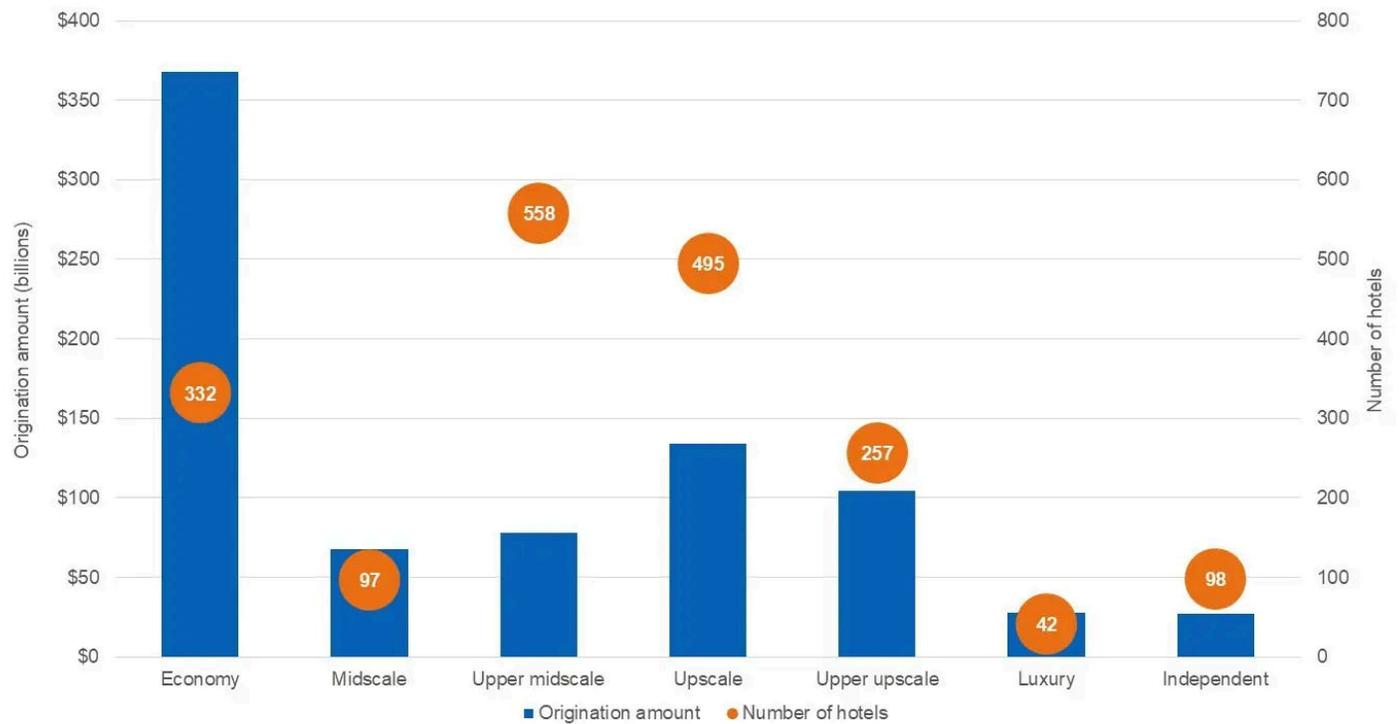


COSTAR INSIGHT

# Thousands of hotels face refinancing pressure, creating risks and opportunities in the years ahead

Elevated rates and \$800B in CMBS loan maturities by 2028 could reshape ownership

## Refinancing 'wall' heaviest in midmarket and economy segments



\*Data includes origination balances with maturity dates between October 2025 and December 2028

Source: CoStar, September 2025



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The U.S. hotel industry is heading toward a critical refinancing window as commercial mortgage-backed securities (CMBS) near maturity. Between October 2025 and December 2028, loans on roughly 1,900 hotels with 315,000 rooms will come due, with nearly \$800 billion in outstanding debt. The average interest rate across these loans is 6.5%, reflecting a lower-rate origination environment that will be difficult to replicate in today's more restrictive lending climate.

With today's higher-rate environment and tighter lending standards, many borrowers will confront a steep repricing of capital. The challenge will be particularly acute for properties with softer cash flow recovery or those in secondary locations with limited refinancing options.

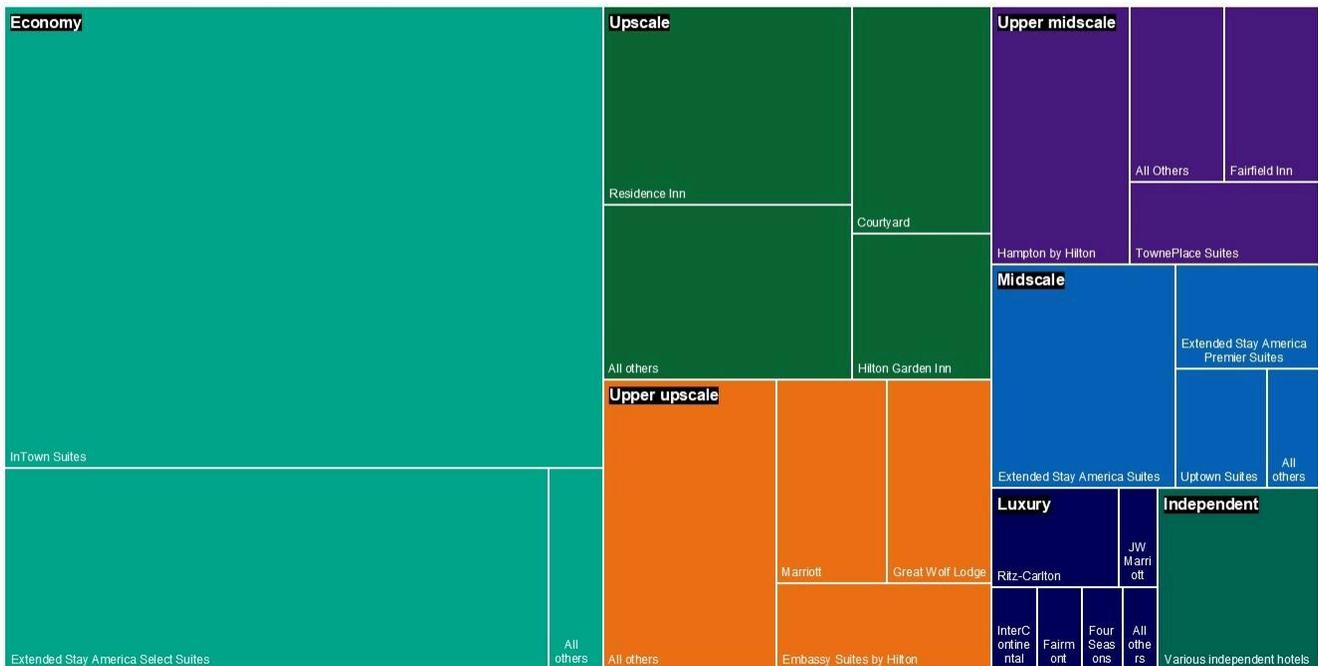
✓ Select-service and extended-stay brands dominate the maturing pipeline, reflecting the roll of CMBS as a financing channel for repeatable, standardized hotel formats, especially in suburban and roadside markets.

The distribution by hotel location type underscores where refinancing risks are most concentrated. Suburban hotels lead with roughly 960 properties and \$500 billion in outstanding balances, reflecting the heavy reliance of regional business parks and highway corridors on CMBS financing, and the refinancing challenges they now face. Urban hotels account for 290 loans and \$100 billion in balances, showing that while fewer in number, their concentration in major gateway metropolitan areas carries disproportionate financial weight. Airport and interstate properties together comprise 350 hotels with roughly \$113 billion outstanding, a sizable share tied to transient and airline-dependent demand. Resorts, though with only approximately 125 loans, represent about \$50 billion in debt, highlighting the refinancing risks in seasonal, leisure-driven markets where performance is closely tied to discretionary travel.

Chain scale data adds further texture. By property count, the upper midscale (560) and upscale (495) segments lead, pointing again to the prevalence of select-service hotels in the maturing pool. By loan balance, however, economy hotels carry the largest exposure at more than \$368 billion, reflecting large, securitized portfolios despite smaller property footprints. Upscale and upper upscale hotels account for roughly \$239 billion combined, while luxury and independent hotels together represent only a modest share of balances, underscoring CMBS' limited reach in high-end lodging.

## The bulk of origination balances is driven by a select few brands

■ Economy ■ Midscale ■ Upper midscale ■ Upscale ■ Upper upscale ■ Luxury ■ Independent



\*Data includes origination balances with maturity dates between October 2025 and December 2028

Source: CoStar, September 2025



Origination balances are highly concentrated within just a few brands in each class. In the economy segment, InTown Suites captures about 70% of activity while ESA Select Suites adds 28%. Midscale is overwhelmingly led by Extended Stay America Suites and Premier Suites, together accounting for roughly 77% of balances. Upper midscale is anchored by Hampton at 42% and Fairfield at 20%. In the upscale tier, Residence Inn leads with 34%, followed by Courtyard at 22% and Hilton Garden Inn at 14%. Upper upscale spreads more evenly, with Marriott, Great Wolf and Embassy each representing about 20%. At the luxury end, Ritz-Carlton stands apart with 41% of balances.

As this maturity wave approaches, borrowers will face a markedly different landscape than when these loans originated. Properties in strong urban markets with resilient demand may secure refinancing, though at higher costs. However, many suburban, airport and economy-heavy portfolios could encounter tougher negotiations, loan note sales or even foreclosure. The next three years will serve as a defining stress test for U.S. hotels, reshaping ownership structures and testing the resilience of capital markets in the sector.

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