

EARNINGS

US portfolio drags overall performance for Choice Hotels

Standout international markets such as France and Canada buoy full-year results



Canada continues to be a growth area for Choice Hotels International, following its consolidation of Choice Hotels Canada. In January, Choice added six Canadian hotels to its Ascend Collection, including the Hotel Brossard in Quebec. (CoStar)

By [Trevor Simpson](#)

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Performance across Choice Hotels International's U.S. portfolio hindered its fourth-quarter and full-year 2025 results, but executives are bullish about the brand's future, driven by its extended-stay and economy portfolio domestically and positive international results across the board.

[Choice](#) President and CEO Pat Pacious said during the company's fourth-quarter and full-year 2025 earnings call with investors that the year was one "of meaningful progress in advancing our long-term growth strategy."

U.S. revenue per available room for Choice's hotel portfolio was down 3% year over year in 2025, but Pacious chalked that up to effects from the U.S. government shutdown and comparisons to 2024's hurricane season — which led to U.S. RevPAR dropping 7.6% in the fourth quarter.

"Last year's weakness was primarily transitory. It was not structural. We're very constructive on what we see from a RevPAR perspective in 2026," he said.

Choice reported a 14% year-over-year growth in global hotel openings and expanded its international footprint 12.5% in 2025.

Its conversion-led model, which prioritizes quick-opening turnarounds, will be a "core driver" of net unit growth in 2026, he said. Choice accelerated the exit of underperforming hotels in the fourth quarter, which should set up growth in 2026, he said.

"This improving portfolio mix strengthens the system's earnings profile and positions us to backfill those markets with higher-quality hotels that deliver stronger unit economics for owners and more durable long-term growth for shareholders, with a larger hotel conversion pipeline and a higher volume of conversions expected to open in 2026," he said.

Pacious said Choice is optimistic regarding the travel and spending trends that affect its core customers. He cited gas prices declining to near pre-pandemic levels and tax relief expected to reach middle-income households this year.

"Importantly, the timing of the relief aligns with the start of the summer travel season, the most meaningful period for our owners," he said. "Furthermore, upcoming national events, including the 2026 FIFA World Cup, the U.S. 250th anniversary and the Route 66 Centennial provide additional demand catalysts."

He highlighted the extended-stay and economy segments as growth engines for Choice's U.S. business.

U.S. extended-stay hotel openings were up 8% in 2025 and represent more than 40% of its U.S. pipeline. Pacious said Choice is replacing lower-performing economy hotels with more profitable properties, leading to its economy transient hotels outperforming revenue per available room versus competitors last year.

International revenues grew 37% year over year, driven by portfolio expansion and positive RevPAR growth across every region. He singled out Canada and France as two particular markets performing well in its international portfolio.

"Canada remains a key focus with the rooms pipeline growing 49% year over year. As we continue to enhance the Choice value proposition in Canada under a direct franchising model, we see a meaningful opportunity to drive both system growth and stronger franchise economics over time," he said.

Expectations for 2026

Chief Financial Officer Scott Oaksmith said Choice spent less key money in 2025 compared to 2024, but that trend will likely reverse in 2026 as its Cambria Hotels and Everhome Suites brands continue to increase their number of hotel openings.

Choice is starting decrease its use of recyclable capital, he said. It was down 30% in 2025, and the brand expects it to be down another 70% in 2026.

"We feel we're in the place now where we can start to taper that capital, and as we taper the outlays, we also expect to see [capital] recycling improve here over the next couple of years as the transaction market improves [along with] the overall U.S. hospitality industry," he said.

Choice is projecting its net income to be within the range of \$265 million and \$275 million in 2026, which would mark a yearly decline from \$369.9 million in 2025. The brand is projecting its adjusted earnings before interest, depreciation, taxes and amortization to be between \$632 million and \$647 million.

This reflects "organic growth across higher revenue hotels and markets, strong royalty rate growth, sustained international momentum and further contribution from partnership and non-RevPAR revenues," Oaksmith said.

Choice expects global revenue per available room to be between down 2% and up 1% in 2026 compared to the prior year.

"We remain focused on investing in high-return initiatives that enhance our long-term growth trajectory, improve returns for our franchisees and drive meaningful shareholder value," he said.

By the numbers

Choice's hotels achieved RevPAR of \$49.82 in the fourth quarter, a 4.6% decrease compared to the fourth quarter of 2024. Its average daily rate was \$92.20, down 2.5% over 2024 levels, and occupancy was 54%, down 120 basis points compared to the same quarter in 2024.

For full-year 2025, RevPAR was \$55.70, down 1.2% year over year. ADR was \$96.89, down 0.7% compared to full-year 2024, and occupancy was 57.5%, down from 30 basis points compared to 2024.

Choice's adjusted EBITDA was \$140.9 million in the fourth quarter, essentially flat compared to \$140.4 million last year. Its total revenues for the quarter were \$390.2 million, flat compared to \$389.8 million last year.

Adjusted EBITDA for full-year 2025 was \$625.6 million, up from \$604.1 million in 2024. Total revenues remained flat at \$1.6 billion for the year.

Choice's net income for the fourth quarter was \$63.7 million, down from \$75.8 million in 2024. Its full-year 2025 net income was \$369.9 million, an increase from \$299.7 million compared to the prior year.

As of publication time, Choice's stock price was trading at \$112.55 per share, down 23.8% year over year. The New York Stock Exchange Composite Index was up 15.2% for the same time period.

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