HVS

MARKET REPORT

The Growth Driving Hospitality Strength in Raleigh

APRIL 9, 2026

Raleigh's hotel market outlook remains strong, supported by its role as North Carolina's capital and its education, healthcare, and manufacturing sectors. Demand, ADR, and RevPAR continue to rise despite new supply additions, with demand growth outpacing new supply. Major convention, mixed-use, and healthcare developments are expected to further strengthen hotel demand.

Raleigh serves as North Carolina's capital, an economic engine powered by education, healthcare, and manufacturing. The outlook for the greater Raleigh market remains positive, as demand levels, ADR, and RevPAR have all increased in recent years, despite new supply additions. Furthermore, demand growth continues to outpace supply growth. As anticipated developments reach completion, hotel demand is expected to strengthen further.

Recent Hotel Metrics

Occupancy in Raleigh generally increased from the mid-50s in 2009 to its peak of 75.4% in 2019, despite the available room count in the greater Raleigh market nearly doubling. Similarly, ADR and RevPAR increased year-over-year during that period.

Like markets nationwide, Raleigh experienced a sharp downturn in 2020 amid the COVID-19 pandemic. Recovery began in the second quarter of 2021 and accelerated steadily through 2024, even as several new hotels entered the competitive set. By year-end 2025, demand had climbed to record levels, with occupied room nights exceeding one million. ADR rebounded quickly, surpassing 2019 levels by year-end 2022, and continued an upward trajectory through 2025. Despite a slight drop in RevPAR for 2025, Raleigh's hotel market has shown strength and resilience in recent years, attributed to the presence of leading companies in education, health care, and manufacturing.

Key Developments Driving Hospitality Growth

Several major development initiatives are anticipated to serve as meaningful demand drivers for Raleigh's hotel market in the coming years. Expanded convention capacity, new mixed-use districts, and healthcare investment are poised to increase group, leisure, and extended-stay travel and to support higher-quality hotel development in key submarkets. The following projects represent the most significant influences on future hotel demand and performance in greater Raleigh.

Raleigh Convention Center (RCC) Expansion

In 2025, construction began on a $387-million expansion of the RCC. Plans include the addition of roughly 300,000 square feet of meeting space and large-scale event space, as well as the relocation of the Red Hat Amphitheater one street south of its current location. Furthermore, a 550-room Omni Hotel is currently under construction adjacent to the RCC. The hotel is anticipated to house 55,000 square feet of meeting space and several food-and-beverage options. The expansion is expected to be completed by 2028 and should significantly bolster the market's ability to host large conventions and events.

Union West Development

Planned for completion in 2028, a new 400,000-square-foot, mixed-use development will feature 385 residential units and 26,000 square feet of retail and dining space. Complementing this project, a 170-room boutique hotel is planned adjacent to the development, helping to expand Union West's role as a destination. Just north of this development, a multi-modal RUS Bus Transit Facility opened in July 2025 featuring a six-bus bay with bike parking and accompanying support spaces.

Together, the residential, retail, and hotel components—integrated with enhanced transit infrastructure—are designed to create a vibrant, connected district. These developments collectively strengthen the link between the Warehouse District and Downtown Raleigh by providing seamless access to Raleigh Union Station for residents, workers, and visitors alike.

UNC Health & Duke Health Children's Hospital

UNC Health and Duke Health, two of the world's top academic health systems, recently announced a partnership to open the first standalone children's hospital in North Carolina. While no site has been announced, the hospital is expected to be built in nearby Apex. The partners plan to break ground on the new campus by 2027, with construction expected to take approximately six years.

This project is expected to provide a meaningful boost to the hospitality sector, particularly given the strength and stability of the region's healthcare industry, including both UNC Health and Duke Health. The Greater Raleigh market has historically benefited from a consistent influx of travel nurses, visiting specialists, patients' families, and other healthcare-related visitors who require transient and extended-stay accommodations.

New Supply

Multiple new hotel developments were recently completed or are underway or planned for the greater Raleigh market, indicative of the growing economy and strengthening demand drivers. Comprising a mix of select-service, extended-stay, and upscale boutique properties, the new supply in Raleigh is expected to be absorbed steadily.

Source: HVS

Looking Ahead

Raleigh's hospitality fundamentals remain sound, with demand levels, ADR, and RevPAR increasing in the past few years, despite multiple supply additions. Furthermore, demand growth continues to outpace supply growth. The presence of major universities and the market's sustained development activity provide a reliable demand base, even as new hotel openings introduce incremental competition.

At HVS, we combine market intelligence with on-the-ground insight to support smarter decision making. Our teams are based in the markets they serve, enabling direct engagement with owners, operators, lenders, and other industry stakeholders. By integrating real-time perspectives with rigorous data analysis, we provide insight that reflects current market conditions—not outdated assumptions. To learn more about the Raleigh market or to discuss investment strategies tailored to your objectives and risk tolerance, please contact Kaitlyn Hennessy.