

Despite declines, US hotels showed some encouraging signs in October

Comparisons to 2024 hurricanes more of a factor than government shutdown



The 43-day government shutdown had a minimal impact on October U.S. hotel performance, according to CoStar hospitality data. (Getty Images)

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STR

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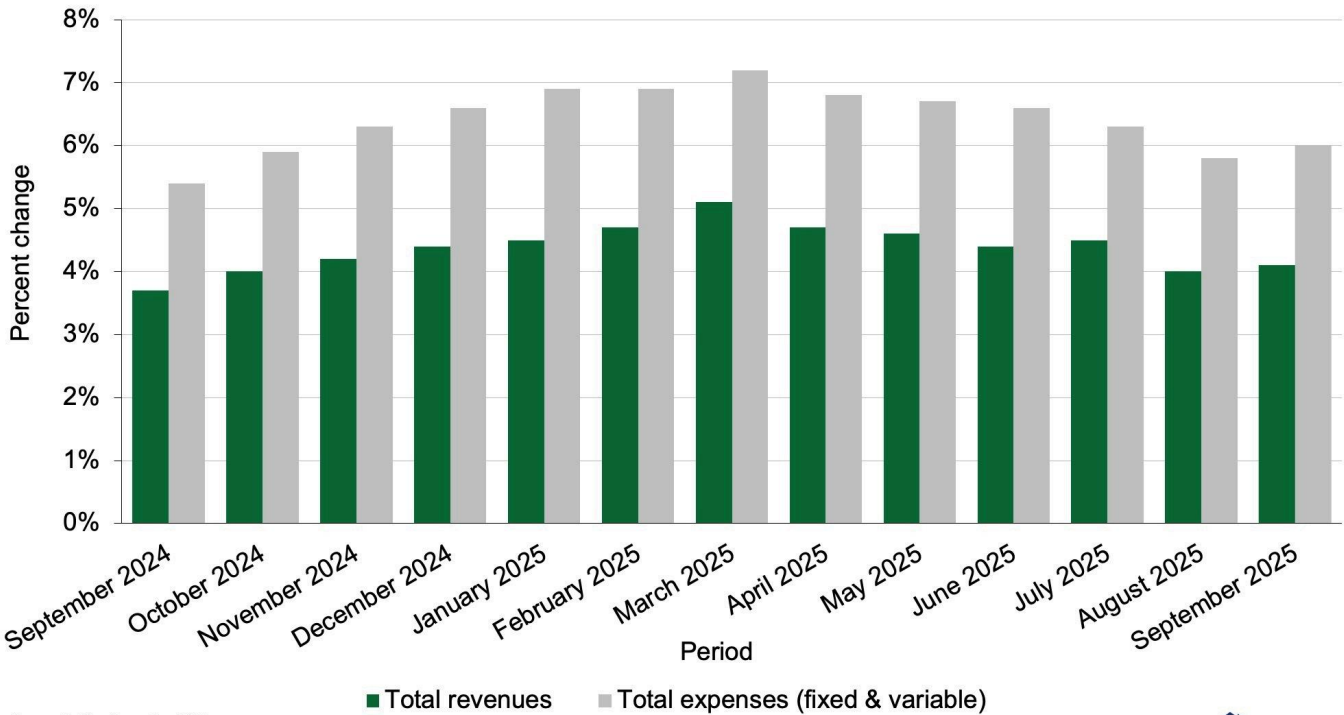
U.S. hotel industry revenue per available room fell 0.9% in October, which was the fifth consecutive monthly decrease but the smallest of the declines during that span.

RevPAR has been flat to down for U.S. hotels since April. The most recent decline was driven by an occupancy decrease of 1.6 percentage points. That was the steepest of eight straight monthly occupancy declines in the U.S.

Average daily rate rose 1.5%, which was the best increase of the past six months but still well below the inflation rate. Since May, monthly ADR growth on average has risen 0.5%, which is the lowest average growth rate outside of a recession.

Costs increasing at a higher rate than revenues

US total revenues and total expenses (less taxes), 12MMA, year-over-year percent change



Source: CoStar, November 2025



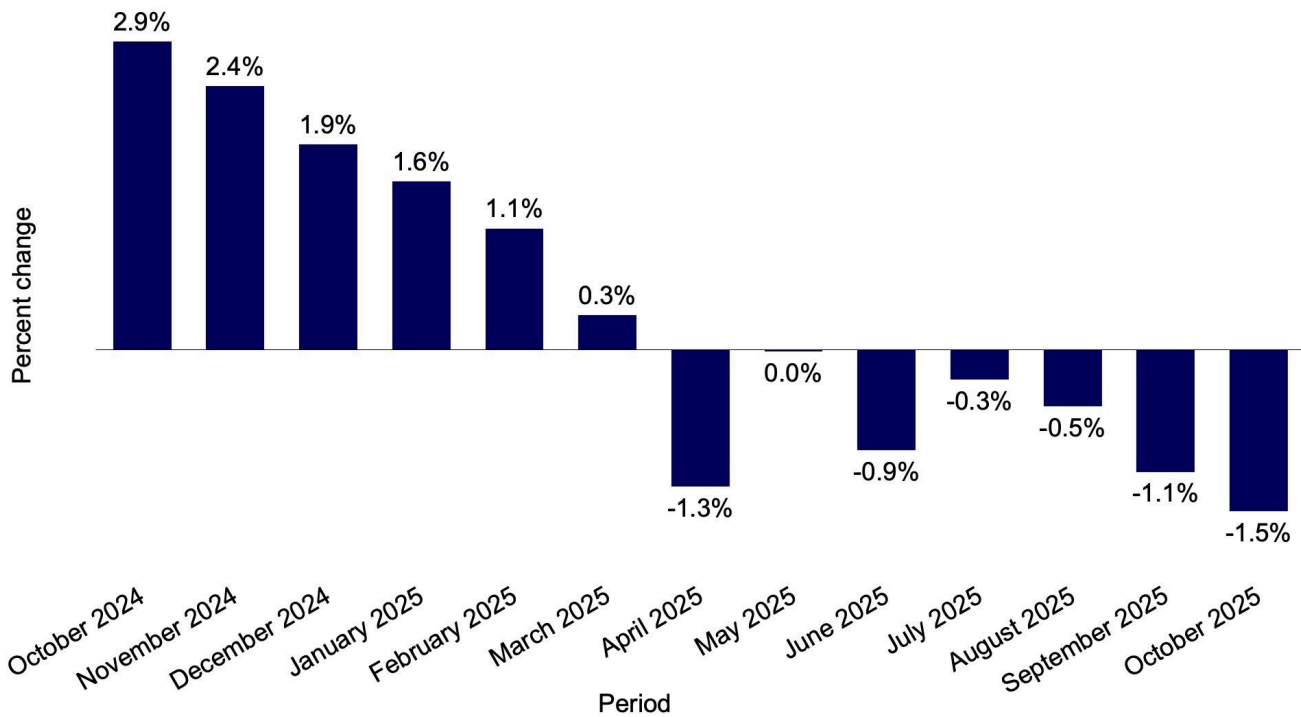
Government shutdown, less of an impact than feared

October took on a bulk of the U.S. government shutdown, which began Oct. 1 and ended Nov. 12. Given that the national hotel occupancy decrease was the largest thus far in 2025, it's easy to assume the shutdown was the culprit. However, our analysis suggests that was not the case.

Hotel room demand during the 43 days of the U.S. government shutdown fell 2.2 million room nights year over year. In the 43 days prior to the government shutdown, demand was down 1.5 million room nights year over year. However, TSA screenings during the 43 days were up 2%. So why was demand down more?

Room demand down eight consecutive months

US room demand, year-over-year percent change



Source: CoStar, November 2025



Simple, the 13 hurricane markets, those affected last year by Hurricane Helene and Hurricane Milton, reduced hotel demand by more than 1 million room nights, which accounted for 57% of the total U.S. room demand decline in the month. Half of those room nights came from economy-class hotels.

Excluding the hurricane markets, room demand was still down, but in line with what we have seen since April. More importantly, U.S. hotel RevPAR for the month would have been basically flat (-0.1%) without those markets.

Daily data also shows the same impact. Room demand without the hurricane markets was down 690,000 rooms during the shutdown versus 1.2 million room nights in the 43 days prior to the shutdown.

One market where the shutdown impact was obvious was Washington, D.C., where RevPAR retreated 8.8% on falling occupancy. Even in the capital though, the impact seems limited.

In the three months ending September, D.C. hotel room demand was down an average of 3.4%. In October, the measure fell 5.4%, which is the largest decrease so far this year, but keep in mind that demand was down 4.1% in September.

D.C.'s largest decrease was seen in upper-upscale hotels, where demand fell 9.8% with group demand down 10.8%. The central business district accounted for more than one-third of the market's demand decrease.

Moreover, D.C. central business district RevPAR was down 10.7%, which was not as bad as August (-16.9%) or September (-17%). Room demand was also down more in each of those two months.

Top 25 RevPAR up while occupancy second-highest of the year

The top 25 U.S. hotel markets – excluding Tampa, which was one of the 13 hurricane markets, and Las Vegas – saw RevPAR increase 0.5% during October.

The largest October RevPAR declines were seen in New Orleans (-27.7%) and Miami (-13%). Both markets had difficult comps from last year's Taylor Swift Eras Tour. Houston also saw a large decrease in RevPAR (-8.8%) as it continued to see difficult comps from last year's late spring/early summer storms as demand last October was up 10.6% vs. down 7.7% this past month. A year ago, Houston's October RevPAR rose 20.2%.

Twelve Top 25 Markets saw RevPAR that ranged from flat performance to year-over-year increases, led by San Francisco (+31.2%) and Anaheim (+11.1%). Both markets benefited from a strong convention calendar.

Other hotel markets seeing solid RevPAR gains included Chicago, Orlando and St. Louis, where the measure rose by more than 7% during the month. New York City again posted the nation's highest occupancy (89.4%) like it has since May. The city also saw its highest occupancy of the year as did Austin, Boston, Los Angeles, Nashville, San Francisco, and 16 other markets in and out of the Top 25. As a group, top 25 occupancy was the second highest of the year (71.9%) behind June's 72.7%.

San Francisco's RevPAR growth was driven by ADR (23.3%), due to this year's Dreamforce conference, which shifted from September last year. Strong ADR growth (+90.7%) occurred Oct. 12-16, which surrounds and includes the conference dates. Excluding those dates, ADR would still have been up 7.9% with RevPAR rising 13.1%. San Francisco's RevPAR has grown in nearly every month of the year except May. Even though growth has been significant this year, YTD occupancy is still down 13.1 percentage points from 2019 — a decrease of 2.3 million room nights — with real ADR also negative.

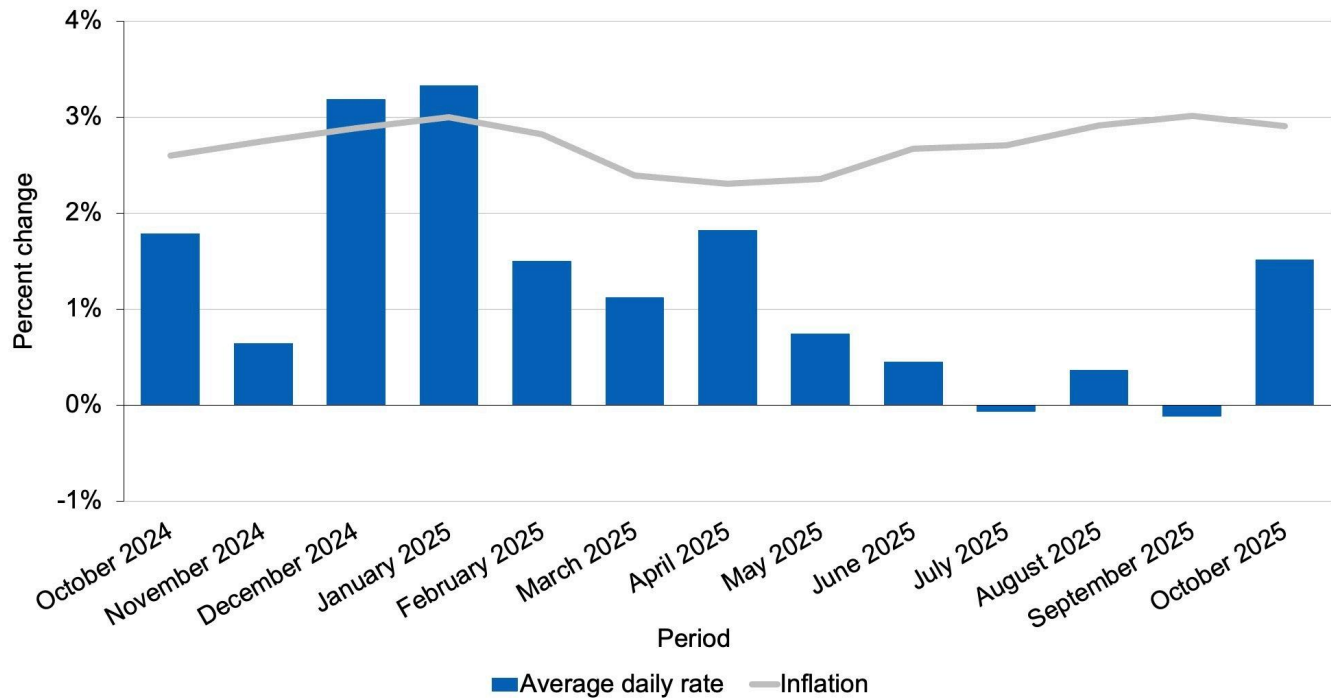
Group demand the 10th highest

Group demand in luxury and upper-upscale class hotels was flat (-0.4%) even though total room demand was up 0.8%, which was the largest increase since April. Overall, group demand in October was the 10th highest ever since STR began tracking the metric. For the year, group demand is down 1.5% since last year.

Luxury-class hotels again led the U.S. hotel industry with October RevPAR rising by 3.7% on a 3.9% ADR gain. Hotels in the upper-upscale class saw RevPAR increase 1.2%, also on ADR, with the remainder down, ranging from down 1.9% in upscale to down 8.7% in economy.

Average daily rate growth still lagging inflation

US average daily rate and inflation, year-over-year percent change



Source: CoStar, November 2025



Year-to-date U.S. hotel RevPAR is down 0.1% on falling occupancy as ADR is up 1%. Excluding Las Vegas, U.S. RevPAR is up 0.5% with hurricane markets contributing the most to the industry (+2.6%) given their strong performance early in the year, which started to reverse out in October.

US hotel pipeline holds steady

Compared with September, the U.S. hotel development pipeline rose slightly (+0.9%) on an increase in rooms in the planning stages. Under construction and final planning hotel rooms were virtually unchanged from a month prior (+0.1% each). As compared to a year ago, the pipeline is down 4.2% with the largest decrease in construction activity (-11.8%). While down, there are still 1,201 hotels under construction in the U.S. with half in the upper midscale (412) and upscale (269) segments.

The U.S. still has the most hotel rooms in the pipeline (730,000) followed by China (474,000). India, Saudi Arabia, and the U.K. also sit around 100,000+ rooms in the pipeline. The biggest difference between the U.S. and China is that 59% of China's rooms are under construction as compared to 19% in the U.S. Excluding the U.S., 46.4% of the global pipeline rooms are under construction.

Global RevPAR forging ahead

Globally, hotel RevPAR is up 5.2% on ADR (+4.9%). Excluding the U.S., RevPAR is up 7.9% with strong ADR growth (+6.7%) and rising occupancy. Germany, the Gulf Cooperative Council (GCC), India and Japan all saw RevPAR increase by more than 12% with all driven by solid ADR gains. Australia and Canada posted RevPAR growth of more than 9%, also driven by ADR.

The Caribbean and Mexico joined the U.S. in seeing RevPAR abate during the month.

The strong growth seen in Canada was widespread with 14 of 22 hotel markets seeing October RevPAR growth of 8% or more. Toronto's increase topped 17% on a 14.8% ADR increase. While it is easy to pin the gain on the baseball playoffs and the World Series games in the city, double-digit ADR was seen throughout the month.

Mexico's slowdown was centered in its largest hotel markets – Cancun, Mexico City, Mexican Caribbean, and Pacific Central – where ADR fell 7.5% on falling occupancy and resulted in an 8.2% RevPAR retreat. A year ago, these four markets saw RevPAR increase 16.6% on a 19.2% ADR gain.

Year-to-date global RevPAR is up 3% on a 3.3% ADR increase. RevPAR growth moves up to 4.3% excluding the U.S. with ADR rising 4.4%. Year-to-date leaders include India, Japan and Latin America, all with double-digit RevPAR increases. Strong growth was seen in the GCC and Mexico (+8%+). On the other end of the spectrum, China, France, Germany and the U.S. all show retreating RevPAR year to date.

Outlook

The U.S. 2025 and 2026 forecasts were recently lowered as little change is expected over the next 14 months. RevPAR in the fourth quarter of 2025 and the first quarter of 2026 will likely decrease with the remainder of 2026 seeing growth.

Overall, 2025 RevPAR is expected to be down 0.4% with the measure rising 0.5% in 2026. Occupancy and ADR will remain under stress, but as the uncertainty and the shock of recent policy changes abate, so too will the pressure on those metrics. Outside of the U.S., most markets will see more of the same, too—overall positive with some weakness here and there.

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This article represents an interpretation of data collected by CoStar's hospitality analytics firm, STR. Please feel free to contact an editor with any questions or concerns. For more analysis of STR data, [visit the data insights blog on STR.com](#).

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