HVS

MARKET REPORT

Hoteliers and SBA Lenders Find Common Ground Despite Climate of Uncertainty

JUNE 16, 2025

The hospitality industry has faced numerous challenges over the past few years, such as the COVID-19 pandemic, rising interest rates, and the recent immigration policies and tariffs. Despite these headwinds, recent data indicate an upward trend in SBA loans for hotels in 2025. This increase reflects renewed investor confidence, resilience in the limited-service hotel market, and the need to transact.

The hospitality industry has faced numerous challenges over the past few years, from the impacts of the COVID-19 pandemic to rising interest rates and, most recently, the consequences of immigration policies and tariffs. Despite these headwinds, recent data indicate a promising upward trend in Small Business Administration (SBA) loans for hotels in 2025. This increase reflects renewed investor confidence, resilience in the limited-service hotel market, and the ultimate need to transact.

One of the major drivers in the increase in SBA loans is the resilient economy. The economy, despite tariff concerns, continues to grow, and the Consumer Price Index (CPI) is waning, aided by falling gasoline prices in particular. Many expect the U.S. economy to see a balanced expansion in 2025. This modest growth is anticipated to be driven by consumer spending, productivity gains, and easing financial conditions, as the latest low CPI figures may support an interest rate adjustment soon. A large part of the consumer spending is expected to stem from domestic travel.

This resilient economy is bolstering the tourism industry well, as consumers continue to focus on traveling. A strong summer vacation season should foster a new wave of positive momentum among investors and consumers. This trend began with the early Memorial Day holiday weekend, which illustrated the third-highest travel numbers in recorded history, per STR. The current landscape is beneficial for hoteliers and SBA lenders alike.

With stabilizing interest rates, many SBA lenders are re-entering the hotel lending space and are ramping up activity. Regional banks continue to be reliable providers of first-mortgage debt in local markets where their understanding of unique conditions gives them a competitive edge. The surge in SBA-backed financing signifies a robust rebuilding phase for hotels across the nation. It enables hotel owners to enhance their facilities, adopt innovative amenities, and manage cash flow effectively. Furthermore, increased access to capital supports new hotel startups and the expansion of existing properties, boosting employment and local economies.

As 2025 progresses, the trend of rising SBA loan volumes for hotels is expected to continue, driven by ongoing industry recovery, consumer demand, and supportive lending policies. With increased access to funds, hotel businesses are better positioned to innovate, expand, and serve travelers. Stakeholders should stay informed about evolving financing options to leverage opportunities for growth and resilience in the competitive hospitality marketplace.

Let U.S. Hotel Appraisals and HVS Help Maximize Your Hotel Investment

U.S. Hotel Appraisals, along with our partner firm HVS, offers crucial support in securing financing, brokering hotel sales, and managing property improvement plans (PIPs). We provide thorough valuations, reflecting real-time market conditions and accounting for increased construction and renovation costs due to tariffs. These appraisals support realistic loan-to-value ratios and better risk assessment to help streamline financing approvals. The brokerage division delivers strategic insights and transactional support to help hotel owners competitively position their assets, identify buyers, and optimize sales timing and pricing.

Additionally, U.S. Hotel Appraisals and HVS can assist in budgeting for PIPs, evaluate the potential return on investment, and design phased upgrades that minimize cash-flow disruption. We can also conduct a Hotel Performance Analysis (HPA) to provide you with a specific, actionable roadmap to realize your objectives. Properly executed PIPs and HPAs can enhance property value and operational efficiency.

With these services and more, our partnership ensures clients are well-equipped to secure financing, execute successful transactions, and improve their properties to increase revenue and value. For more information about tariff-induced market shifts or for any other help making informed investment decisions that align with your goals and risk tolerance, please contact Russ Rivard, MAI, Managing Partner of U.S. Hotel Appraisals.

Source

https://www.costar.com/article/571347582/the-upsides-and-downsides-to-the-revised-us-hotel-forecast