MARKET REPORT

Philadelphia Lodging Market: Post-Pandemic, Today, and Beyond

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Philadelphia has experienced a slower demand rebound from the effects of the pandemic. However, despite some current external headwinds, there is significant optimism for the city on the horizon, with upward momentum expected in 2026 and beyond.



Post-Pandemic Lodging Trends in Philadelphia

Leading up to the pandemic, the Philadelphia hotel market achieved occupancy levels around 70%, which was driven by the strength of corporate transient demand, citywide events, and domestic and international tourism. Despite year-over-year increases since the rebound in 2021, Philadelphia has been slower to recover, with occupancy reaching just over 64% to end 2025. As a comparison, the city's occupancy remained roughly 8% lower than the 2019 performance, while the aggregate occupancy for the top 25 markets in the U.S. was roughly 6% below the 2019 level in 2025. This slower recovery is primarily attributed to a lack of full recovery in business and group travel to the area, in addition to a sharp increase in supply (including alternative lodging options, such as Airbnb) since 2019.

Similar to occupancy, the city's ADR peaked leading up to the pandemic, exceeding $136 in 2019. However, this metric recovered at a much faster pace than room-night demand, noting a new peak of roughly $146 by 2022. While heightened inflation played an important role in rate growth during that time, the entrance of new upscale supply into the market helped drive citywide room rates to new heights.

In line with national trends, ADR began to normalize in 2023 but remained above the $150 mark, which reflects a roughly 10% increase from the pre-pandemic performance. However, ADR remained generally flat in 2024 and 2025. The stability is attributed to a slower demand recovery in conjunction with new supply absorption through 2024, followed by macroeconomic headwinds tied to international tariff negotiations and federal budget cuts in 2025; these issues reduced spending and travel across all major market segments, especially European and Canadian tourism.

What to Watch in the Near Term

Philadelphia has a lot to look forward to for the remainder of 2026, including several major events:

- Festivities throughout the year tied to America's 250th anniversary, highlighting the city's rich history and cultural diversity
- Six FIFA World Cup matches during the months of June and July, including a "Round of 16" match on July 4th, slated to attract roughly 500,000 visitors and $770 million in economic impact
- The MLB All-Star Game in July, estimated to draw over 100,000 visitors to the city
- The nearly week-long PGA Championship in May, reportedly attracting over 200,000 spectators to the city

Moreover, the Philadelphia Business Journal reports that the city is expected to host the most citywide events in over two decades for the 2026 calendar year, with projected convention attendance exceeding one million.

While an inevitable normalization from the 2026 highs is expected for 2027, area hoteliers report continued demand momentum, with RevPAR experiencing resumed growth beginning in 2028. This forecast is based on a number of factors, including an expected recovery of international tourism as macroeconomic conditions strengthen, a steady increase in business travel, ongoing revitalization efforts throughout most areas of the city, and healthy bookings for citywide events.

Looking Ahead: External Pressures Temper Outlook

Despite the positive factors for 2026, Philadelphia is expected to experience some headwinds in the near term, specifically related to the Iranian war and the negative consumer sentiment toward the U.S. Most significantly, FIFA recently announced a wave of hotel room-block cancellations across all 16 host cities for the World Cup, including 2,000 room blocks in Philadelphia alone, which is a 20% reduction from the original 10,000 contracted room blocks. Aside from a hit in market occupancy, the war has triggered a multitude of additional challenges for area hotels, including reduced room rates, shortened lengths of stay, and a reduction in F&B revenue.

Nonetheless, city officials remain optimistic, as Philadelphia is hosting two citywide conventions in 2026 that should help absorb a large portion of the released FIFA rooms. Additionally, depending on when the war ends and the price of gas at that time, last-minute bookings could help move the needle for area hotels.

At HVS, we turn data into powerful insights that drive your success. Our unique methodology, which involves conducting primary interviews within local markets, enables us to gather real-time insights and current data. If you are seeking to better understand the trajectory of the Philadelphia market, contact Jerod Byrd for additional insights and discussion. And to stay ahead of the evolving dynamics of any major market on a quarterly basis, consider HVS MarketCast as a valuable forecasting tool. This tailored, five-year forecast provides annual projections for occupancy, ADR, and RevPAR and is

designed to equip teams with the market-specific data and forward-looking insights needed to support planning, optimize performance, and maximize profitability in major markets like Philadelphia.