MARKET REPORT

Hotel Investment Risk and Performance by Product Type in Kansas City

APRIL 3, 2026

This article evaluates how full-service, select- and limited-service, and extended-stay hotels in the Kansas City metro market have performed across economic cycles. Our analysis highlights key differences in revenue potential, risk exposure, and recovery patterns to inform development and investment decisions.



Not all hotel product types perform the same when market conditions change. In Kansas City, differences in demand mix, pricing power, and operating model lead to meaningful variations in the way each segment grows, declines, and recovers. Understanding these differences is critical when evaluating development and investment opportunities across the market.

For the purpose of this article, we have examined full-service, select- and limited-service (combined), and extended-stay hotel types in the market. Economy, limited-service hotels were not considered given this segment's lack of new development in Kansas City and the limited remaining economic life of existing properties in this segment.

Summary of Hotel Product Types

	FULL SERVICE	SELECT & LIMITED SERVICE	EXTENDED STAY
Chain Scales	Upscale, Upper Upscale, Luxury	Midscale, Upper Midscale, Upscale	Economy, Midscale, Upper Midscale, Upscale

Growth Profile	Highest based on RevPAR potential	Moderate variability by submarket	Most consistent across cycles
Economic Downside Risk	Most exposed to downturns	Moderate downturn exposure	Least exposed to downturns
Recovery	Slowest recovery timeline	Moderate recovery timeline	Fastest recovery timeline
New Supply	Highest barrier to entry; limited new supply	Moderate barrier to entry; supply expands in strong markets	Moderate barrier to entry; supply expands in strong markets
Demand Base	Corporate, government, event driven demand, meeting & group	Mix of corporate, leisure, group	Long-term demand: construction, medical, displaced housing
Demand Price Sensitivity	Least price sensitive	Moderately price sensitive	Most price sensitive

Understanding Full-Service Hotels

Full-service hotels are typically upscale, upper-upscale, or luxury chain scales that provide amenities such as food and beverage outlets, banquet space, and valet parking. These hotels achieve the strongest RevPAR levels, primarily through maximizing ADR.

The largest demand generators for full-service hotels in Kansas City include corporate and government travelers, professional sporting events, concerts, Country Club Plaza, social groups, and events at the convention center.

Full-service hotels also require the highest level of capital investment and operating expenses due to their extensive amenities and service offerings, which must be considered alongside their strong RevPAR performance.

Understanding Select- & Limited-Service Hotels

Select- and limited-service hotels range more broadly from economy to upscale chain scales. Given the variety within this segment, management teams must consider the characteristics of each property and submarket when determining how to maximize RevPAR.

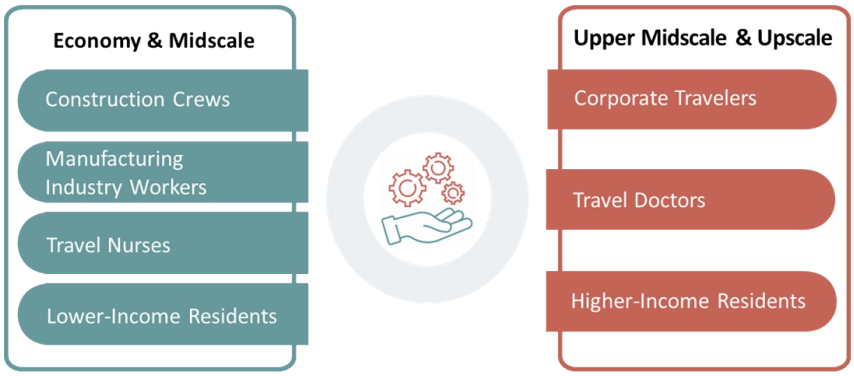
For example, select- and limited-service hotels with a strong brand affiliation located in Downtown Kansas City or near Country Club Plaza may draw a significant portion of their demand from corporate and government segments or from high-rated leisure travelers. Meanwhile, similar properties located in suburbs are likely to capture a majority of their demand from more price-sensitive segments, such as construction and railroad crews, transient highway travelers, and youth sports teams.

Select- and limited-service hotels typically have more efficient operating models and lower development costs than full-service properties, supporting more moderate but stable profitability.

Understanding Extended-Stay Hotels

Extended-stay hotels range from economy to upscale chain scales. These hotels typically include kitchenettes in each guestroom and offer discounted rates for extended length of stays.

The demand generators differ between the chain scales of extended-stay hotels as follows:



Extended-stay hotels generally benefit from lower operating costs due to longer lengths of stay and reduced housekeeping requirements, as well as lower development costs compared to full-service properties.

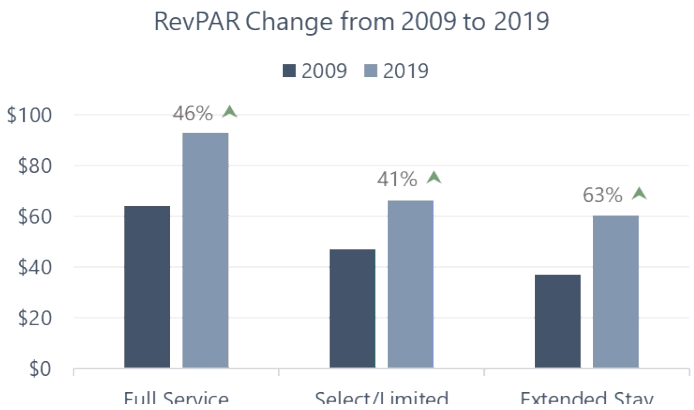
Historical Hotel Performance in Kansas City by Product Type

The distinct periods that have emerged since 2009 illustrate nuanced performance trends for the three product types.

Pre-Pandemic: 2009–2019

From 2009 through 2019, the Kansas City economy and hotel market recovered from the Great Recession and entered a period of economic expansion. The market experienced steady economic and population growth, which supported increasing hotel demand. Downtown revitalization played a meaningful role, with expanded entertainment options and new development driving more activity and visitation in the urban core. Occupancy and ADR grew during these years, and RevPAR stabilized near the end of the decade given the opening of new supply throughout the market.

All Product Types Illustrated Growth at Different Paces from 2009 to 2019



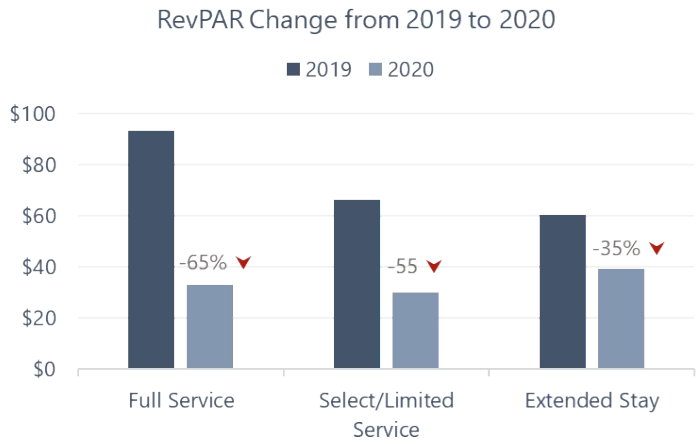


Source: CoStar

COVID-19 Pandemic: 2020

In 2020, hotel performance was influenced by the effects of the COVID-19 pandemic, as shown in the following table.

Pandemic Declines Were Steepest for Full Service, Shallowest for Extended Stay



Source: CoStar

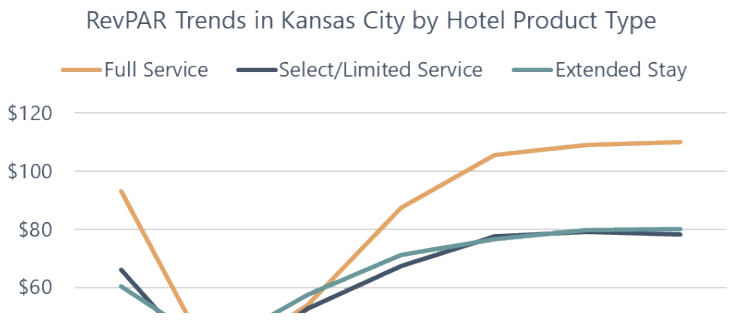
While a significant decrease in demand was the primary reason for the decline in RevPAR, the impact on full-service hotels was further exacerbated by new supply entering the market in 2020, including the Loews Hotel.

Extended-stay hotels experienced a less severe downturn in 2020, as a higher percentage of their demand was essential, including medical professionals, construction workers, or residents.

Post-Pandemic: 2021–2025

Beginning in 2021, hotel revenue began to recover from the pandemic and stabilized in 2025, as shown in the following chart.

Post-Pandemic Recovery Pace Differed for Each Product Type





Source: CoStar

Extended-stay hotels had the quickest recovery from the pandemic, nearly returning to pre-pandemic RevPAR level by 2021, followed by select- and limited-service hotels, which surpassed pre-pandemic RevPAR in 2022, and then full-service hotels, which fully recovered in 2023.

Looking Forward

The forecast for the Kansas City economy is optimistic. In the summer of 2026, the market will host several matches for the FIFA World Cup, which is expected to drive a significant amount of demand to local hotels.

Furthermore, major developments in the area are indicative of a growing economy. The largest recently completed, ongoing, and planned developments in the Kansas City metro area include the following:

- Panasonic electric-vehicle battery plant – Opened July 2025
- Country Club Plaza revitalization – Ongoing
- Data centers, including Project Mica – Expected completion by year-end 2026
- New American Royal campus – Expected completion late 2027/early 2028
- KCI 29 Logistics Park – Ongoing
- New sports stadiums and entertainment districts
  - CPKC Stadium – Opened March 2024
  - New Kansas City Chiefs stadium – Speculative with potential completion by August 2031
  - New Kansas City Royals stadium – Speculative with potential completion by March 2031

These factors support a favorable outlook for the Kansas City economy and hotel market.

Implications for Development and Investment

The data suggest different strategic considerations by product type in the Kansas City market.

Full-service hotels are expected to achieve record RevPAR levels in the near term, supported by strong ADR growth and limited new supply. However, the high barriers to entry and significant development costs make new construction in this segment relatively uncommon, limiting near-term development opportunities.

Select- and limited-service hotels offer a more balanced risk-return profile. These properties benefit from a diverse demand base, which supports relatively stable performance across all market conditions. While they are exposed to some risk of oversupply, the impact is generally less pronounced than in the extended-stay segment given shorter average length of stay. As such, select- and limited-service hotels may present attractive development opportunities in submarkets where demand fundamentals remain strong and new supply is limited.

Extended-stay hotels present the most compelling development opportunity from a cycle-resilience perspective, as they

have demonstrated consistent performance across both expansionary and contractionary periods. However, the relatively low barriers to entry introduces the risk of oversupply; as such, extended-stay development should be evaluated carefully at the submarket level.

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