



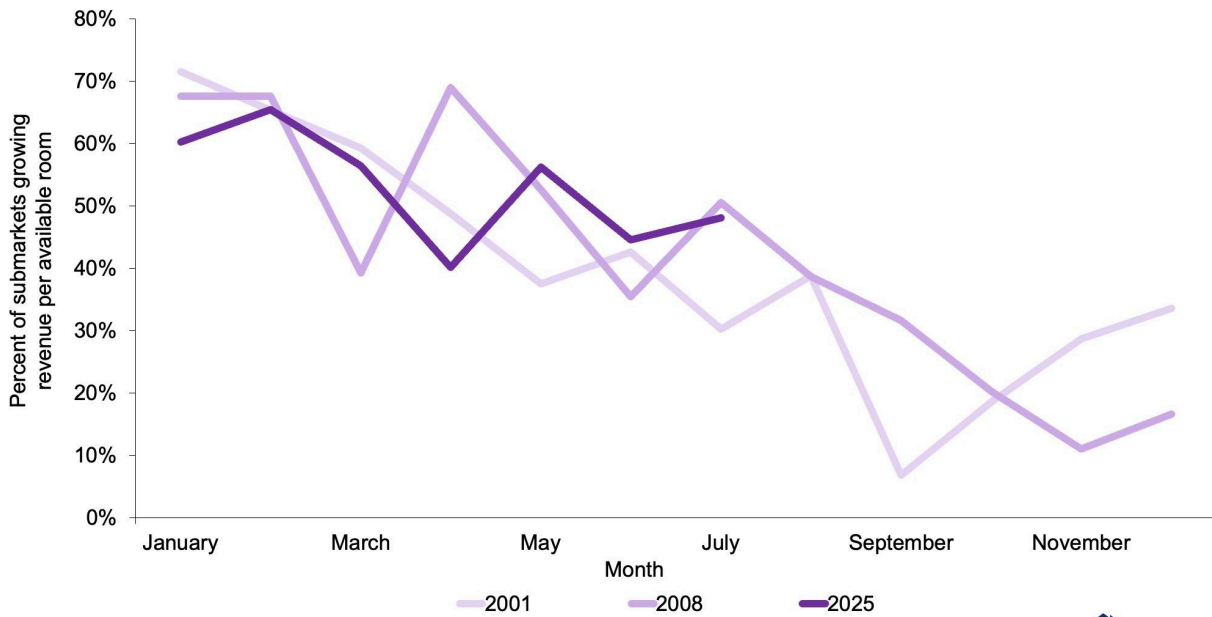
COSTAR INSIGHT

More US hotel submarkets are losing revenue per available room, echoing prior downturns

Data from 2001 and 2008 suggest a potential trajectory for 2025

History repeats itself

Percent of submarkets growing monthly revenue per available room year-over-year, in 2001, 2008, 2025



Source: CoStar, September 2025



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The U.S. hotel industry is made up of 691 submarkets. Each month some of the submarkets gain revenue per available room, or RevPAR, compared to the same month in the prior year. In a healthy

environment, the ratio of submarkets gaining revenue is higher than the percentage of submarkets losing ground.

In 2025, however, the number of U.S. hotel submarkets growing RevPAR compared to the same in 2024 is slowing. In January, around 60% of submarkets recorded RevPAR increases. By July, this figure had fallen to 48%, meaning that more than half of all submarkets experienced declines. To frame the downward trend, we compared the current trajectory with patterns observed during the two most recent recessions, excluding the COVID-19 pandemic: 2001 and 2008.

According to the National Bureau of Economic Research, the 2001 recession started in March 2001 and ended in November of that year. The 2008 recession started in December 2007 and ended in June 2009.

During both downturns, the number of submarkets gaining RevPAR by month deteriorated sharply. In January 2001, around 71% of submarkets reported gaining revenues. That number dropped to around 7% in September, caused by an almost complete travel stop after the 9/11 attacks, and ended up at 22% in December. In January 2008, around 68% of submarkets reported RevPAR growth. This number steadily declined, reaching only 17% in December.

The RevPAR outlook for 2025 continues to be negative, and national RevPAR for the year is expected to decline by 0.1%. Part of the reason is the ongoing uncertainty in travelers' minds, which hinders forward booking trends for groups, affects travel decisions for business travelers and slows leisure demand. Slower demand will likely translate into more submarkets seeing RevPAR deceleration as well.

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