

Boston Hotel Market Update: Ten Things to Know for 2025

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Summary

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1. According to **STR**, Greater Boston's revenue per available room (RevPAR) finished 2024 approximately 17% higher than the 2019 level. National inflation, measured by the **CPI-U**, was approximately 23% over the same period. Nonetheless, Boston's 2024 RevPAR gain of 6.2% compares favorably to the 2.9% increase in the CPI-U, and more above-inflation growth is on the horizon.
2. The Greater Boston occupancy rate reported by STR for 2024 (74.1%) represents a return to the 2019 occupancy level of 73.9%. Prior to the pandemic, good-quality hotels in Boston's urban core commonly reported occupancy rates in the 80–85% range; however, because of the continued shortage of corporate travel demand, this performance level has not yet been matched. Most major hotels that have traditionally relied upon a significant contribution from the commercial segment reported an occupancy shortfall of three to seven percentage points in 2024.
3. The corporate travel shortfall is beginning to take on the contours of a permanent shift. Before the pandemic, the demand mix in Boston's urban core was evenly divided among the three major demand segments (commercial, group, and leisure), but commercial demand now comprises 20–25% of the total.
4. Historically, the commercial segment in the Boston area has included a significant amount of technology-related demand, particularly in the Cambridge submarket, which in most respects functions as an extension of the Boston urban core. Boston's technology sector has receded over the past two years given significant layoffs and closures. Thus, the ongoing occupancy shortfall has been particularly pronounced in Cambridge.
5. Hotel owners and operators have adapted to new realities, and the regional economy continues to grow at a modest pace, with demand in all three major segments gradually increasing. For 2024, **Moody's CRE** reported total employment growth of 1.2% in Greater Boston, accompanied by a 5.4% gain in average household income.
6. The city's primary convention venue, the **Boston Convention & Exhibition Center (BCEC)**, reached new peaks in room-night generation in each of the past two years and is expected to reach another new high point in 2025. The BCEC's marketability was much improved following the September 2021 opening of a second headquarters hotel, the 1,054-room **Omni Boston Hotel at the Seaport**. The city's secondary convention venue, the **Hynes Convention Center** located in the Back Bay, survived decommissioning plans and is again relevant; major life-extending renovations are planned at this facility through 2029.
7. **Boston Logan International Airport** finished 2024 with a record 43.5 million passengers. The overall growth rate for the year was 6.5%, buoyed by a strong 14.9% gain in the international travel sector. International travel is a relatively small but highly lucrative piece of Boston's hotel demand puzzle, and its revival has been a boon to all three demand segments.
8. Only one major hotel, the 380-room **CitizenM**, opened in the city's urban core during 2024. It opened in September in the Back Bay as part of the **Parcel 12** mixed-use development. We note that a pod/hostel/dormitory lodging concept called **Meco** also opened in 2024, near North Station. Similarly, only a single major hotel opening was recorded in each of the two prior years, with the 147-room **Raffles** in the Back Bay opening in 2023 and the 212-room **Canopy by Hilton** in Haymarket Square debuting in 2022. No new hotels are currently under construction in Boston, which is remarkable for a first-tier U.S. city.

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9. The infeasibility of new hotel construction serves as a motivation for buyers of existing hotels, as an empty development pipeline tends to correlate with improving market fundamentals, holding all things equal. The lack of new hotel construction increasingly justifies downward adjustments to cap rates in the sales of existing hotels.
10. While the national hotel transaction market has been sluggish in the post-pandemic era, the Boston urban core recorded five significant sales over the past year, summarized in chronological order below.
- In January 2024, the 304-room **Wyndham Beacon Hill** sold for \$411,000 per room.
 - In April 2024, the 390-room **Hilton Back Bay** sold for \$438,000 per room, with the owner planning renovations totaling \$84,000 per room, bringing the total cost basis up to \$522,000 per room. The cap rate, based on the total cost basis, was reportedly 7.3%.
 - In June 2024, the 77-room **Kendall Hotel** in Cambridge was sold to **MIT** for \$688,000 per room.
 - In December 2024, the **Club Quarters** hotel, located near Faneuil Hall, sold for \$361,000 per room.
 - In January 2025, the 315-room **Courtyard by Marriott** on Tremont Street in the Theater District sold for \$390,000 per room, increasing to \$454,000 per room when including the \$20-million renovation planned by the buyer. The cap rate, based on the total cost basis, was reportedly 5.9%.



For investors with a national purview, Boston is near the top, firmly established as the top-25 market with the third-highest RevPAR, behind Manhattan and Oahu. Boston sits comfortably ahead of Miami, San Diego, and Las Vegas (listed in the next several positions) and far ahead of former competitors San Francisco, Chicago, and Washington, D.C. Strong market fundamentals, a static development pipeline, and a healthy convention calendar all point to a thriving market with an excellent outlook.

Our strategic positioning within local markets empowers us to conduct primary interviews with key market participants. This approach ensures we obtain real-time insights and current data for each market we operate in. For more information about the Boston market or for help making informed investment decisions that align with your goals and risk tolerance, please contact **Erich Baum** or **Brian Bisema**.

About **Erich Baum**



Erich Baum is a Senior Vice President with the HVS Boston office and has performed and overseen thousands of hotel appraisal and consulting assignments throughout North America, including an extensive list of assignments involving residential components and property tax appeal cases. Erich co-authored the 2001 edition of the Appraisal Institute's hotel valuation textbook, has written numerous articles on issues related to hotel appraisal and consulting, and regularly serves as an expert witness. Erich is a state-certified appraiser, and is a graduate of Cornell's School of Hotel Administration. For more information, contact Erich at +1 (603) 502-6625 or [\[email protected\]](#).

About **Brian F. Bisema**



Brian Bisema is a Managing Director and Partner with HVS Boston. Brian brings over 15 years of hotel expertise, delivering appraisals, valuations, and consulting services that provide clients with credible results to make confident investment decisions. He has completed hotel valuations and appraisals on hotel real estate with an aggregate value of over \$20 billion. For more information, contact Brian at +1 (781) 454-8930 or [\[email protected\]](#).