HVS

MARKET REPORT

What Every Owner Needs to Know Before Deciding to Sell, Hold, or Renovate in 2026

MARCH 2, 2026

U.S. hotels had a difficult year in 2025, with RevPAR down 0.3%—the first non-recessionary decline on record. Conditions are improving, and 2026 appears to be a stabilization year. This playbook examines the pricing floor, segment performance variations, and PIP and debt maturity pressures. It also includes a "seller-readiness checklist" for timing a sale.

Three numbers frame the 2026 hotel transaction landscape: liquidity, operating growth, and refinancing pressure.

U.S. Hotel Deal Volume	RevPAR Growth Forecast	CRE Debt Maturing in 2026
$27.9B	+2.2%	$936B
2025 actual (MSCI RCA)	*Full-year 2026 (HVS Americas)*	*Across all CRE (S&P Global)*

The Transaction Bottom: Deal Volume is Recovering

The hotel transaction market is improving, but the numbers require careful context. According to MSCI Real Capital Analytics, hotel deal volume grew to approximately $27.9 billion in 2025, up from the 2024 trough of $24.7 billion.

Critically, price declines are narrowing sharply, from -4.5% in 2023 to just -1.3% in 2025. CoStar projects a return to positive price appreciation (+0.5%) in 2026, suggesting the market has found its floor.

However, this recovery is not uniform. Individual assets are outperforming portfolio trades, with single-asset deal activity rising approximately 16.0%, a signal that institutional buyers are willing to pay premium prices for the right property.

Transaction Volume Trend: Hotel Sector

Year	Transaction Volume	Price Change (YOY)
2023	$32.0B	-4.5%
2024	$24.7B	-3.2%
2025	$27.9B	-1.3%
2026 (Proj.)	$31.0B	+0.5%

Source: MSCI Real Capital Analytics

The Great Bifurcation: A Deepening Two-Tier Market

The Great Bifurcation remains the central investment theme of 2026. We expect U.S. RevPAR growth of about 2.2% this year, as published in the HVS U.S. Market Pulse for February 2026. That headline figure, however, conceals a massive divide in performance between the higher and lower segments.

The STR/CoStar February 2026 forecast is lower, at 0.6% blended RevPAR growth, yet the segmented forecast aligns with what is evident in the market. Performance gains are concentrated in luxury and upper-upscale hotels, while select-service and economy assets continue to face ADR pressure and flat-to-negative RevPAR trends.

The divide is likely to persist and is tied to income-based demand strength. Higher income travelers remain resilient, supported by wage gains and household wealth. Owners in middle and lower chain scales should stress-test 2026 hold and exit assumptions.

2026 Projected RevPAR Growth by Segment Illustrates the Bifurcation

Segment	2026 Forecast RevPAR Growth	YOY Change
Luxury		+3.2%
Upper Upscale		+2.8%
Upscale		+1.5%
Upper Midscale		+0.8%
Midscale		-2.8%
Economy		-4.4%

Source: CoStar/Tourism Economics, February 2026 Forecast

Investor Implications

Institutional capital is running a clear barbell strategy in 2026. Buyers are aggressively pursuing trophy luxury assets as long-term inflation hedges. They are also selectively acquiring economy assets where pricing already reflects the RevPAR pressure and includes a discount for it.

For owners, the key point is this: Transaction values in the economy segment have not fallen as sharply as RevPAR because buyers are underwriting to a stabilized floor rather than the current trough.

If you own a midscale or economy asset with a deteriorating RevPAR index, buyers have not disappeared. They are pricing accordingly, and the window to sell above a distressed basis is narrowing as more supply enters the market.

The Renovation Imperative: PIP as a Transaction Catalyst

The era of deferring brand-mandated property improvement plans (PIPs) is ending, hard. With construction costs still elevated and interest rates squeezing returns, the PIP decision has become the most consequential transaction lever of 2026.

The math is unforgiving: the hotel sector faces a $48-billion CMBS maturity wave for 2025 and 2026. Roughly $23 billion of this amount was refinanced from 2020–2022 at 3.0–4.5% rates, but today's borrowers face debt costs of 6.25–7.0% or higher, a 40.0% increase in carrying cost. When you layer a $2M–$8M PIP obligation on top of a refinancing that costs 300 basis points more than expected, many owners are forced to sell.

For buyers, this dynamic creates two distinct deal types:

1. "Turnkey" assets where the owner has recently completed the PIP; these command a premium from the marketplace.
2. "Value-add" plays where a buyer acquires at a discount to replacement cost, executes the PIP, and repositions the asset within 18 to 24 months.

The Critical Question for Every Owner

Buyers do not take a deferred PIP at face value. They underwrite it at a premium and add costs for contractor uncertainty, revenue disruption during construction, brand compliance risk, and the cost of capital during a renovation hold period. The result is that a deferred PIP obligation usually reduces the offer price by more than the stated renovation budget. Get your brand-mandated estimate in hand before you list. It is better to control the narrative upfront than to let a buyer define it during due diligence.

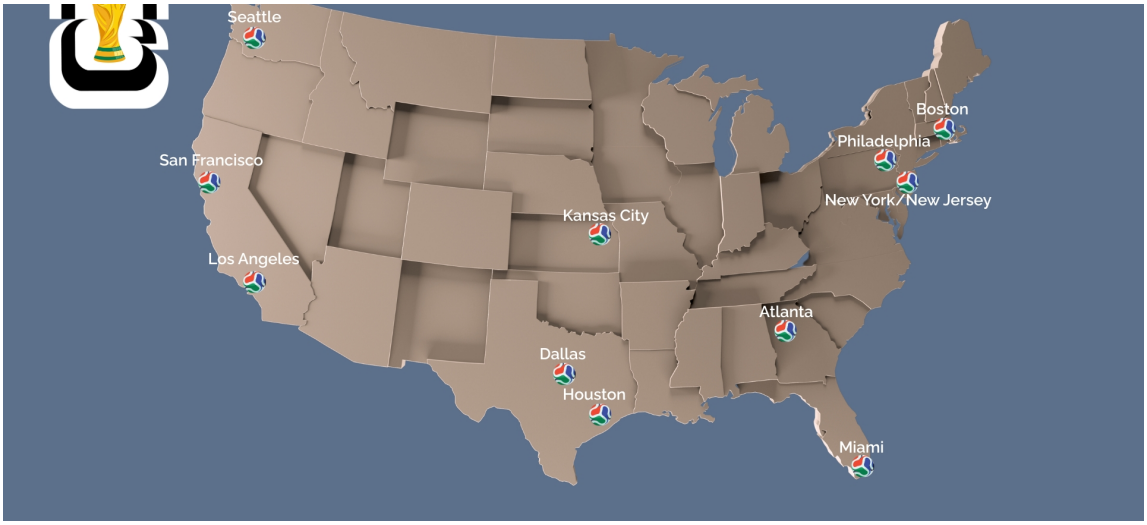
The 2026 FIFA World Cup: A Narrow but Real Opportunity

The 2026 World Cup, hosted across eleven U.S. cities, Canada, and Mexico, is forecasted to contribute a full-year 0.6% RevPAR lift for U.S. hotels, according to STR. For host markets, the math is more compelling: STR projects that World Cup host markets will see June/July RevPAR rise +12.7% year-over-year. The host cities are projected to realize a +3.8% growth in RevPAR for the year, outperforming the national average by more than 300 basis points, compared to just +2.0% annual growth if the tournament weren't played.

Critically for transaction purposes: the World Cup creates a specific pricing window. Assets in host markets can present demonstrably higher trailing-twelve-month (TTM) income during World Cup months, which sophisticated buyers will normalize, but which still creates a higher "peak earnings" marketing narrative.

2026 FIFA World Cup Host Markets (U.S.)





However, according to STR, “Our forecast is tempered due to uncertainty surrounding international inbound travel, which fell in 2025.” Do not over-promise World Cup demand to buyers, as it will be scrutinized.

The Debt Maturity Wave: Sell Before the Crowd Does

Debt maturity is the most underappreciated seller urgency signal of 2026. According to S&P Global Market Intelligence, approximately $936 billion in CRE loans mature in 2026 alone, a 19% increase over 2025’s revised estimate. A significant portion involves hotel CMBS debt originated in 2020–2022 at historically low rates.

Hotel-specific CMBS delinquency hit 7.29% as of August 2025, nearly six times the traditional bank loan delinquency rate. Hotel mortgage spreads widened to 375 basis points over comparable Treasuries by Q4 2025, compared to 225–250 bps for multifamily and industrial.

For owners with maturities in the next 12–18 months, the choice between “refinance and hold” and “sell now” has rarely been this consequential. Owners who wait for full loan maturity before beginning a sale process often find themselves in a compressed timeline with reduced buyer leverage.

Debt Maturity Pressure: Key Statistics

- $936B in CRE loans mature in 2026
- Hotel CMBS delinquency: 7.29% as of August 2025
- Hotel mortgage spreads: 375 bps over Treasuries (vs. 225–250 bps for multifamily)
- 39% of hotels with low debt service coverage ratios already facing cash flow strain
- Refinancing today’s spreads can increase annual debt service by $300K to $1M+ per year

Seller Readiness: The Decision Framework

The two primary variables, debt-maturity timeline and PIP exposure, determine your urgency and optimal transaction strategy. Use this matrix to quickly position your asset and identify the right action for 2026.

Debt Maturity	PIP / CapEx Status	Recommended Action	Strategic Rationale
Near-term maturity (<12 months)	Current / Low PIP Exposure	**SELL NOW — Strategic Exit**	*Highest buyer confidence + liquidity window*
Near-term maturity (<12 months)	Deferred / High PIP Exposure	**URGENT SELL — Avoid Refinance Trap**	*Refinancing at 6.5–7.0%+ spreads destroys returns*
Long-term debt (3+ years)	Current / Low PIP Exposure	**HOLD & OPTIMIZE**	*Maximize NOI; revisit exit in 12–18 months*
Long-term debt (3+ years)	Deferred / High PIP Exposure	**RENOVATE & HOLD (Value-Add)**	*Write the check or risk trading at a steep discount*

The 2026 Pre-Sale Readiness Checklist

Before engaging a broker or preparing for a marketing process, examine your asset through this eight-point audit. Buyers in 2026 perform deep due diligence, and surprises discovered after the letter of intent (LOI) are the primary driver of "re-trading" (post-LOI price reductions) and deal failure.

	Category	What to Prepare
1	**Performance Benchmarking**	Is your TTM EBITDA airtight? Buyers in 2026 are income-driven and will not pay for "potential" without documented proof. Prepare a clean TTM that normalizes for any one-time items.
2	**PIP & CapEx Audit**	Have you quantified deferred PIP or renovation costs? A clear CapEx history prevents re-trading during due diligence. Get a formal brand-mandated PIP estimate in hand before listing.
3	**Debt & Maturity Review**	Is a loan maturity arriving within the next 12–18 months? With hotel CMBS spreads at 375 bps over comparable Treasuries, selling now may generate far greater net proceeds than refinancing at today's rates.
4	**Competitive Set Benchmarking**	Is your RevPAR index (RGI) vs. your comp set trending up or down? Buyers scrutinize STR/CoStar report trends. An improving index is a premium signal; a declining one triggers aggressive pricing.
5	**Franchise Agreement Review**	When does your franchise agreement expire or come up for renewal? Remaining term and PIP requirements tied to renewal are key buyer underwriting factors, particularly for select-service assets.
6	**The World Cup Factor**	If you are in a host market (Atlanta, Boston, Dallas, Houston, Kansas City, LA, Miami, NY/NJ, Philadelphia, San Francisco, or Seattle), prepare data showing the projected 2026 demand spike without over-promising long-term residual demand.
7	**Expense Audit**	Operating costs reset after the pandemic, and many TTM statements lag. Labor costs rose 15.3% from 2019 to 2025, while insurance increased 17.4% in 2024. Property taxes grew with assessed values. If costs are still climbing, buyers may reprice in due diligence. Confirm your new baseline and explain the gap.
8	**Operator & Management Review**	Is a management contract termination fee a transaction obstacle? Buyers prefer clean management structures. Understand your termination costs upfront.

Data Source: Hotel Dive

What Buyers Want in 2026

Understanding buyer psychology is as important as understanding your asset's financials. Here is what the active capital sources are prioritizing:

- **Institutional Capital:** Income certainty over projection-based growth. Buyers are underwriting to in-place NOI, not upside pro formas. A clean, defensible TTM with normalized expenses is worth more than an optimistic five-year

forecast.

- **Value-Add Investors:** Assets priced at or below replacement cost. With construction costs still elevated, buyers' "build vs. buy" analysis often favors acquisition of existing assets at $150K–$250K per key vs. building at $350K–$500K+ per key.
- **All Buyer Types:** Markets with limited new supply pipeline. CoStar data shows 767,000 rooms in the national pipeline, but only 19% are under construction. Markets where new supply is constrained realize cap rate compression.

The Bottom Line

Ultimately, 2026 will not be a boom year. The HVS Americas February 2026 forecast projects just +2.2% overall RevPAR growth, below the long-term average of +3.0%. But it is a year of strategic opportunity for owners who move with clarity and preparation.

The owners who will maximize value in 2026 are those who:

1. understand the bifurcation dynamic and position their asset accurately within it,
2. confront PIP and debt maturity realities head-on rather than kicking them down the road, and
3. enter the market with a clean, well-documented asset before the debt-maturity wave forces others to do the same.

The bid–ask spread is tightening. Liquidity is returning to quality assets. The question is not whether to have a strategy; it's whether your strategy is proactive or reactive.

Is Your Hotel Ready to Trade in 2026? Request a complimentary Broker Opinion of Value (BOV) and learn exactly where your asset sits in today's market before your competition does.

