

LODGING

STR Again Cuts 2025-26 U.S. Hotel Forecast

By **Chris Davis** / August 07, 2025 / **Contact Reporter**

STR and Tourism Economics yet again have downgraded their U.S. hotel forecast for both full-year 2025 and 2026, citing lower demand due in part to "unrelenting uncertainty and inflation," the companies announced Thursday.

STR parent company CoStar and Tourism Economics now project 2025 U.S. hotel occupancy to decline year over year to 62.5 percent from 63 percent in 2024. **In their prior forecast, issued in June**, the companies projected 2025 U.S. occupancy of 62.8 percent.

CoStar and Tourism Economics also now project 2025 U.S. average daily rate to increase 0.8 percent year over year, compared with their prior forecast of 1.3 percent. They now forecast full-year 2025 U.S. revenue per available room to decline 0.1 percent year over year, down from the June forecast of a 1 percent increase.

"Unrelenting uncertainty and inflation, coupled with tough calendar comps and changing travel patterns, have caused lower demand," STR president Amanda Hite said in a statement. "Additionally, as the year has unfolded, we've seen rate growth converge closer with demand."

Hite added that STR expects "little change in the economic outlook over the next 18 months, but we are optimistic that once trade talks have concluded and the impact of the budget reconciliation bill comes to fruition, hotel performance will recover."

Tourism Economics director of industry studies Aran Ryan in a statement suggested tax cuts could provide a tailwind to economic performance into 2026.

"The slowing U.S. economy should absorb the effects of tariffs without tipping into a recession," according to Ryan. "The current environment—characterized by slowing consumer spending, reduced business capital spending, and declining international visitation—will transition to one boosted moderately by tax cuts and less policy uncertainty as we look to 2026."

STR and Tourism Economics now forecast 2026 occupancy to fall to 62.3 percent (down from 63 percent in their June forecast), ADR to increase 1 percent year over year (compared with a previous forecast of 1.3 percent) and RevPAR to increase 0.8 percent (compared with the previous forecast of 1.5 percent).

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