for between two and six nights. One major difference from other hotel data collections is that the CPI data includes taxes and fees such as resort fees for hotels or cleaning fees for short term rentals. Given that the CPI focuses on the impact of price changes on the American consumer, the data collected is mostly for leisure trips. Leisure demand is an important component to the accommodations industry, but it is only one of the three main demand drivers. The other two demand sources are corporate transient demand and corporate group demand.

The ADR data set is collected by CoStar on a daily or monthly basis at the hotel level by dividing room revenue by the rooms sold. The rooms revenue is collected from all three demand sources: leisure, corporate and group. Traditionally corporate room rates are often pre-negotiated at a discount to the prevailing leisure rate. Group rooms are normally negotiated to receive a bulk discount since groups also generate food-and-beverage revenues on property.

In the U.S. accommodations industry, most rooms are sold in hotels and only around 16% are sold in alternative accommodations, often apartments or homes. The “other lodging away from home” data is therefore dominated by the hotel data, and by rates targeting leisure customers. In addition, the CPI data is more focused on a forward-looking room rate.

Given the differences in data collection and time horizons, the relationship between the ADR and CPI is tenuous. This divergence stems from CPI’s focus on leisure bookings and inclusion of taxes and fees, while ADR reflects realized revenue across all demand segments. Both measures have lately been under pressure, pointing to the lack of pricing power in the accommodation industry in general and the hotel industry in particular. The current forecast calls for ADR growth of 0.8% in 2025, indicating little to no growth and well below inflation expectations. The ADR change in July was negative for the first time since March 2021.

Looking ahead, the “other lodging away from home” data shows weakness which could imply continued softness in the hotel ADR metric. The lack of pricing power likely will put pressure on operator margins for the remainder of the year.

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