MARKET REPORT

Colorado Springs Hotel Market: Recovery, Headwinds, and Growth Potential

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Colorado Springs has long stood as one of Colorado's most popular drive-to leisure destinations during the peak summer months. Government entities and related contract business have also supported strong lodging dynamics. While disruptions within the government segment over the past year have resulted in uncertainty for the near term, the long-term outlook remains optimistic.

Following the impact of the COVID-19 pandemic, the Colorado Springs market experienced a robust recovery as one of Colorado's most popular drive-to leisure destinations. However, given the normalization of leisure travel and an influx of new supply throughout the last two years, as well as decreased government travel in 2025, occupancy has modestly declined. Meanwhile, rates have struggled to continue their positive growth since 2023 due to a 2024/25 decrease in the government per-diem rate of $10 during the peak summer months (June through August) and $5 during the rest of the year.

More recently, the announcement of the relocation of the U.S. Space Command headquarters in September 2025 from Colorado Springs to Huntsville, Alabama, as well as the government shutdown that started October 1, 2025, created some hesitation for hotel operators and investors regarding the future of the Colorado Springs lodging industry. Citywide events in 2025, including the U.S. Senior Open at Broadmoor Golf Club and U.S. Synchronized Skating Championships, helped offset a portion of government-related demand declines; however, these events will not return in 2026.

Despite the negative factors, Colorado Springs' economy has continued to expand, with a focus on sustained tourism growth and the revitalization of Downtown Colorado Springs. As such, the city is expected to experience demand growth over the next few years, supported by new hotel openings, the completion of redevelopment projects in the downtown area, recently completed tourism attractions, and the anticipated recovery of the government segment.





Downtown Submarket Performance Overview

Despite the recent trends of slower government travel, the downtown submarket remained relatively stable in 2025. Occupancy registered in the mid-60s, as return-to-office trends, citywide events, and increased commercial travel have offset the drop in government demand. Moreover, local hoteliers have opted to increase reliance on third-party booking channels to counterbalance reduced government demand levels.

Given the increase in lower-rated booking channels, as well as lower per-diem rates, ADR in the downtown submarket declined by roughly 1% in 2025; however, we note that the impact of the lower per-diem rate on this submarket was limited. Downtown Colorado Springs is less reliant on government demand when compared to the nearby submarkets of northern and southern Colorado Springs, which primarily offer limited-service lodging options that operate at lower price points. As a result, RevPAR levels for Downtown have remained virtually unchanged, remaining above those achieved prior to the pandemic.

While ADR growth is expected to remain modest in the near term due to the impact of lower-rated leisure travel and stable per-diem rates for 2025/26, demand growth should continue its positive trend, with occupancy levels in the submarket anticipated to reach the high 60s within the next three years, near the levels achieved from 2017 to 2019.

New Hotel Supply Pipeline

New supply has had a significant influence on market occupancy levels over the past five years, as Colorado Springs was one of Colorado's most active lodging development regions. While the airport and northern Colorado Springs submarkets are currently experiencing the largest amount of new supply, Downtown has also became a focal point for future developments and investor interest over the past several years. Supply in this submarket grew by roughly 55% from 2021 to 2022 with the openings of the Hyatt Place Downtown (2021) and dual-branded SpringHill Suites by Marriott and Element Downtown (2022).

Although the pace of hotel development has slowed in recent years, a number of projects have opened since mid-year 2024 or are in various stages of development within the greater market area, as presented in the following map.

New and Planned Hotel Supply for Colorado Springs

Source: Build Central and HVS

The primary concentration of new hotel supply is centralized near the airport, largely attributed to the airport surpassing

1,000,000 passengers for the first time in 2022. Moreover, in September 2023, the airport announced a new master plan that includes a new control tower and an additional terminal that will double the number of gates from 12 to 24. The $36-million initiative, known as "ElevateCOS," also aims to transform the airport's concourse, introduce new dining and retail choices, and modernize outdated infrastructure. As of year-end 2025, three of the seven planned phases had been completed, with completion of all phases expected in May 2026. This project should result in higher passenger volume, as the airport continues to be positioned as an attractive alternative to Denver International Airport for southern Colorado residents.

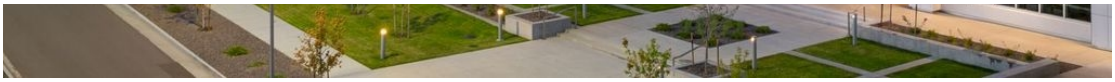
Colorado Springs' Tourism Improvements

In an effort to promote tourism growth, the City of Colorado Springs has invested significantly in local attractions over the past several years. Major tourist developments have included the following projects:

- Weidner Field, which opened in April 2024, is the home to the Colorado Springs Switchbacks FC professional soccer team. The 8,000-seat stadium also hosts community events, concerts, and collegiate and high-school sporting tournaments.
- On August 9, 2024, the Ford Amphitheater opened in northern Colorado Springs. The $90-million open-air venue has a capacity of 8,000 people and is expected to host a minimum of 35 concerts and events per year, generating an estimated $102 million in annual economic impact, according to the City of Colorado Springs. In addition to concerts, the venue hosts comedy shows, community events, and private functions.
- One of the most anticipated tourist attractions and leisure draws is the new Hosmer Visitor Center and adjacent Hotel Polaris located on the U.S. Air Force Academy grounds. Hotel Polaris, which opened in November 2024, features 375 guestrooms, a full-service spa, multiple food and beverage establishments, and three flight simulators. The $41-million Hosmer Visitor Center, which is nearing completion, will serve as an official Colorado Welcome Center. The facility will also incorporate state-of-the-art technology and experiential exhibits, including an exhibit illustrating a day in the life of an Air Force cadet. Both the Hotel Polaris and Hosmer Visitor Center are part of a larger mixed-use development known as TrueNorth Commons, which will also feature 200,000 square feet of commercial space and 30,000 square feet of restaurant and retail space.

Hotel Polaris





Source: Hotel Polaris

As a result of the City's efforts, tourism visitation increased by 2.7% in 2024, while spending rose by 5.2% during the same period, according to Visit Colorado Springs. In addition, local hotel operators reported that the growth in tourism over the last five years has helped offset a portion of the occupancy disruptions caused by lagging recovery within the commercial segment, decreased government travel, and the impact of new supply.

Looking Forward

Budgetary cuts to government travel and a decrease in per-diem rates have had a negative effect on lodging metrics throughout Colorado Springs over the past year, and new supply is expected to outpace demand growth over the next year. However, the long-term outlook is optimistic. Although ADR increases are anticipated to be limited, continued development and investment in the local economy, particularly within the tourism industry, should allow for longer term occupancy and ADR recovery. Moreover, despite the planned relocation of the U.S. Space Command headquarters, Colorado Springs is expected to remain a prominent location for government defense entities and contractors, as well as aerospace companies, which will continue to serve as a stable source of demand for area hotels.

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