HVS

MARKET REPORT

2023 Hotel Performance Outlook for Denver

MARCH 21, 2023

This article provides an outlook for the Denver hotel market.

With occupancy nearing the 70% mark and ADR levels approximately 4% above 2019 levels, the Denver lodging market achieved a RevPAR level in 2022 that was approximately $5 below 2019 levels. In line with the top 25 major metropolitan areas in the U.S., ADR has led the way in the recovery, with occupancy remaining below prior peaks.

Compared to the overall statistics for the top 25 major metropolitan areas, Denver has recovered more from an occupancy perspective but less from an ADR perspective. For the major markets, ADR is up $15 from 2019, on average, while Denver's ADR only increased $5. As a result of slower ADR growth, RevPAR continues to lag 2019 levels in Denver, while the composite of the 25 major metropolitan areas reflects a full RevPAR recovery to 2019 levels.

This somewhat delayed recovery could be attributed to several factors specific to the city:

- Increased supply
- More limited luxury supply compared to other major markets, which is the segment that experienced some of the strongest rate growth in 2022
- More competitive ADR positionings, as hoteliers focus on establishing a stronger demand base given lower group and corporate travel levels

Nonetheless, the overall outlook is generally positive for 2023 given the city's diverse demand base, strong and increasing tourism levels, and the expansion of the convention center.

HVS has forecast occupancy for this market to increase to the low 70s in 2023, approximately 2.5 points above 2019. Rate growth has been forecast at 5% in 2023, which is on par with our national forecast. These growth rates are expected to result in a 2023 RevPAR for Denver above 2019 levels.

For more information, or to discuss your specific project, please feel free to contact Katy Black, MAI, at (970) 305-2229 or .

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