



# Live Insider Briefing

Mid-year Update on the  
State of the U.S. Hotel  
Industry

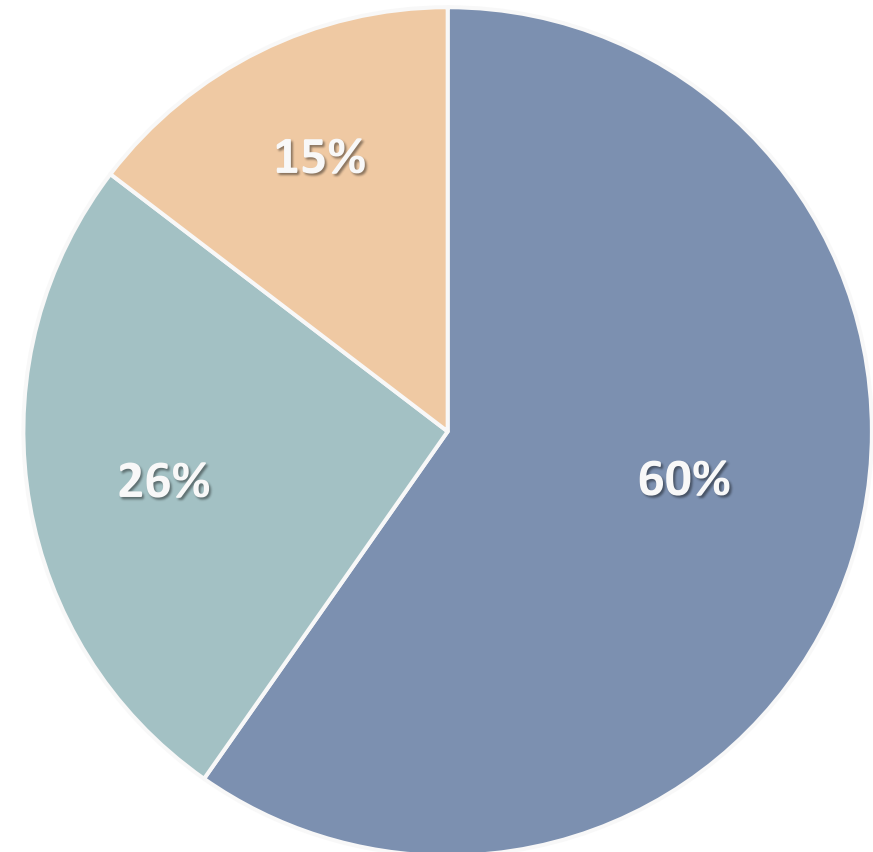


## Pre-Webinar Poll:

60% Say U.S. Hotel Industry  
Is in a Growth Phase



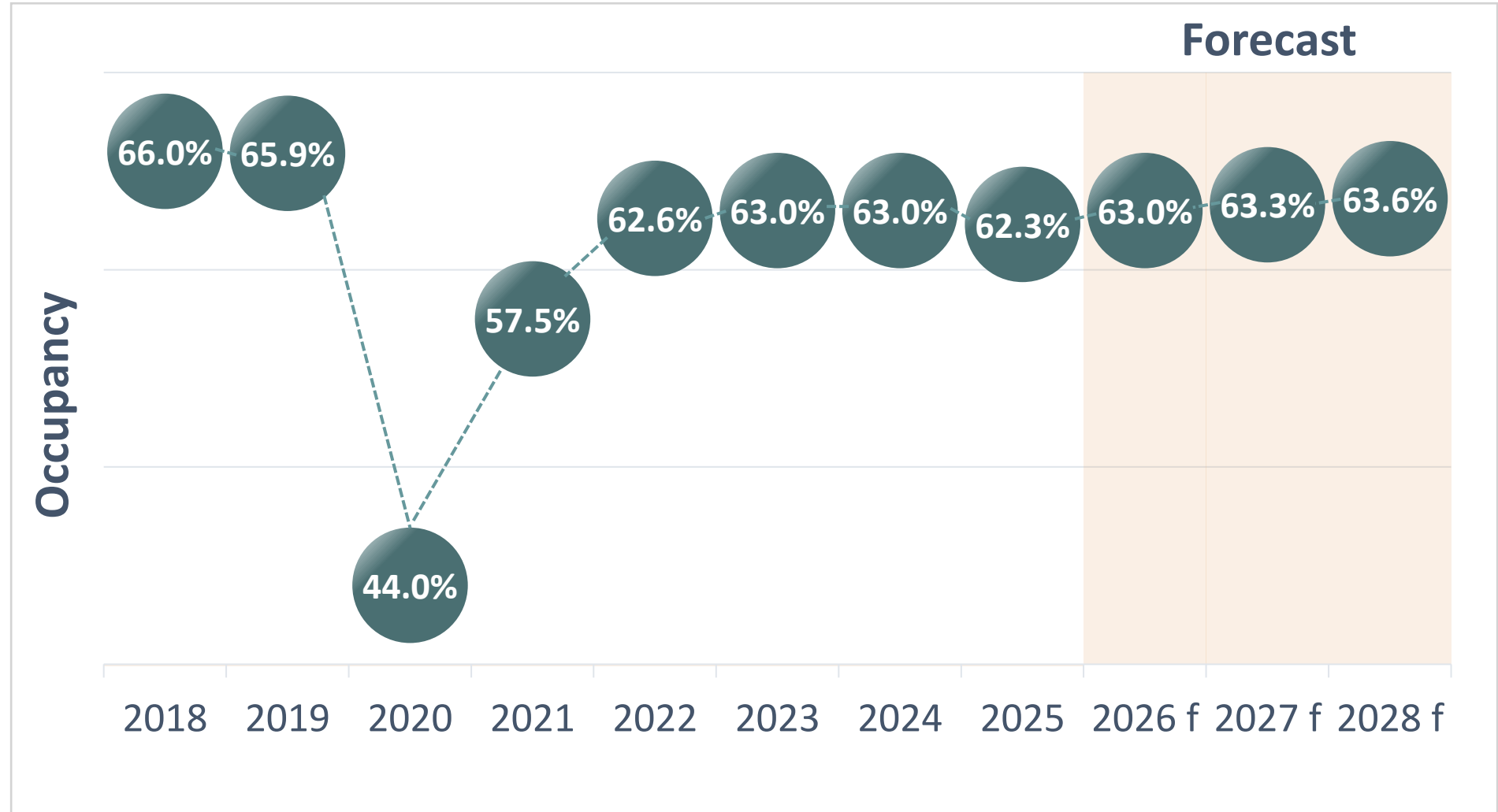
■ Growth ■ Stability ■ Decline



# National Performance Trends



# After an Occupancy Decline, a Rebound Is Occurring



Source: STR/CoStar (Historical), HVS (Forecast 2026 – 2028, as of May 2026)

# Why 2026 Occupancy Is Improving

Despite the headlines, occupancy is rebounding across all segments, and ADR is too (except for Economy hotels).

## What's Better This Year

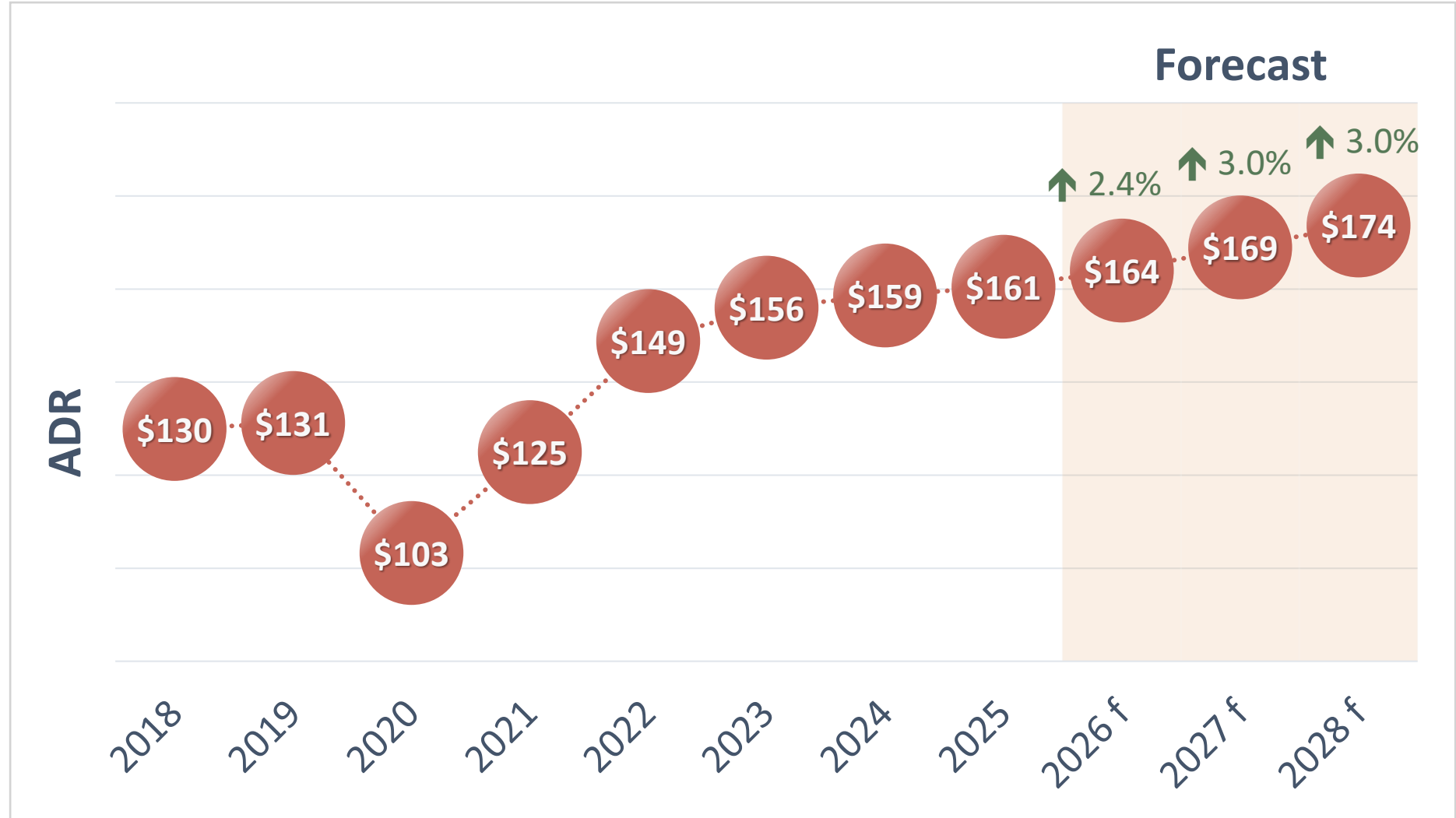
- 01 Surprisingly strong spring break season; international travel losses: flat to modest improvement YoY
- 02 Key market comparisons driven by non-recurring 2025 events/disruptions: LA (fires), Houston (weather), Austin & Dallas (convention center closures)
- 03 Better convention calendars coming in 2026 vs. 2025 (Nashville, Las Vegas, Denver)
- 04 Bay Area continues to rebound (AI, etc.); MSP spike early in year
- 05 DOGE/tariff shocks fade, supporting rebound in deferred "revenge" travel demand
- 06 Interest rates fell in late 2025; stock market has recovered, bolstering \$\$ available for travel

VS

- 01 Sustaining Iran/U.S. cease fire
- 02 Easing of inflation with decline of gas prices and trade flow through the Middle East
- 03 Additional (2?) interest rate downward adjustments (after inflation eases)
- 04 Canadian (& Asia) international travel to return (before 2029?)
- 05 Continued steady employment and strong stock market to bolster confidence to travel
- 06 Continued GDP growth to support demand & ADR growth

## What We are Still Hoping For

# ADR Growth Fueled by Strength in Luxury and Upper-Upscale

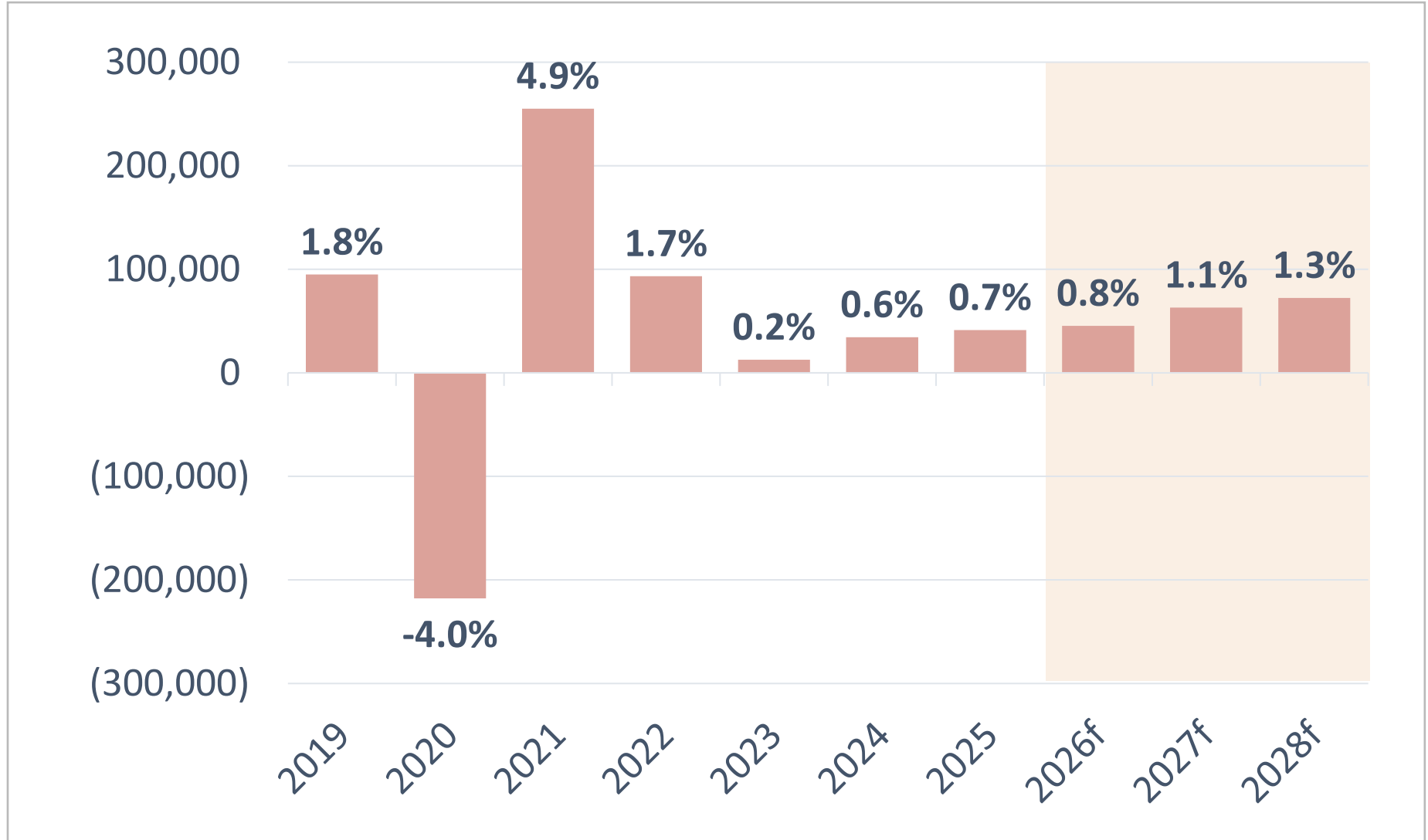


Source: STR/CoStar (Historical), HVS (Forecast 2026 – 2028, as of May 2026)

# Supply Growth Moderating

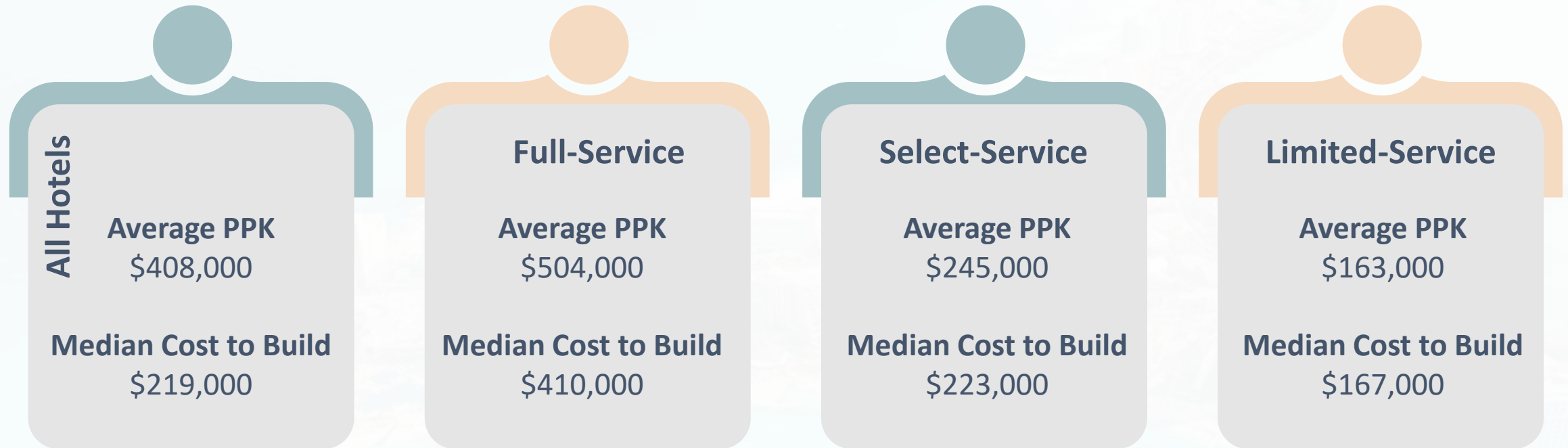
Openings are picking up, but construction and land costs remain high and obsolete hotels removed from inventory will be a buffer

Source: STR/CoStar (Historical), HVS (Forecast 2026 – 2028, as of May 2026)



# Higher Construction Costs Limit New Supply

Key submarkets may support new construction at this time

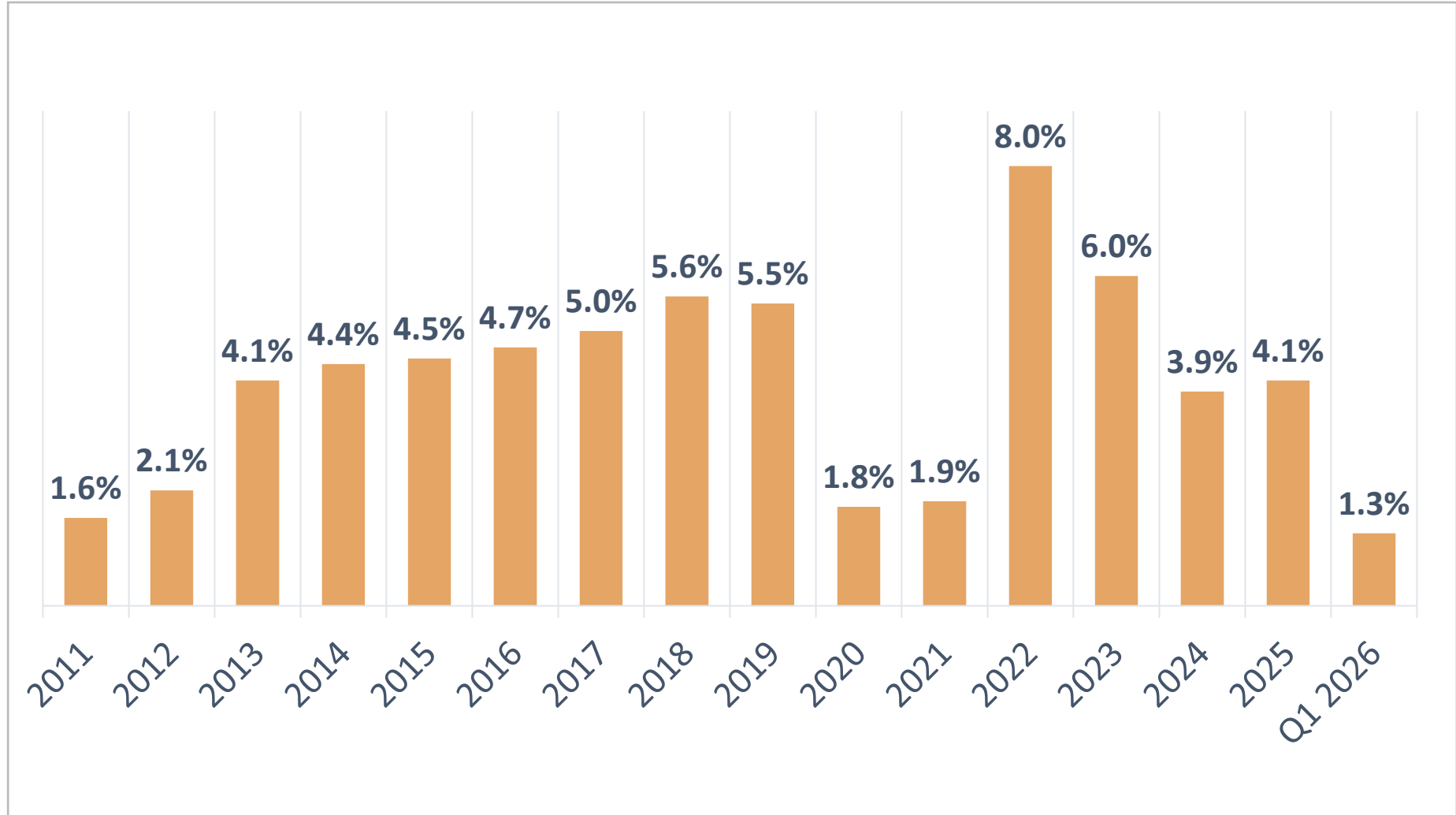


Source: HVS U.S. Development Cost Survey, 2025

# Construction/ Renovation Cost On The Uptick

Construction costs continue to rise and are on track to increase by more than 5% in 2026

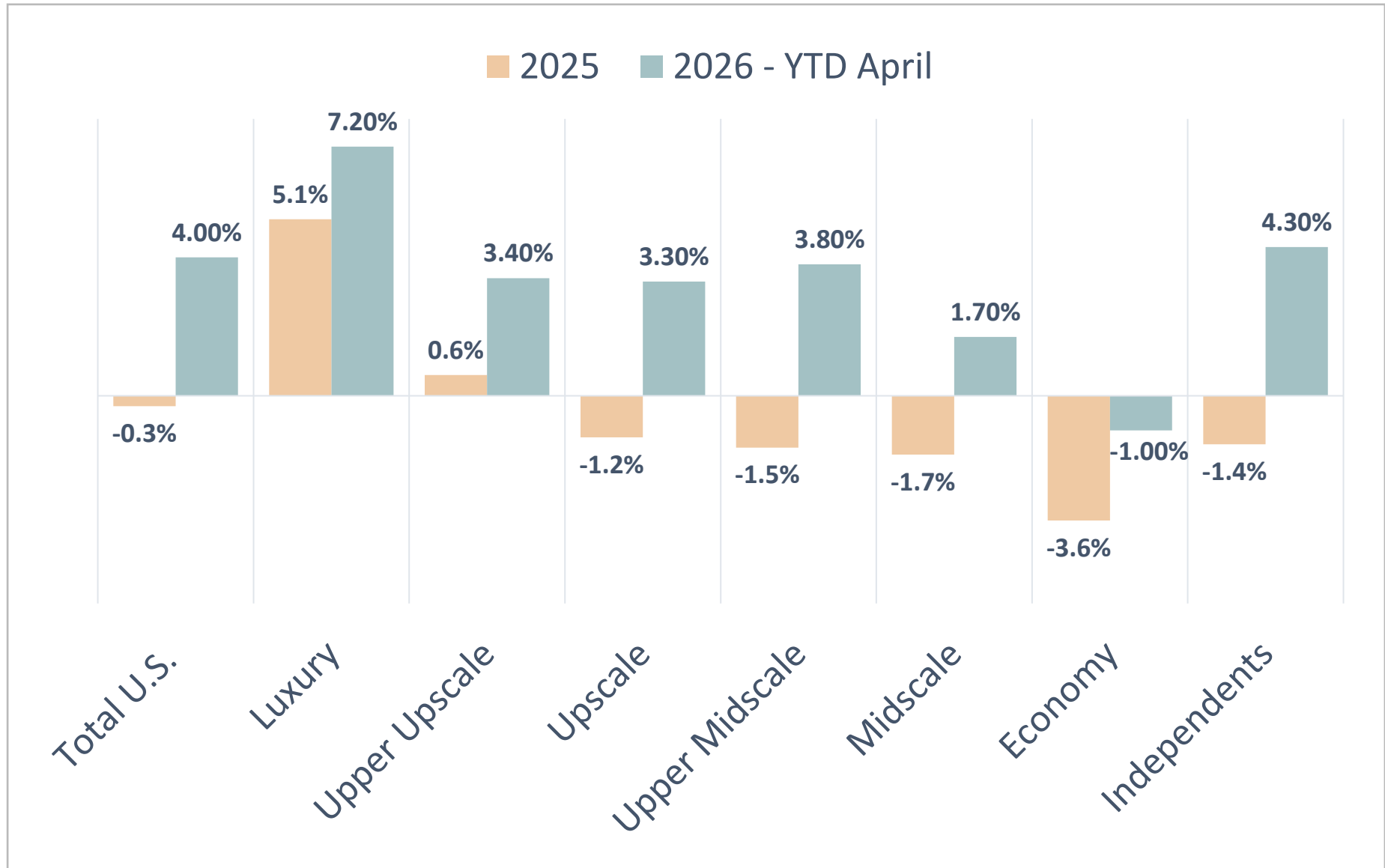
Source: Building Turner Cost Index



# Luxury Outperforms & the 2026 Comeback

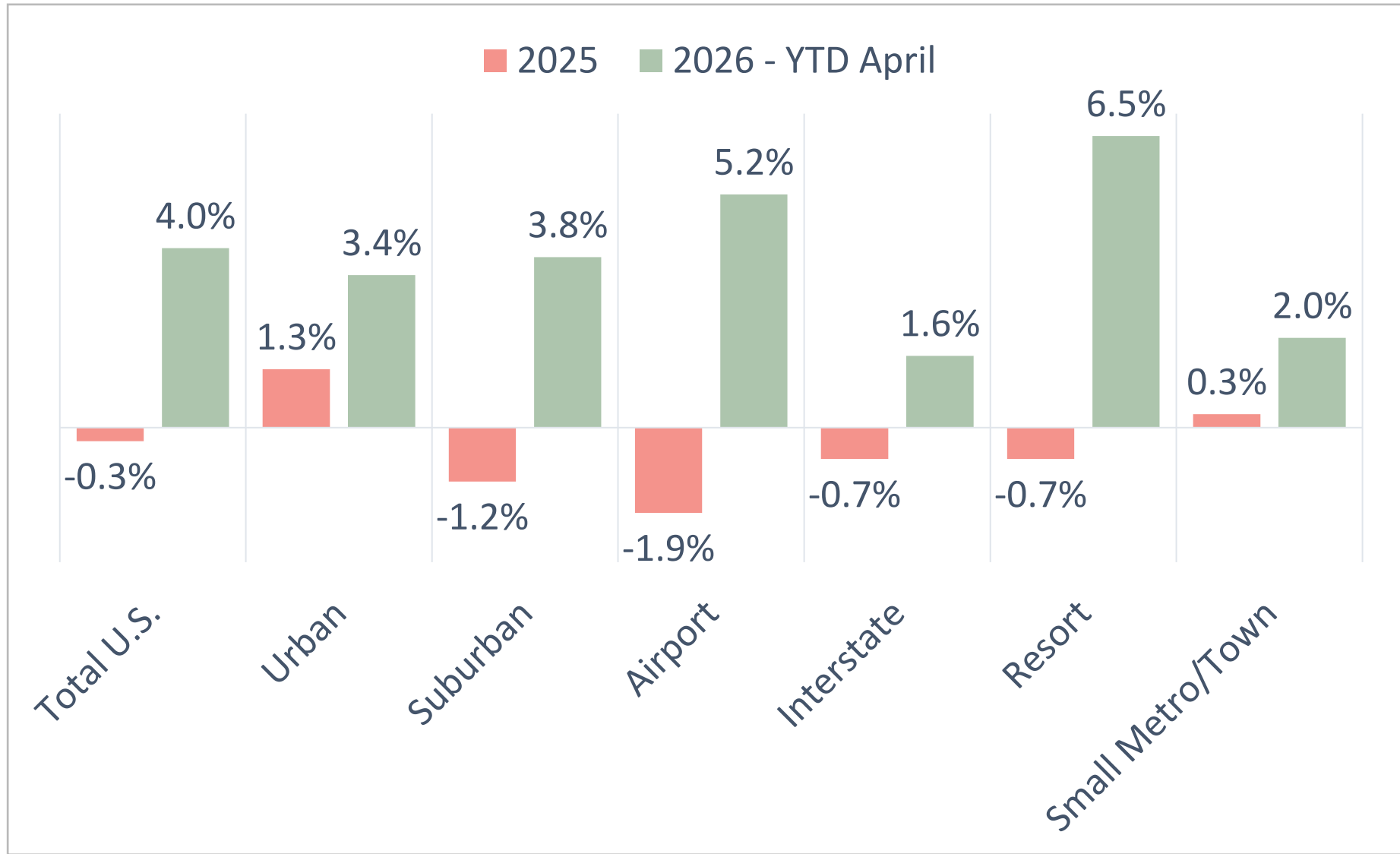
RevPAR change in  
2025 and YTD 2026

Source: STR/CoStar



# Urban Locations Outpaced in 2025, with Resorts Leading in 2026

Strong Spring Break season contributed to the success



# How the Best & Worst of 2025 are Trending Now

RevPAR Rankings for the largest metro areas in the U.S.



## Best Performing Markets

1. SF/Bay Area **↑ 11.8%**  
*YTD '26: +23.1%*
2. St. Louis **↑ 9.4%**  
*YTD '26: +12.1%*
3. New York **↑ 4.5%**  
*YTD '26: +1.8%*
4. Orlando **↑ 3.9%**  
*YTD '26: +7.4%*
5. Chicago **↑ 3.4%**  
*YTD '26: +6.2%*



## Worse Performing Markets

1. Las Vegas **↓ 10.9%**  
*YTD '26: +4.6%*
2. Houston **↓ 9.1%**  
*YTD '26: +6.1%*
3. New Orleans **↓ 4.1%**  
*YTD '26: -14.4%*
4. Denver **↓ 2.9%**  
*YTD '26: +3.0%*
5. San Diego **↓ 2.8%**  
*YTD '26: +10.7%*

Source: STR/CoStar, HVS (YTD through April)



# Nationwide Forecast: RevPAR Growth Surprises

RevPAR remains below 2019 RevPAR adjusted for inflation (2025 Deflated RevPAR \$79.30 vs. \$86.76 in 2019)

Source: STR/CoStar (Historical), HVS (Forecast 2026 – 2028, as of May 2026)

Year	Occupancy	ADR	% Chg	RevPAR	% Chg
2020	43.9 %	\$103	-21.1%	\$45	-47.4%
2021	57.5	125	21.0	72	58.3
2022	62.6	150	19.1	94	30.0
2023	63.0	156	4.3	98	4.9
2024	63.1	159	2.0	100	1.7
2025	62.3	161	0.9	100	-0.3
<b>2026</b>	<b>63.0</b>	<b>164</b>	<b>2.4</b>	<b>103</b>	<b>3.0</b>
<b>2027</b>	<b>63.3</b>	<b>169</b>	<b>3.0</b>	<b>107</b>	<b>4.0</b>
<b>2028</b>	<b>63.6</b>	<b>174</b>	<b>3.0</b>	<b>111</b>	<b>4.0</b>

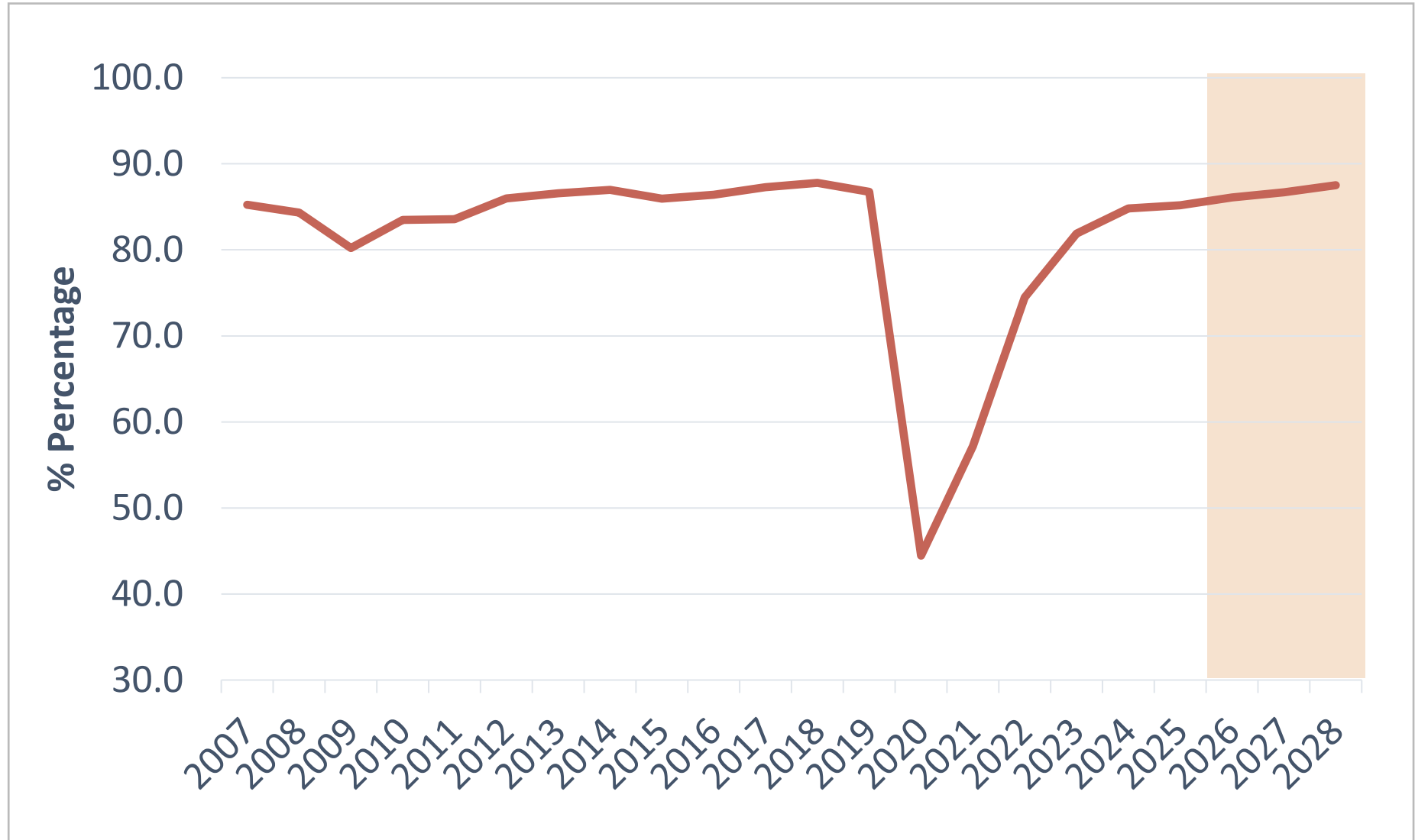
An aerial photograph of the New York City skyline at sunset. The sky is a mix of orange, yellow, and light blue, with scattered clouds. The Empire State Building stands prominently in the center, its spire reaching towards the sky. Other skyscrapers are visible in the foreground and background, and the city's grid pattern is clearly seen. The water of the harbor is visible in the distance.

# Top Market Outlook: New York City

# NYC Occupancy Shows Strength

Curtailed supply and continued demand growth are supporting a return to occupancy levels in the upper 80% range, consistent with historical norms

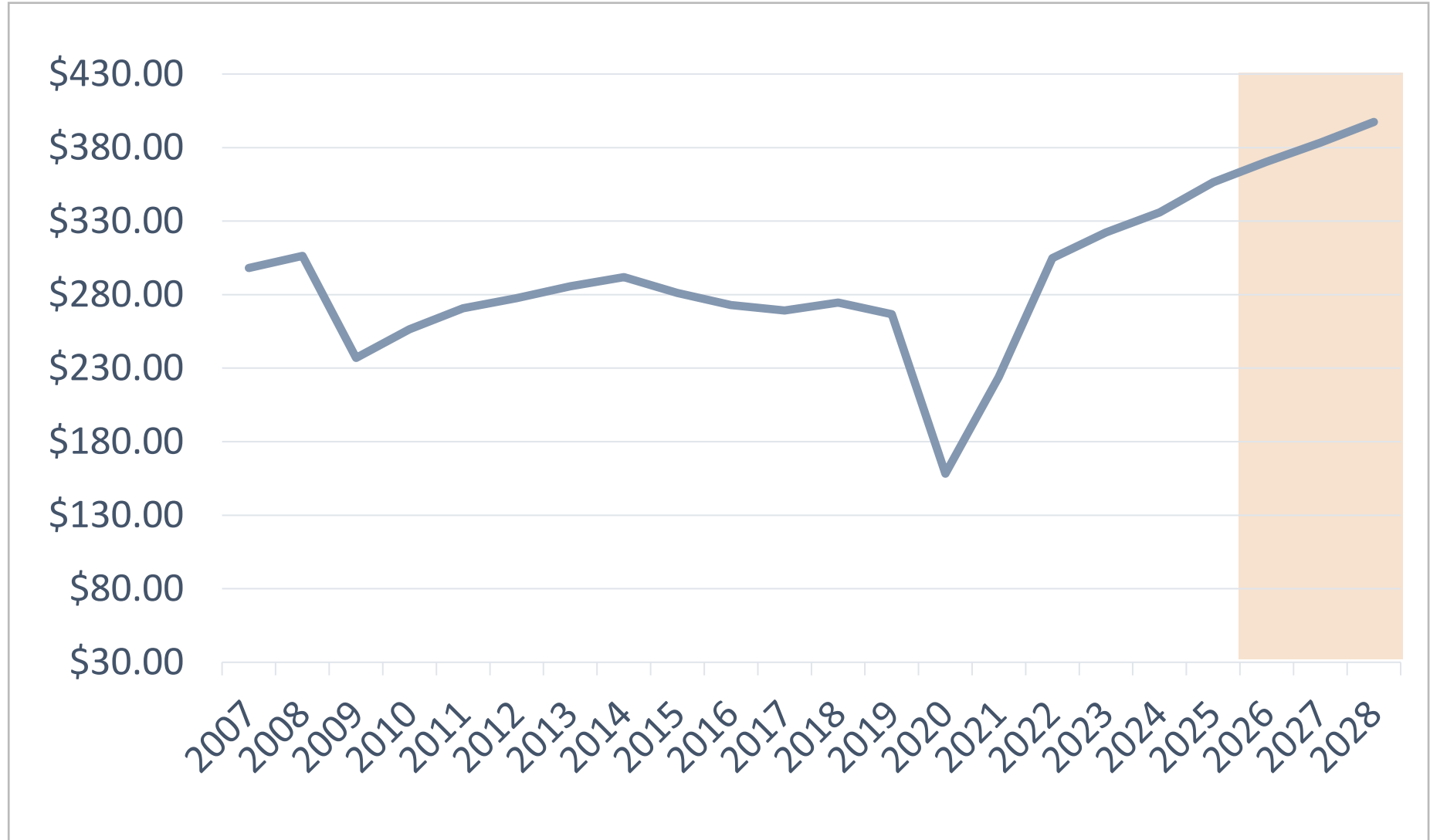
Source: STR/CoStar (Historical), HVS (Forecast 2026 – 2028, as of May 2026)



# NYC ADR Moves Steadily Upward

Favorable supply and demand trends will continue to support ADR growth

Source: STR/CoStar (Historical), HVS (Forecast 2026 – 2028, as of May 2026)



# NYC Key Influences

Increasing costs and regulations challenge profitability



## New Union Contract

- ✓ 8-year contract
- ✓ Steady wage increases of \$2.50 or more/hour – Average income increases over 50% to \$100K
- ✓ Continued free family healthcare – no employee contribution
- ✓ Increased employer contributions to healthcare costs & pension fund
- ✓ Additional holiday – Juneteenth
- ✓ Benefit funds to support housing and childcare



## Safe Hotels Act

- ✓ Hotel license required – renewable every two years
- ✓ 24-hour on-site staff required for all hotels
- ✓ Limits contract employment of “core” positions for hotels of more than 100 rooms (front desk, housekeeping & front service)
- ✓ Large hotels (>400 rooms) must have security staff
- ✓ No bookings of less than 4 hours (except airport hotels)



## Increased City Regulations

- ✓ Façade requirements – can take 2 to 4 years to complete
- ✓ Local Law 97 – Greenhouse Gas Emissions: Buildings over 25,000 sq. ft. must reduce emissions by 40% by 2030, carbon neutral by 2040, or pay fines
- ✓ Elevator modernization requirements

# NYC Positive trends to look forward



**FIFA  
World Cup**



**America 250  
Celebrations**



**Continued growth in  
demand from all  
segments**



**Resorts World NYC  
(Queens)**



**Hard Rock  
Metropolitan Park  
(Queens)**



**Bally's  
Bronx**

# Top Market Outlook: Miami

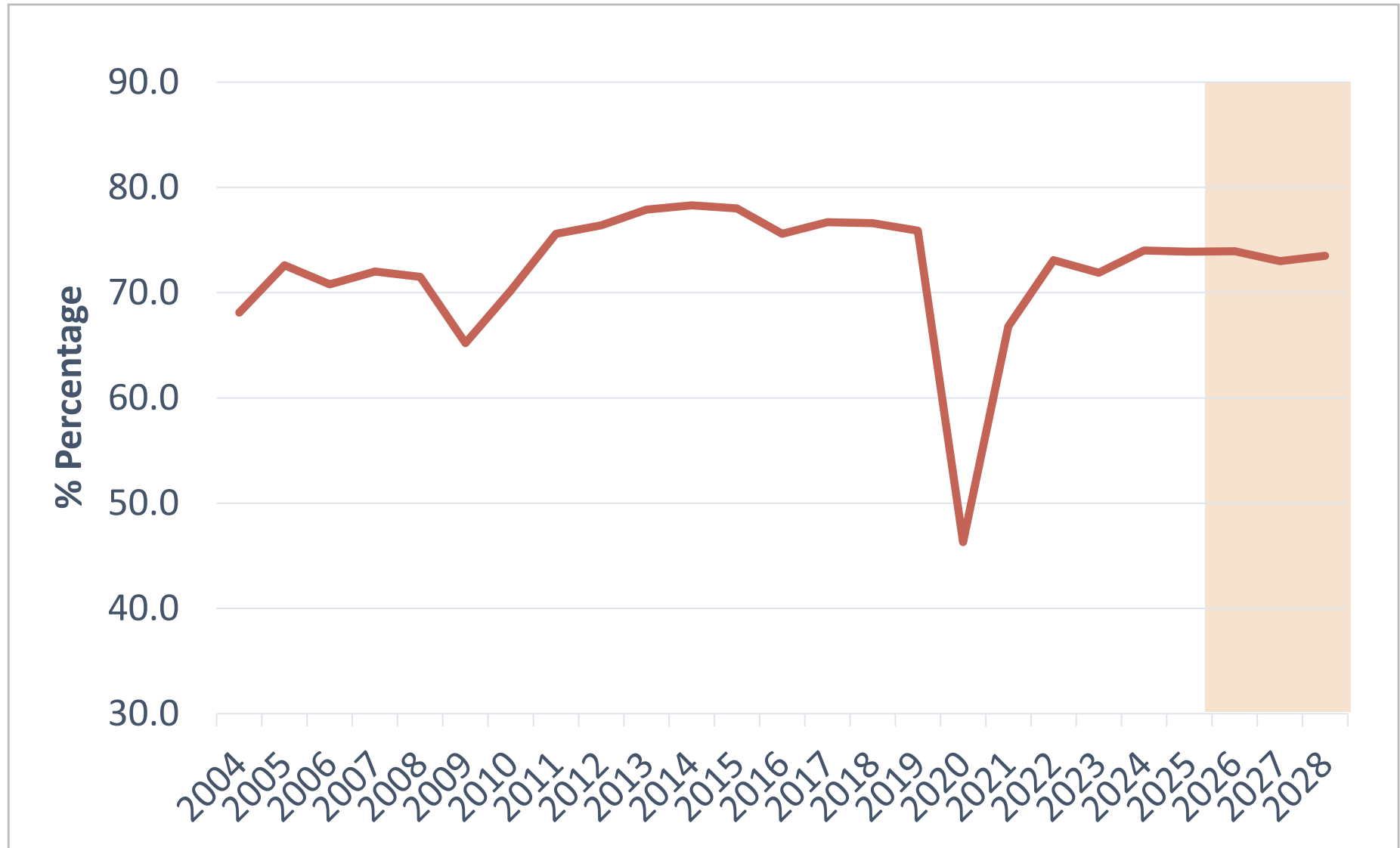


# Miami Occupancy Forecast Through '28 is Fairly Stable

Greater Miami: 5.3% of 67,000-room inventory (~3,500 rooms) under development, expected to be absorbed.

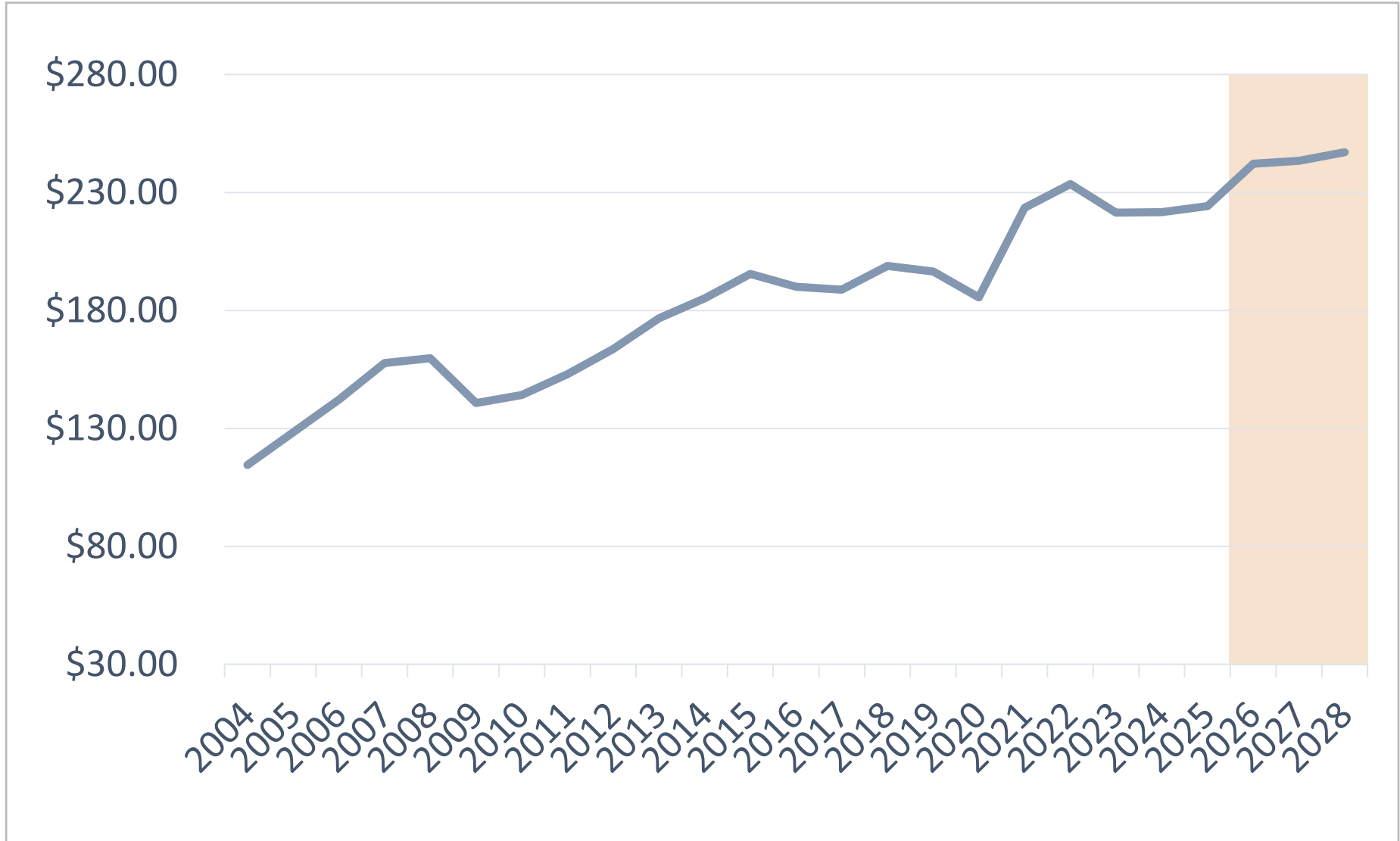
Downtown leads with +2,000 rooms (+18.2%)

Source: STR/CoStar (Historical), HVS (Forecast 2026 – 2028, as of May 2026)



# Miami ADR is Forecast to Approach \$250 by 2028

ADR Trends: Averaged +3.3% annual growth since 2004; forecast +6–8% in 2026, then slowing to below inflation in 2027–2028 as new supply is absorbed



Source: STR/CoStar (Historical), HVS (Forecast 2026 – 2028, as of May 2026)

# Miami Highlighted Sales

The Miami Beach, Brickell, and Airport submarkets are paving the way with the top sales for the TTM

Source: STR/CoStar, HVS , and MSCI Real Capital Analytics



## SHVO FL Portfolio

(Raleigh Hotel, Richmond Hotel, and South Seas Hotel)  
- \$255.9m, or \$969,318 PPK,  
acquisition as part of \$1b  
transformation



## East Miami

\$300m or \$822,273 PPK –  
Blackstone from Trinity  
Investments and Certares JV



## Sheraton Miami Airport Hotel

\$67.5m or \$166,667 PPK –  
Bridgeton Holdings from  
Dune RE Partners LP

# Miami's Strong Demand Momentum Faces Rising Supply and Competitive Pressures

01

Strong +11.5% YTD  
RevPAR positions  
Miami for #3 among  
top 25 markets

02

Overnight demand  
is diversified (51%  
domestic, 25%  
international, 23%  
in-state), with room  
to further diversify

03

Record 8.2M cruise  
passengers at Port of  
Miami underpin  
steady hotel demand,  
with further growth  
ahead

04

Expanding short-  
term rental supply is  
intensifying  
competition across  
all submarkets

05

Downtown Miami  
faces an upper-  
upscale & luxury  
supply surge, with  
18.2% of inventory  
under construction

06

Branded residential  
properties are  
approaching a  
saturation point

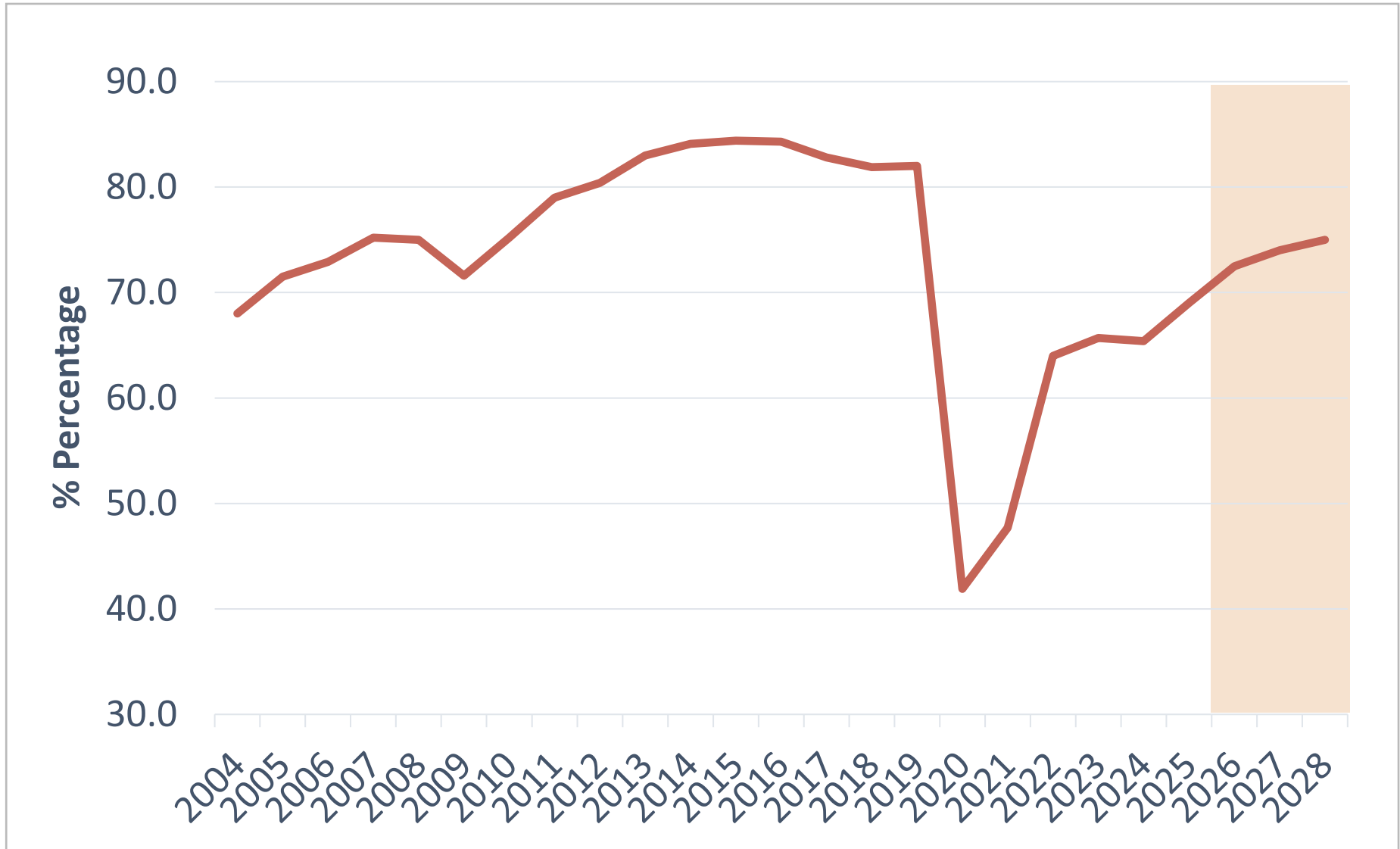
An aerial photograph of San Francisco, California, showing the city's dense skyline of skyscrapers and the Golden Gate Bridge spanning across the water. The sky is overcast with soft, diffused light. The text 'Top Market Outlook: San Francisco' is overlaid on the left side of the image in a white box.

# **Top Market Outlook: San Francisco**

# San Francisco Occupancy Improves Through 2028

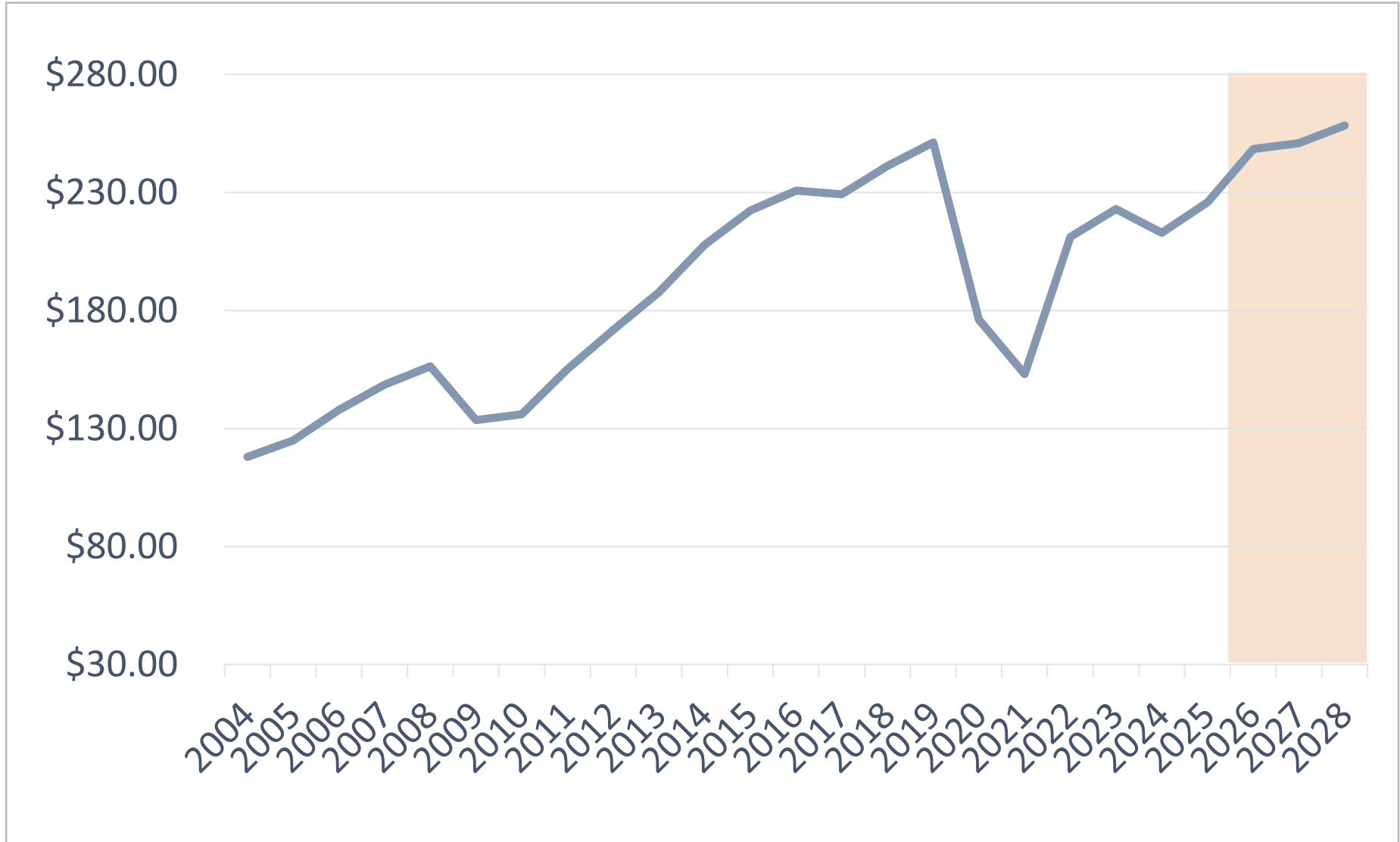
Recovery is supported by office demand, return-to-office trends, and conventions, alongside limited new supply in a high-barriers market

Source: STR/CoStar (Historical), HVS (Forecast 2026 – 2028, as of May 2026)



# SF ADR is Forecast to Surpass Pre-pandemic Levels

ADR growth (3.1% CAGR) has kept pace with inflation; +8–12% growth expected in 2026 on strong event demand



Source: STR/CoStar (Historical), HVS (Forecast 2026 – 2028, as of May 2026)

# San Francisco Highlighted Sales

Transaction activity rebounded in Q4 2025, signaling a resurgence in investor interest towards San Francisco

Source: STR/CoStar, HVS , and MSCI Real Capital Analytics



**Hilton 2-Pack**  
(Hilton SF Union Square & Parc 55) - \$408m, or \$138,540 PPK, including assumption of existing debt



**Four Seasons Hotel San Francisco**  
\$134m, or \$483,755 PPK – Blackstone from Westbrook Partners



**The Clancy, Autograph Collection**  
\$115m, or \$280,488 PPK – Sixth Street & Riller Capital JV from Braemar

# Recovery Gains Traction in San Francisco, Amid Margin Pressure and Structural Shifts

01

San Francisco rose from 8th to 5th in RevPAR ranking among the top 25 markets (2024–2025)

02

Moscone Center demand is nearing 700K room nights in 2026, with strong pace into 2027–2028

03

Office leasing hit a post-pandemic high in Q1 2026, with over 1M SF of new leases signed

04

Capital-intensive SF assets present repositioning and rebranding opportunities, with longer-term returns

05

High cost of living and rising expenses are pressuring profit margins

06

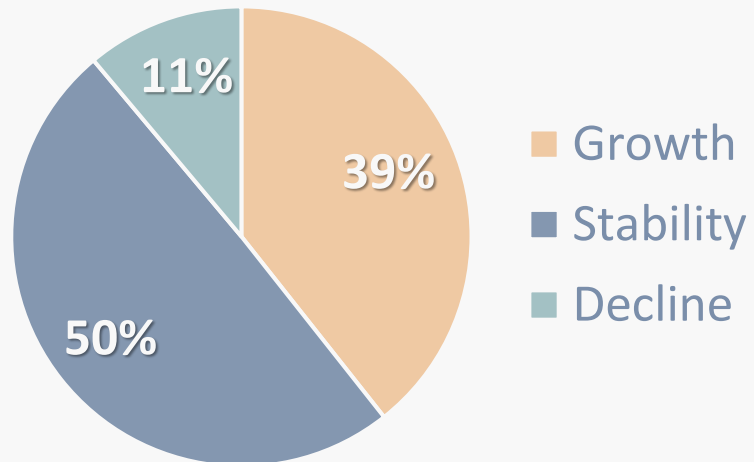
AI-driven investment supports growth, but tech layoffs could create longer-term headwinds

# Time for a Live Poll:

60% Say the U.S. Hotel Industry is in a Growth Phase

Do You Agree?

Live polls report:



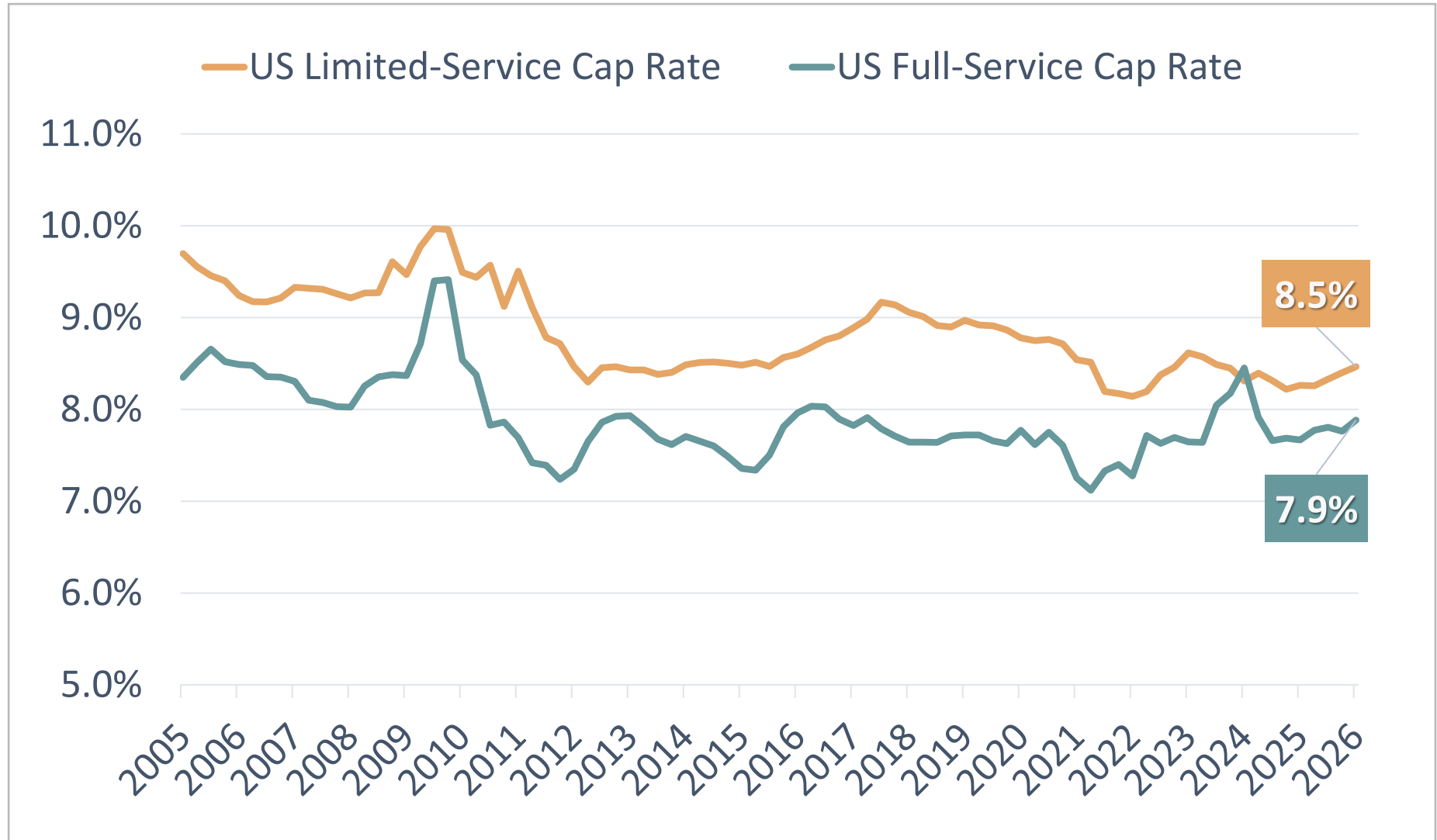
# Investment Rate Trends Now



# Average Cap Rates Remain Between 8.0-8.5%

Weaker performance in the lower-end of the segment spectrum tees up opportunities

Source: MSCI Real Capital Analytics, Q1 2026 Data



# Cap Rates by Hotel Category

Luxury cap rates hover near 6% - 7%, while limited-service lands near 9%, unless newer or extended-stay, note that a range of reasonableness exists above/below the figures below



Limited-Service  
8.7%

Select-Service  
8.3%

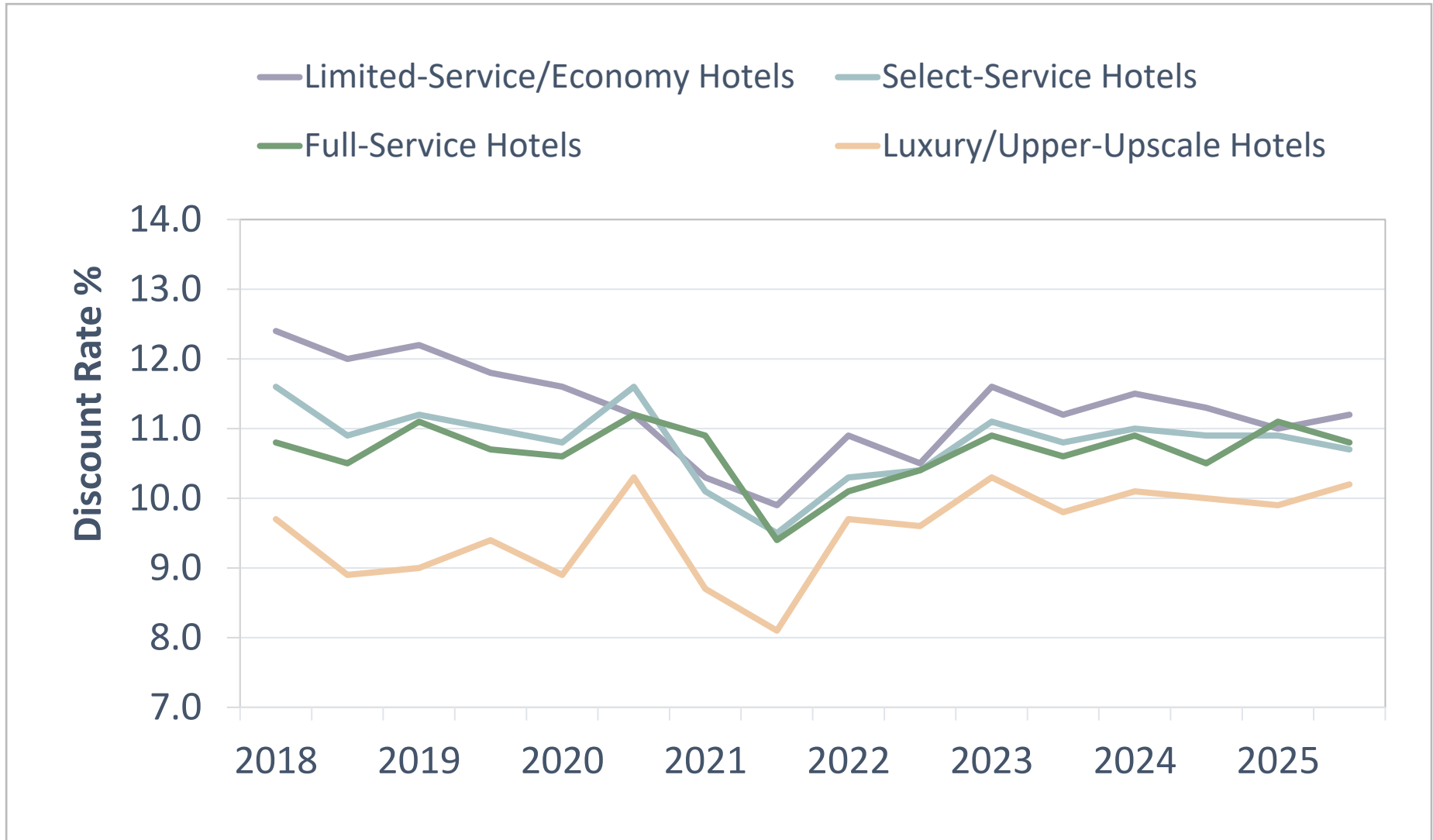
Full-Service  
8.3%

Luxury  
6.5%



# Discount Rates Remain Stable Over Last 3 Years

While higher than 2021/22, discount rates remaining surprisingly stable over the last three years despite higher interest rates



# Equity Yield Rates by Category

Luxury/full-service equity yields range widely from 10-20%, while select-service and extended-stay rates range from 14% to 21%, and limited-service ranges from 14% to 23%



Limited-  
Service  
18%

Select-Service,  
Extended-Stay  
16%

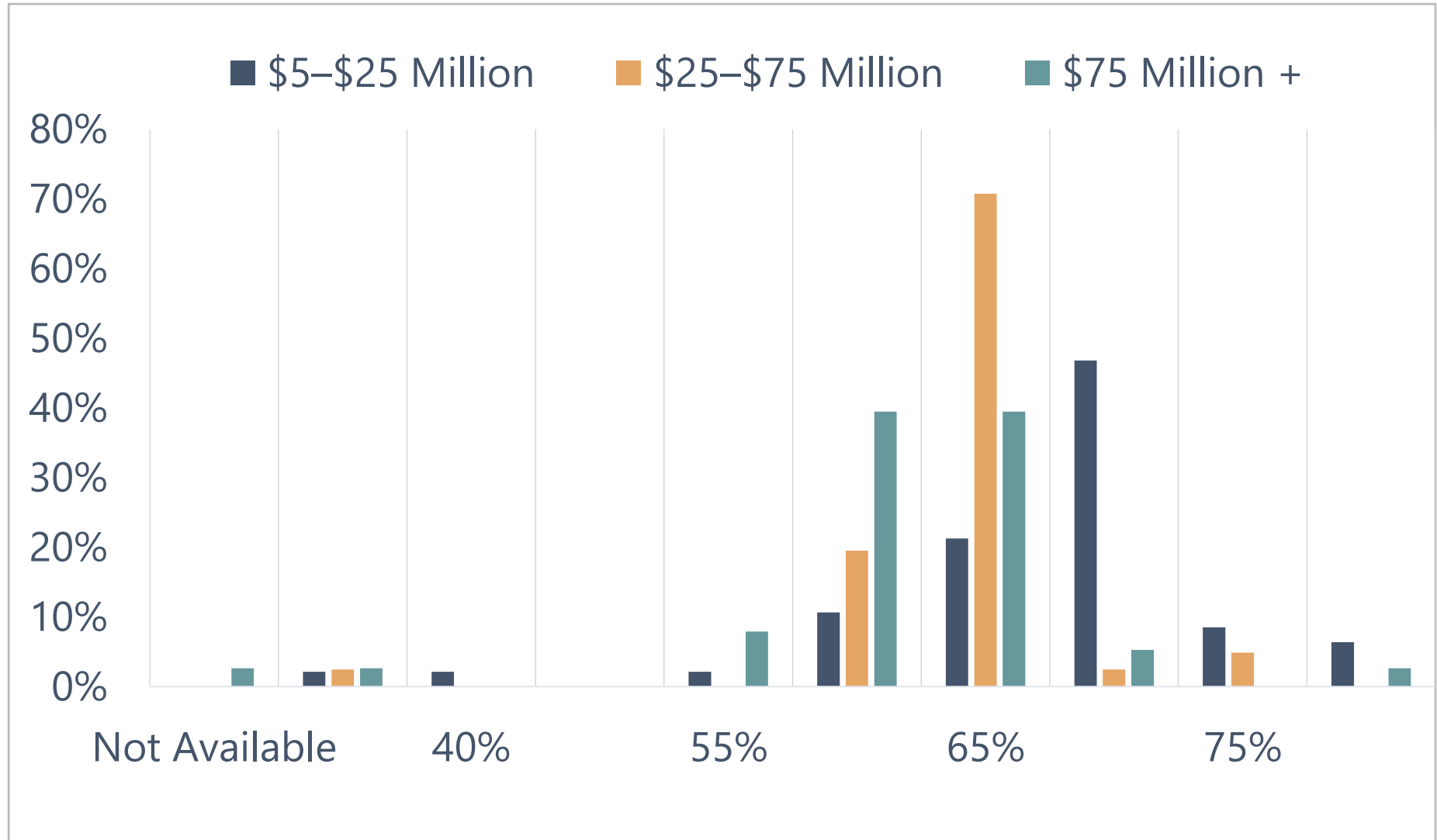
Full-Service,  
Luxury  
14.5%

Source: HVS



# 65% LTV Financing Dominates, 70% for Smaller Loans

Financing is available, but expensive with meaningful reserve requirements (tax, debt service, PIP)



# Debt Financing is Available for Profitable Assets

Certain factors must align for successful financing to occur:

**Financing is Available** for  
Both branded and  
independent hotels, with  
greater depth for branded  
assets

## Key Credit Drivers:

- Strong sponsor with bankable relationships
- Willingness to deepen lender relationship (operating accounts)
- Data-backed, credible business plan
- Realistic underwriting—avoid overly aggressive assumptions in today's market

## Current Lending Terms:

- Existing Hotel  
(Strong Cash Flow):  
*65–75% LTV | Low–mid 6% rates | 5-year term/25-year amortization with personal guarantee*
- Proposed Hotel:  
*70% LTC | Prime + 2-2.5% (say 8.5%-9%) interest-only during construction, converting to mini-perm post-opening*

# Sourcing Equity

Equity is available for existing, cash flowing assets

## **Smaller Assets (under \$10 million)**

Friends & Family

## **Larger Equity Needs (\$10M+)**

Institutional equity partners

Market-specific, varies by  
geography and asset profile

Targets cash-flowing assets,  
including ownership transitions

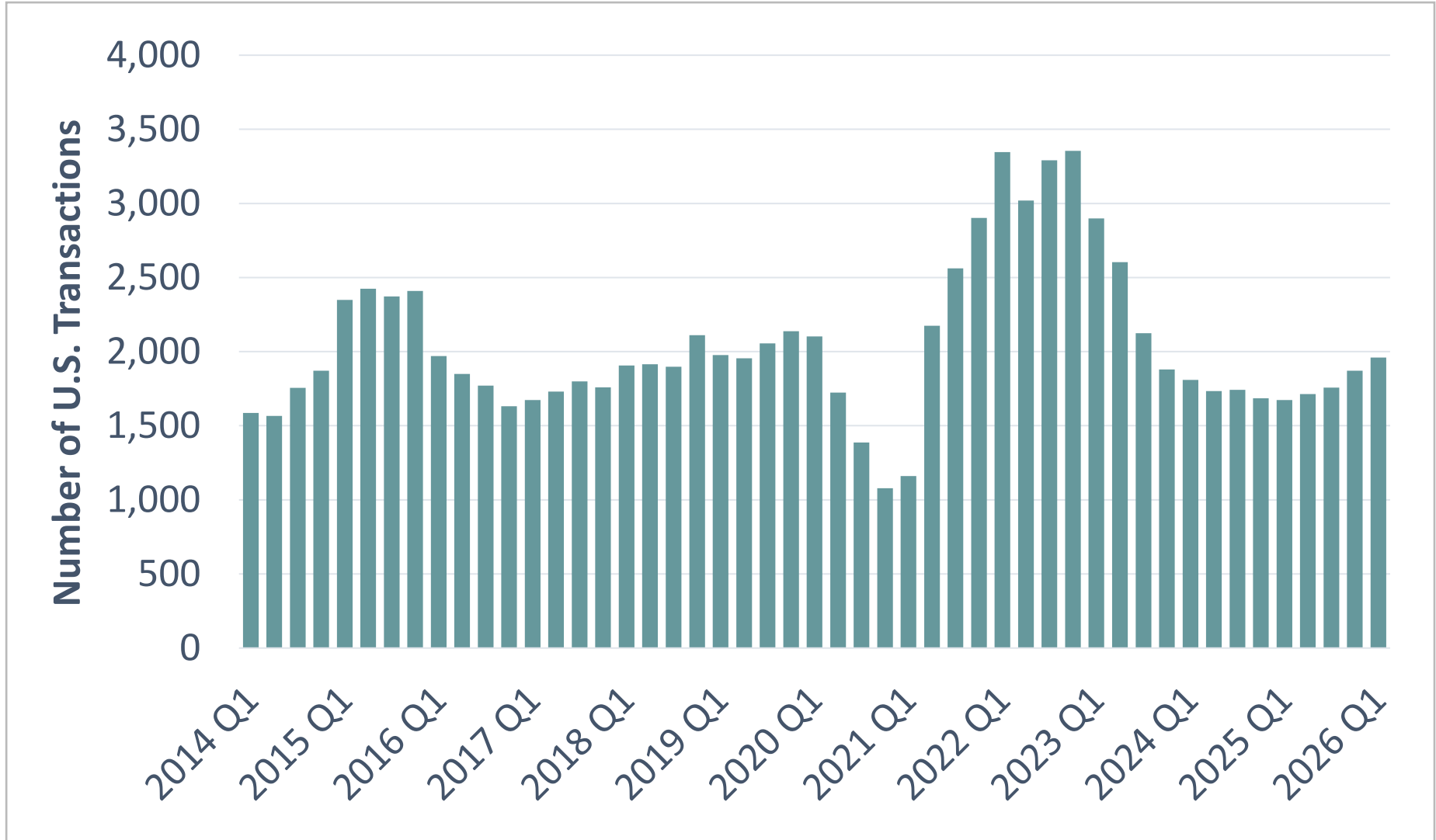
Proposed hotel equity is scarce  
and relationship-dependent  
(friends & family)



A modern hotel room featuring two beds with white linens and rolled-up towels. A large window with grey curtains offers a view of a lush green landscape with palm trees. The room has a blue accent wall and a dark headboard. A ceiling fan is visible through the window.

# Hotel Transaction Trends

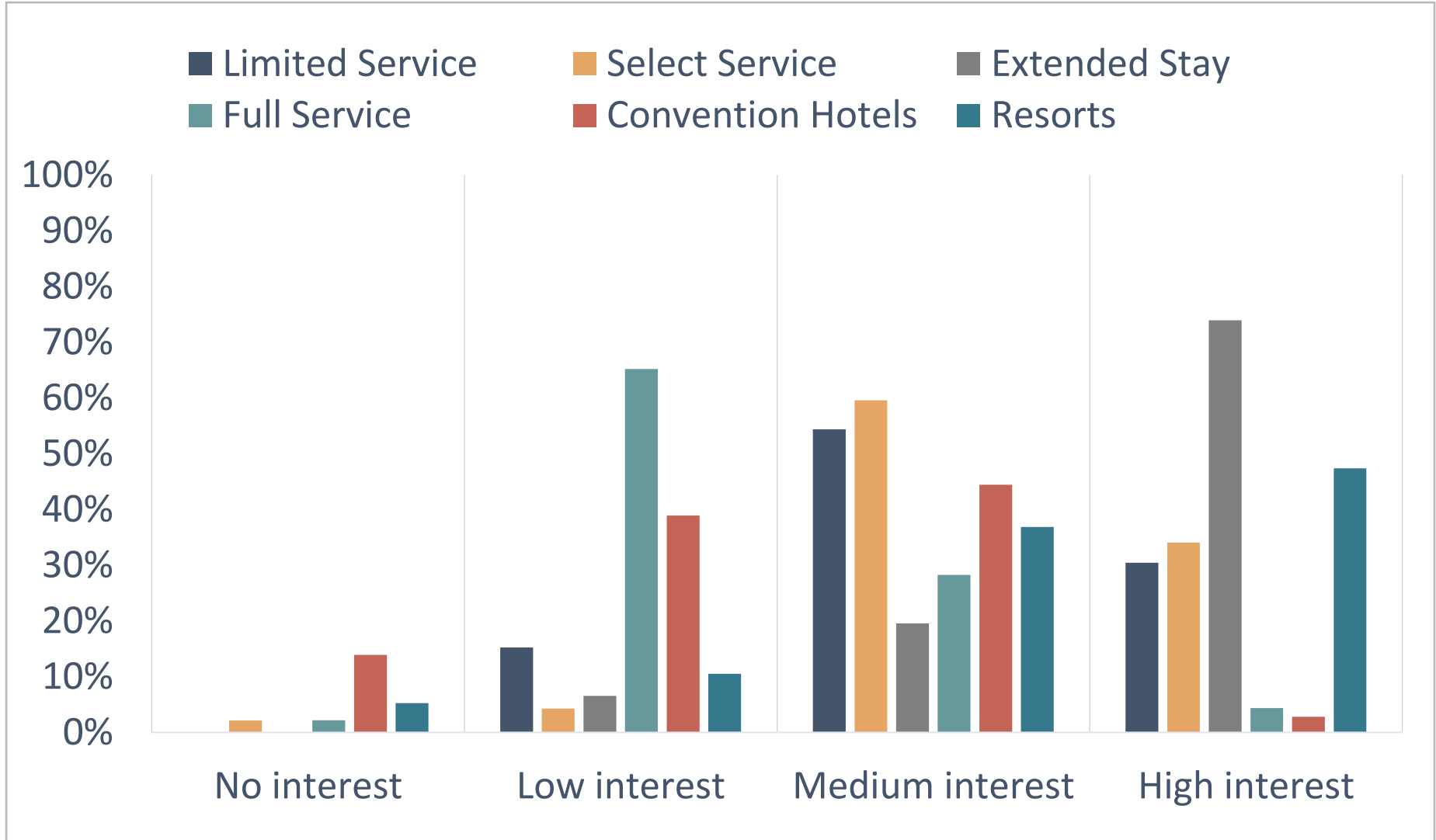
# After the Surge, Transactions Settle at Lower Levels



Source: MSCI Real Capital Analytics, Q1 2026

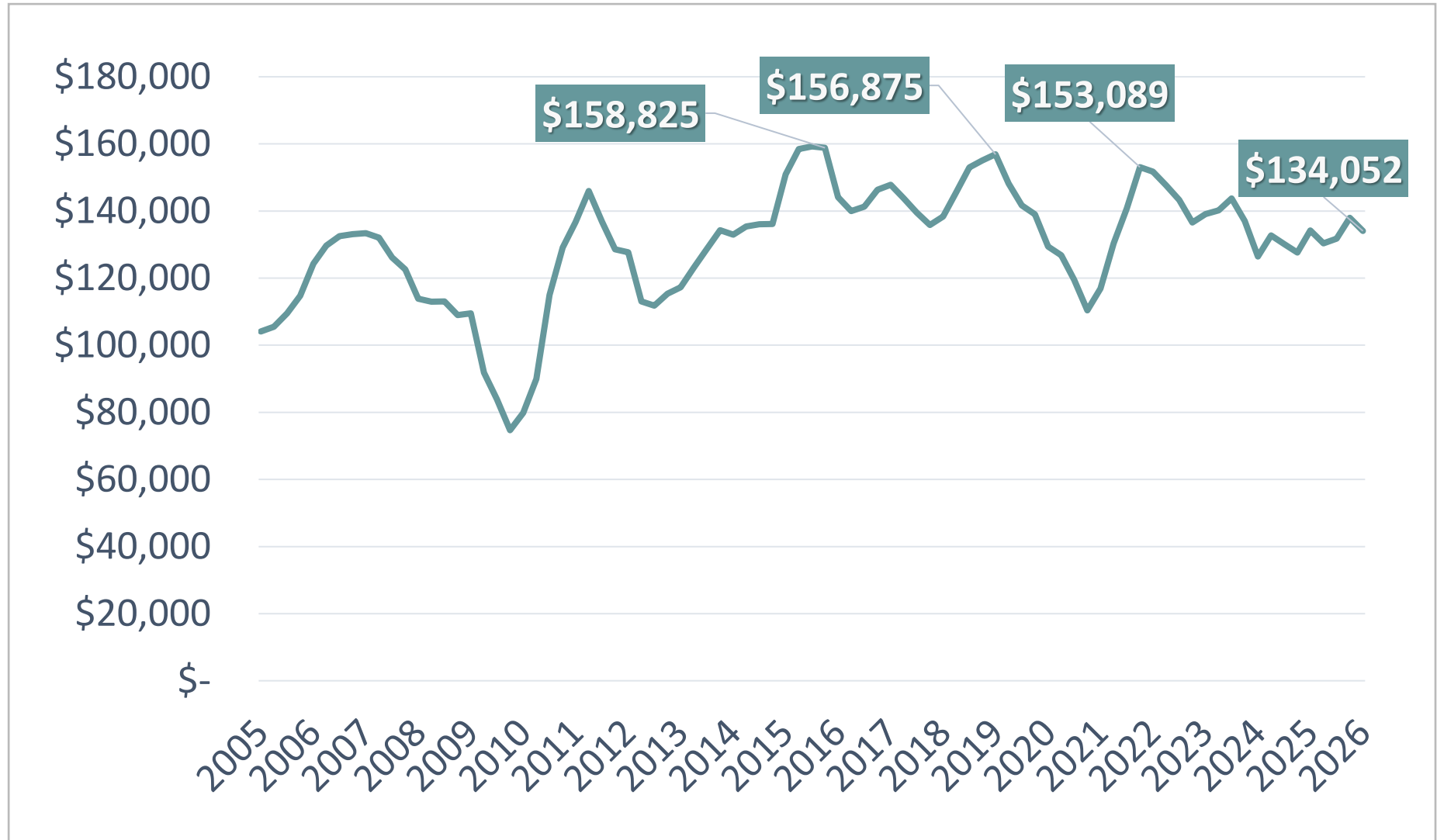
# Investor Interest Remains Highest For Extended-Stay

Easy to staff, simple to run, and high margins fuel interest in this segment



# Hotel Price Per Key Still Lower than Historical Peaks

Higher debt costs contribute to a **10% decrease** in price per key vs. recent peak in 2021



Source: MSCI Real Capital Analytics, Q1 2026

# Positioning Your Asset Now to Sell Soon

Market Conditions May  
Require Greater Seller  
Price Flexibility



Greater Seller Flexibility  
Extends Beyond Price to  
Key Closing Terms



Execution Increasingly  
Depends on Seller  
Concessions



Driving Revenue While  
Maintaining Expense  
Discipline Is Critical



Define PIP Early to  
Avoid Pricing Surprises



PIP Timing Can Distort  
T12—Allow Stabilization  
Before Listing



2018+ Newer Assets  
Provide Longer Runway  
Before 15-Year PIPs



# Thank You!

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