

# Hotel demand, rooms revenue hits low note as summer travel season winds down

Storm comparisons in Houston top issue among struggling top 25 markets



Difficult year-over-year comparisons due to 2024 storms in Houston contributed to U.S. hotel revenue per available room falling 0.5% in the week ending Aug. 16. (Getty Images)

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U.S. hotel revenue per available room fell 0.5% in the week ending Aug. 16, buffeted by difficult year-over-year comparisons due to 2024 storms in Houston. That market alone accounted for 5 basis points of the RevPAR decrease, but Houston was not alone as 47% of all markets saw RevPAR decline by more than half a percentage point — the most markets down of the past four weeks.

Drops in occupancy drove the nationwide RevPAR decline, and average daily rate rose a mere 0.4%.

### Weak business travel causes weekday slowdown

Slowing weekday occupancy, particularly in the top 25 markets, had the largest impact on the week. Business travel, which is best represented by weekday performance, has plateaued.

Leisure travel continued, as evidenced by strong weekend performance, however it is not enough to carry the industry.

Weekday occupancy declined 0.7 percentage points with ADR up only 0.3%, reducing RevPAR by 0.9%. Weekend RevPAR advanced 0.3% on ADR, up 0.6%, with a 0.2 percentage point drop in occupancy.

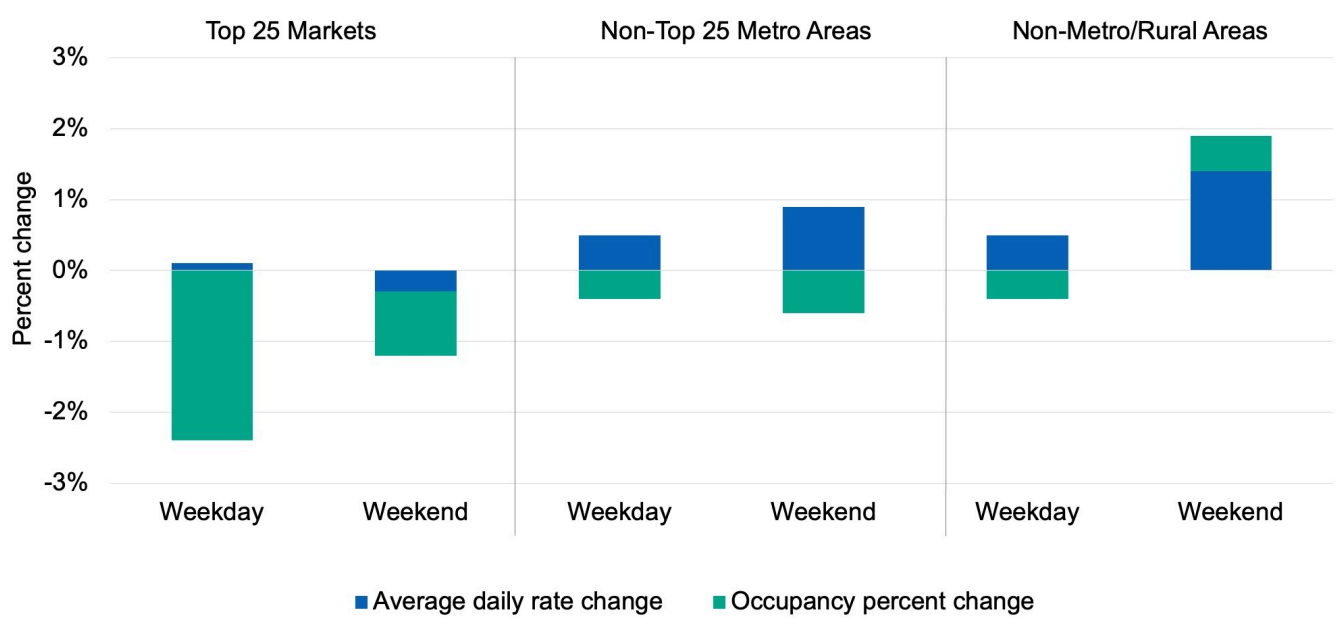
Notable differences appeared across the top 25 markets compared to other markets. Weekday RevPAR in top 25 markets fell 2.3%, and weekend RevPAR fell 1.3% due to drops in occupancy.

Overall, weekly RevPAR dropped by 2% across top 25 markets. Excluding Houston, weekly RevPAR was down 0.9% overall with negative weekdays — down 1.3% — and a flat weekend.

RevPAR was somewhat better in other metro areas outside the top 25, with weekday and weekend RevPAR up 0.2% and 0.3%, respectively. For the full week, those markets collectively increased RevPAR by 0.2%. Non-metro and rural areas posted the largest weekly gain — up 0.7% — with the weekend advancing 1.9% while weekdays were up just 0.1%.

# Top 25 retreated, weekend was stronger all around because of average daily rate

US, Occupancy and average daily rate year-over-year percent change, week ending August 16, 2025



Source: CoStar, August 2025



## Summer’s end nears

This has been the weakest summer of the past four years, and we only have two more weeks left of the 2025 summer travel season.

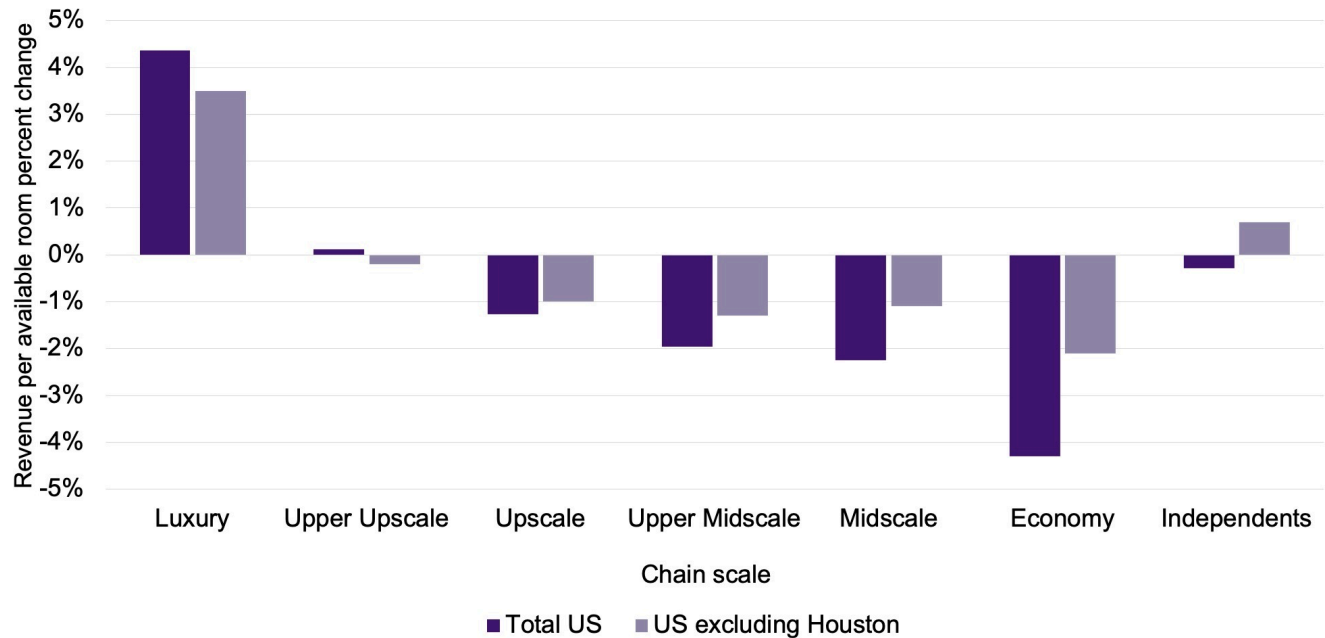
Demand is down 1.4 million room nights compared to the same period last year. RevPAR has declined 1.1% as occupancy dropped and ADR increased just 0.2%. The demand retreat has come mostly from economy hotels with 45% of its decline centered in 10 markets — Houston, Las Vegas, Los Angeles, Arkansas Area, Texas South, Myrtle Beach and New Jersey Shore.

Houston and Las Vegas account for nearly a quarter of the economy hotel decrease. Midscale and upper-upscale class hotels have also seen a decline over the summer but to a lesser extent. They only make up 20% combined of the total room nights lost this summer.

Luxury, upscale and upper-midscale have all gained about the same number of room nights this summer – roughly 438,000 each – but their combined growth was insufficient to offset the decreases from the other classes.

## Bifurcation remains, Economy decline less pronounced when excluding Houston

US weekly revenue per available room percent change by chain scale, week ending August 16, 2025



Source: CoStar, August 2025



### Looking ahead

The next couple of weeks through Labor Day are expected to see more of the same. With schools in session across much of the country, leisure travel will continue to slow, and business travel is unlikely to fill in the gap during the fortnight.

The impact of Hurricane Erin will be seen in next week’s results along with continued headwinds from Houston’s storm comparisons. Chicago will see a slowdown impacted by the comp to the 2024 Democratic Convention. Difficult comps from Hurricanes Helene and Milton are also on the horizon.