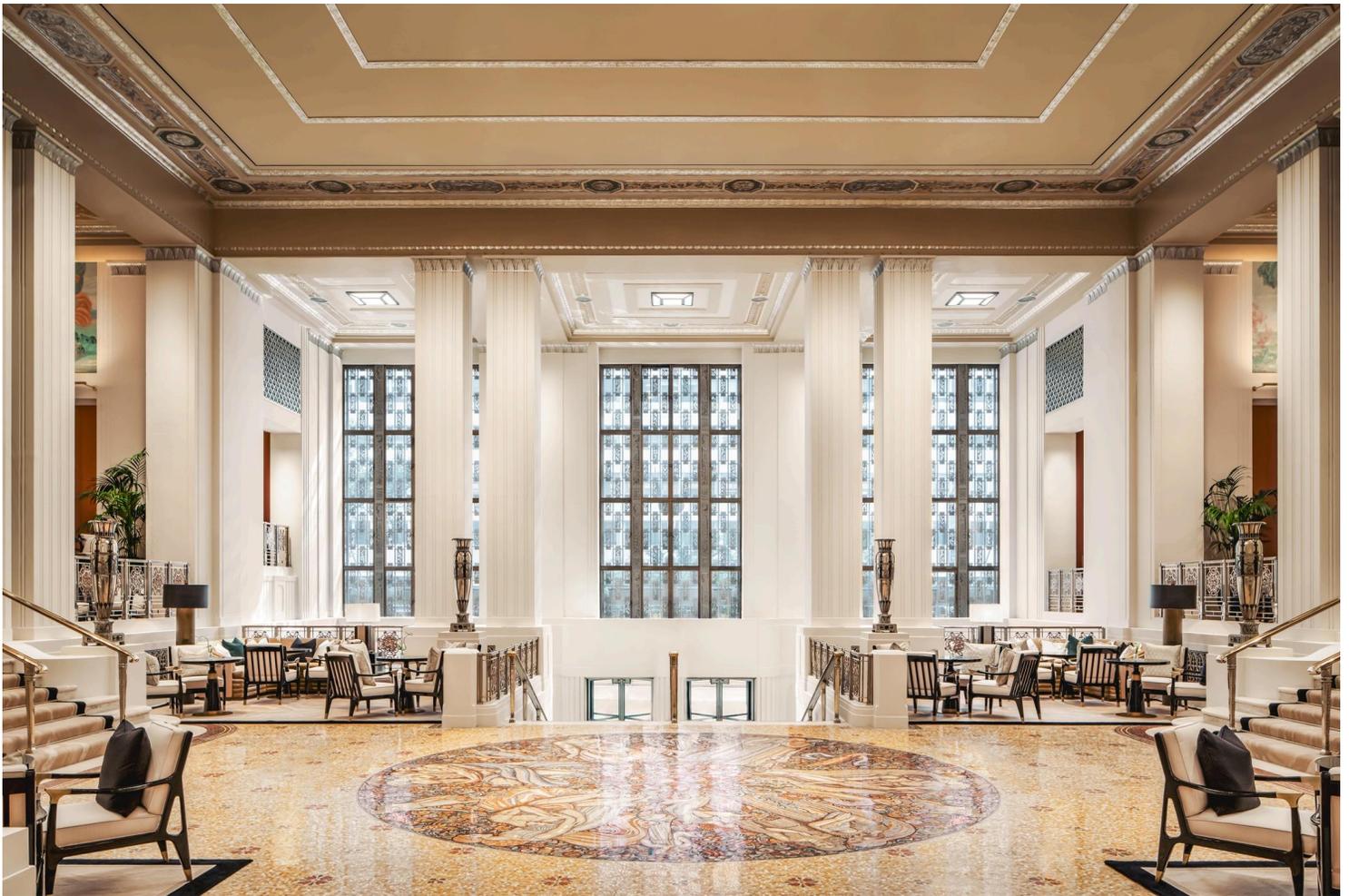




EARNINGS

Hilton CEO remains optimistic for year despite 'noisier than expected' second quarter

Revenue per available room dropped 0.5%



Hilton's most noteworthy second-quarter opening was the reopening of the Waldorf Astoria New York, which recently completed an eight-year-long renovation project. (Waldorf Astoria New York)

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CoStar News

July 23, 2025 | 9:48 AM



Weak government and international demand drove revenue per available room down slightly for **Hilton** in the second quarter, with the company's CEO describing the quarter as "noisier than expected."

Chris Nassetta, president and CEO, said there remains several reasons for optimism, including continued strong net unit growth across their system and a more business-friendly environment in the United States.

"You may hate or like what's going on [in the U.S.], but it's pretty hard to deny that over the next several years we're going to end up in a condition where we're going to have incremental economic growth," he said. "And a lot of that is going to be coming in the area which has the highest correlation to growth and room nights for hospitality, which is nonresidential fixed investment. So you have a regulatory environment that is going to continue to be much easier, a tax environment where you have certainty, and corporate profits that remain quite strong and resilient."

System-wide comparable RevPAR was down 0.5% year over year in the quarter, with U.S. hotels down 1.5%.

While weakness in the U.S. — which makes up 75% of Hilton's overall business — muted the overall numbers, performance was stronger in other global regions.

RevPAR for the quarter was up 3.8% in the Americas outside of the U.S., up 2% in Europe, up 10.3% in the Middle East and Africa and up 0.3% Asia Pacific.

Short-term weakness, long-term optimism

Nassetta described the quarter as a "touch different than we expected" with performance coming in slightly lower than expectations for the quarter. He said in part due to calendar shifts the third quarter will have similar trends — with leisure driving performance as business transient and group step back slightly.

He expects trends to reverse in the fourth quarter, which he described as a "more normal" quarter than seen all year.

"The other thing going on in the fourth quarter is the comps are just easier," he said, pointing to strikes and the presidential election as reasons performance was depressed late in 2024.

He said he's starting to see a "thaw" in business spending on travel after companies tapped the brakes earlier in the year due to economic uncertainty.

"You're going from the great wait-and-see to the great thaw," Nassetta said. "It's early, but it's happening."

He said it's still unclear when this momentum shows up in actual performance, but early booking data is looking positive, particularly for group business in 2026 and 2027.

The company maintained its full-year RevPAR growth projection of flat to up 2%, but did scale back projections for diluted earnings per share and net income.

"A lot of people pulled guidance, but we didn't," Nassetta said. "I think we were pretty darn close."

The company now expects to net between \$1.64 billion and \$1.68 billion for the year, compared to an earlier range of \$1.71 billion and \$1.75 billion.

Pipeline growth

The company grew net units 7.5% year over year in the quarter, with 221 hotels totaling 26,100 rooms joining the system. An additional 36,200 rooms were added to Hilton's pipeline in the quarter, bringing the overall pipeline to 510,600 at the end of the quarter.

Nassetta pointed to the company's strength with conversions for continued strong rooms growth.

"Overall, conversions spanned 10 brands and accounted for a third of our openings in the quarter," he said.

The company's most noteworthy opening is the reopening of the [Waldorf Astoria New York](#), which recently completed an [eight-year-long renovation project](#).

The hotel "reopened its doors just last week, marking the beginning of a new era for the spectacular hotel that has been a cornerstone of New York City culture since 1931," he said.

Nassetta noted the New York flagship reopening comes at a moment of outsized growth for the brand, with 33 currently in the pipeline and six set to open before the end of 2025.

Second quarter performance

During the second quarter, Hilton recorded \$3.14 billion in total revenues, up from \$2.95 billion in the same quarter of 2024.

Net income also increased — from \$422 million in 2024 to \$442 million in 2025. The company recorded adjusted earnings before interest, taxes, depreciation and amortization of slightly more than \$1 billion in the quarter.

As of press time, the company's stock was trading at \$268.12 a share, up 8.48% year to date. The New York Stock Exchange Composite was up 9.04% for the same period.

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