



HVS 2026 U.S. Forecast

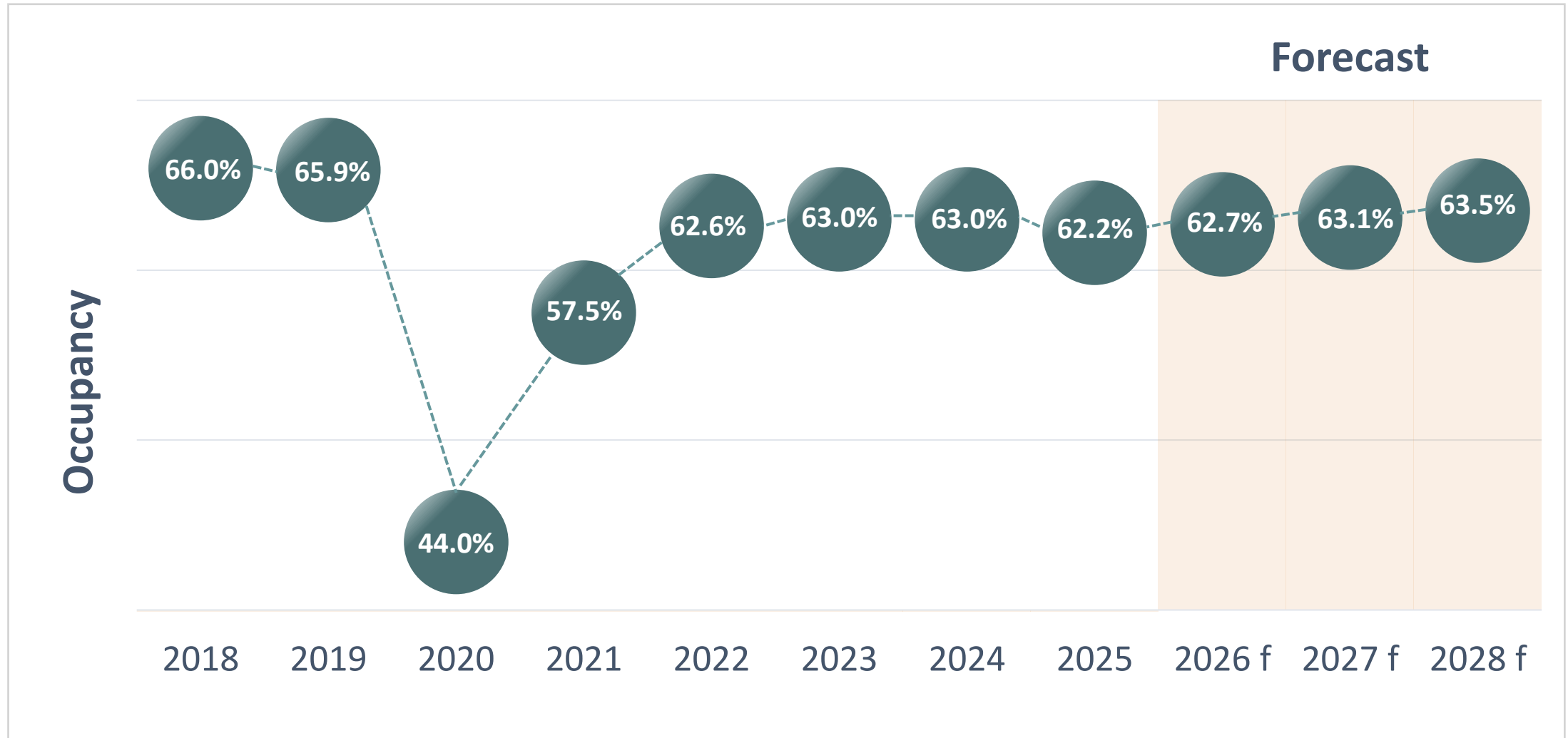
HVS Americas Leadership

January 2026



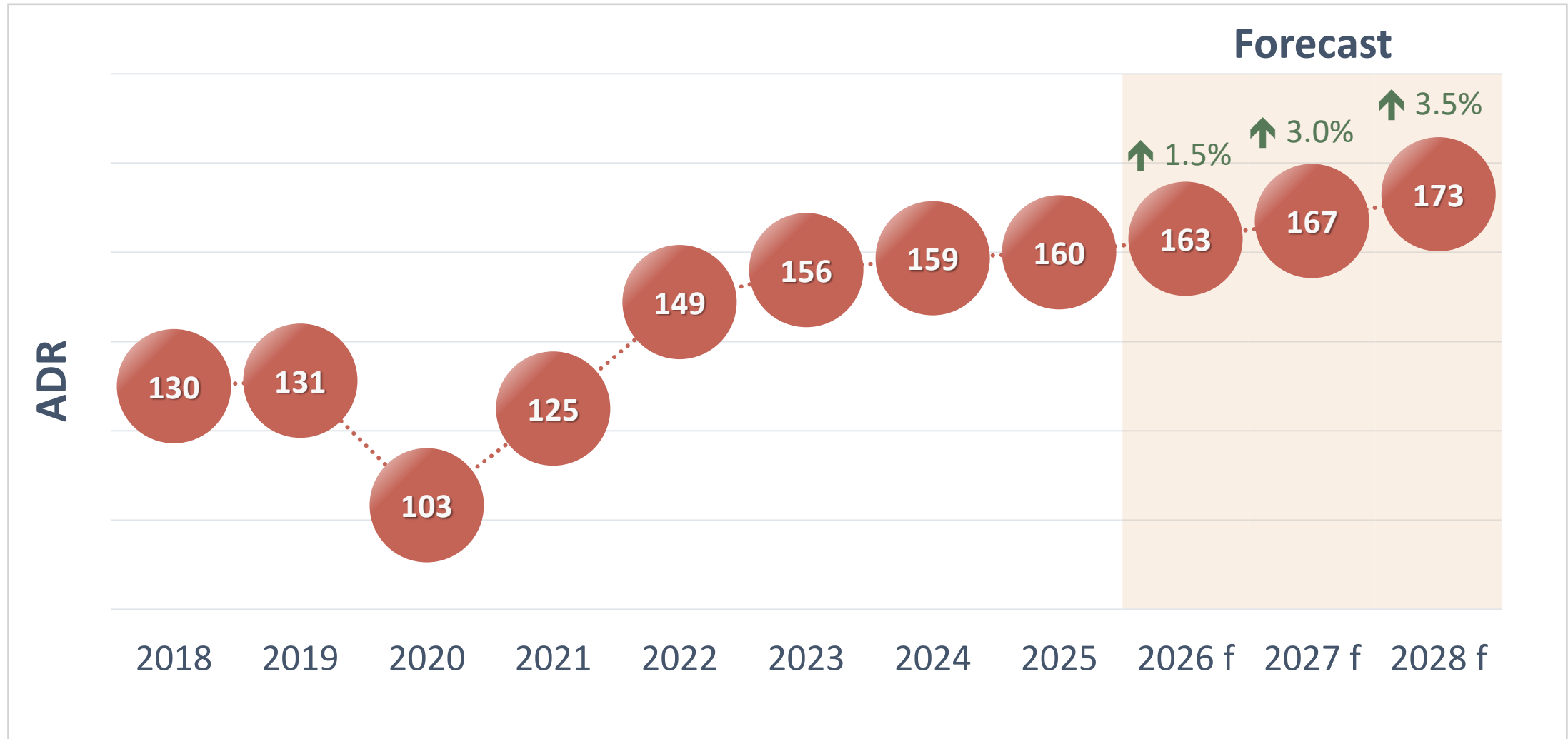
Our Forecast of U.S. Occupancy and ADR

After Minor Occupancy Decline, Modest Uptick Likely



Source: STR (Historical), HVS (Forecast as of January 2026)

ADR Growth Remains Minimal in This Environment



Source: STR (Historical), HVS (Forecast as of January 2026)



Conversation with Anne Lloyd-Jones & Katy Black

What is driving the RevPAR changes in 2026?



Our Recap of Key Factors

The positives and the yellow lights

Why Metrics May Rise, Despite the Headlines



01



Economists expect moderate economic growth, supporting baseline demand, further boosted by military spending.

02



Lagging markets with prolonged post-COVID recovery (Bay Area, AI hubs) remain on the upswing. L.A. is expected to rebound in 2026 after the 2025 fires.

03



Lower interest rates can lead to more dollars being available for travel spending; tariff uncertainty wanes relative to peak concern in 2025.

04



International travel trends appear to be leveling off, while supply growth across key markets remains low.

05



Key convention markets—including Nashville, Las Vegas, and others—are positioned for a stronger 2026 following a softer 2025.

06



2026 special events (World Cup, U.S. 250th Anniversary) are positioned to generate RevPAR lift during peak periods.

07



Houston's strong 2024 caused challenging 2025 comparisons, normalizing in 2026, similar to recent convention center closures (Austin & Dallas).

Yellow Lights We're Watching



01



Geopolitical risks in South America, the Caribbean, and other regions may lead to temporary travel pauses.

02



Civilian reductions in federal employment centers may persist; it is unclear whether the pace will slow, stabilize, or intensify.

03



Evaluating whether economy, midscale, and upper-midscale segments have hit a spending floor and if activity will remain flat this year.

04



Hiring remains soft, with prevalent “job hugging” reducing demand for travel related to training, project deployment, etc.

05



Uncertainty persists around employment trends, including the risk of negative shifts and increased private-sector layoffs.

06



Monitoring whether inflation may redirect spending to essentials and away from travel if wages remain flat.



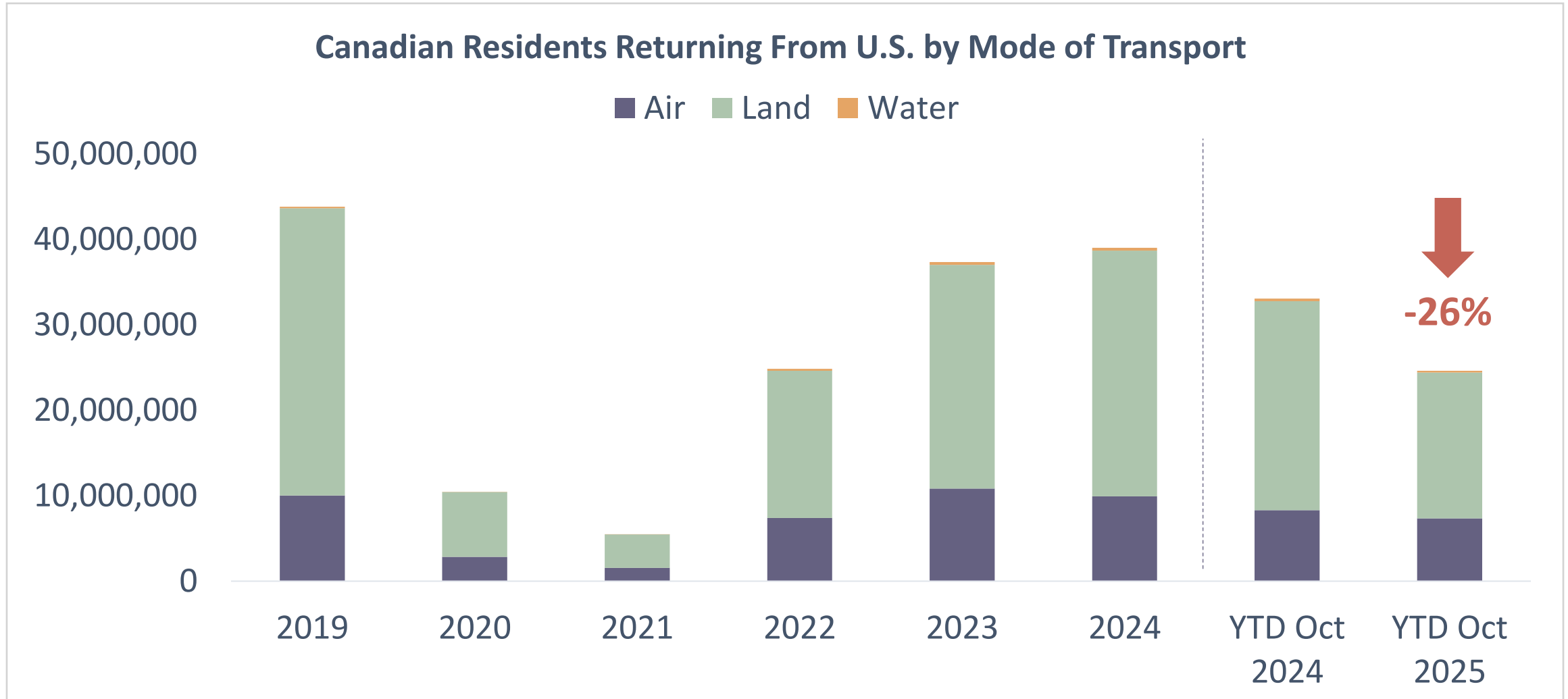
Conversation with Carrie Russell & Fernanda L'Hopital

How are key travel factors shaping up for 2026 beyond our borders?

Canadian Trips to the U.S. Declined Substantially in 2025



Land trips represent 74% of total visitation and are down 30%

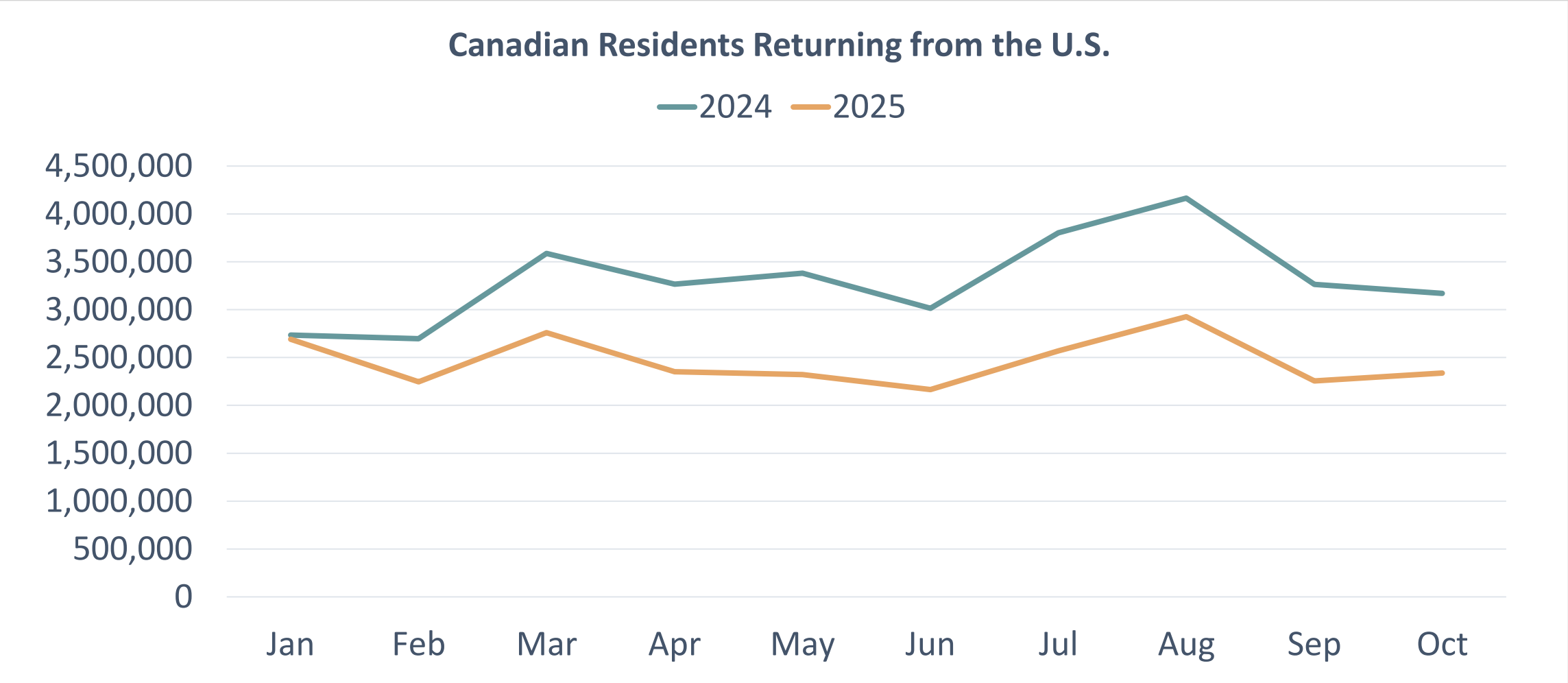


Source: Stats Canada

Pattern of Decline Is Consistent Throughout the Year



Trips by Canadians to the U.S. were down 31% in both May and September



Source: Stats Canada

Canada Hotel Market Performance



Occupancy has peaked, with the supply pipeline increasing; modest ADR growth expected.

Year	2024	2025	2026F
Occupancy	66%	66%	66%
ADR	CAD\$209 USD\$151	CAD\$215 USD\$155	CAD\$221 USD\$159
<i>% change</i>		<i>3%</i>	<i>3%</i>
RevPAR	CAD\$137 USD\$99	CAD\$141 USD\$102	CAD\$146 USD\$105
<i>% change</i>		<i>4%</i>	<i>3%</i>

Source: HVS/CoStar

South American Tourism to the U.S.



South American Visitors to the U.S.

➔ **2023** **2024** **2025**
4.3M 5.4M 5.4M
Approx. 7.5% of total visitors

➔ **Top Source Markets 2025**
Brazil *Colombia* *Argentina*
35% 21% 15%

➔ Most countries have exceeded 2019 visitation. South America–U.S. travel remains mixed, with 2025 arrivals similar to 2024.

➔ **Key U.S. feeder markets:**
Visitation from Argentina and Brazil remains below respective 2019 trends but has been improving, while visitation from Colombia has surpassed the 2019 level.



Growth Factors

➔ Brazil and Colombia are experiencing expanding middle-class segments that support stronger outbound travel.

➔ Upper-income groups across other South American markets remain stable and growing.

➔ Air connectivity across the region continues to improve, increasing access to the United States.

➔ Strong economic ties.



Top Destinations

➔ From 2023 to 2025, South American travelers favored Florida, New York, and California.

➔ Major gateways like Miami, NYC, and L.A. consistently attract demand related to their locales, culture, events and entertainment offerings, etc.

➔ Nevada and Texas completed the top five, driven by Las Vegas entertainment and Houston’s business ties to South America.



Prospects

➔ Positive outlook across South America driven by improving regional economic prospects.

➔ Near-term growth expected by expanding middle-class travel and better U.S. air access.

➔ The 2026 World Cup is projected to drive strong South American demand.

➔ Key challenges include high U.S. costs, political perceptions, and macro and political vulnerabilities in some South American markets.



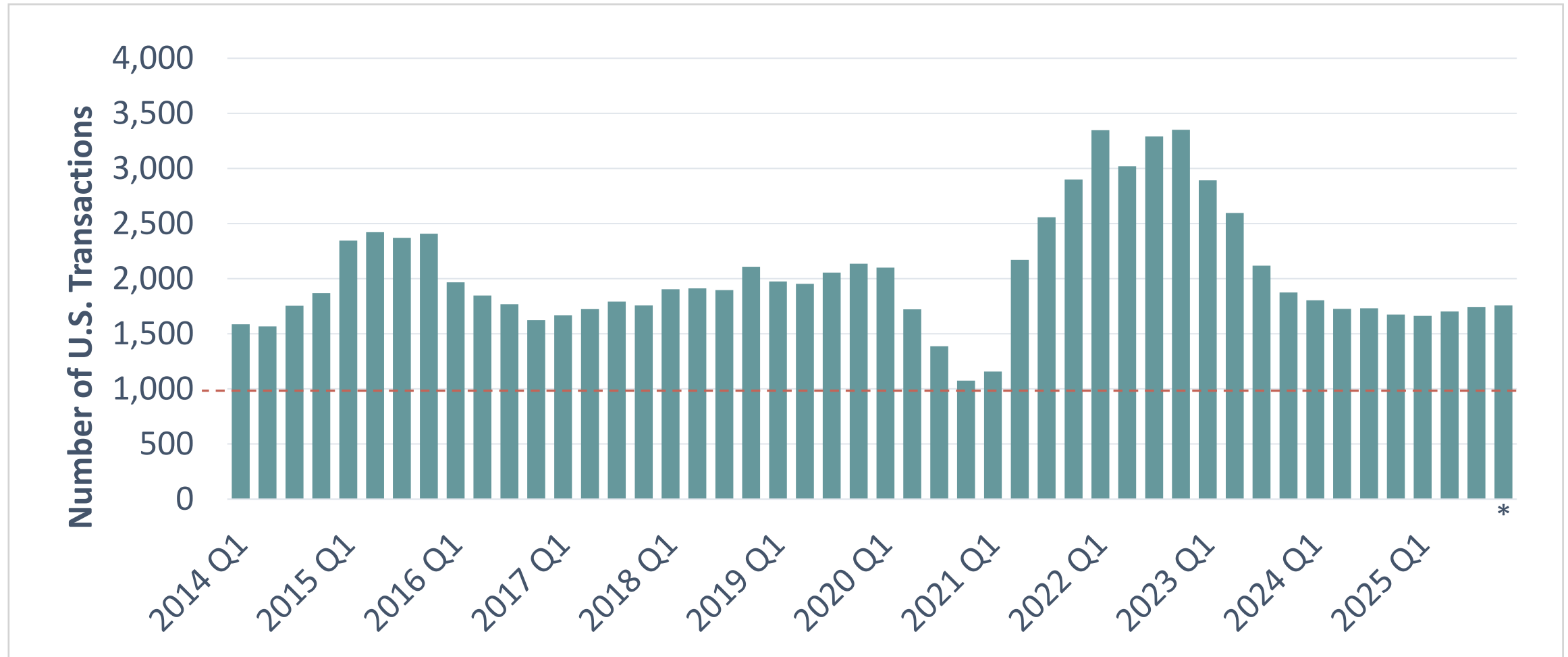
Transactions, Cap Rates, and Discount Rates

Average going-in cap rates are on the decline as we look forward to a more active 2026 transaction environment.

Transaction Activity Has Yet to Take Off



After a slow 2023–2025, 2026 Could Mark a Turn for the Better



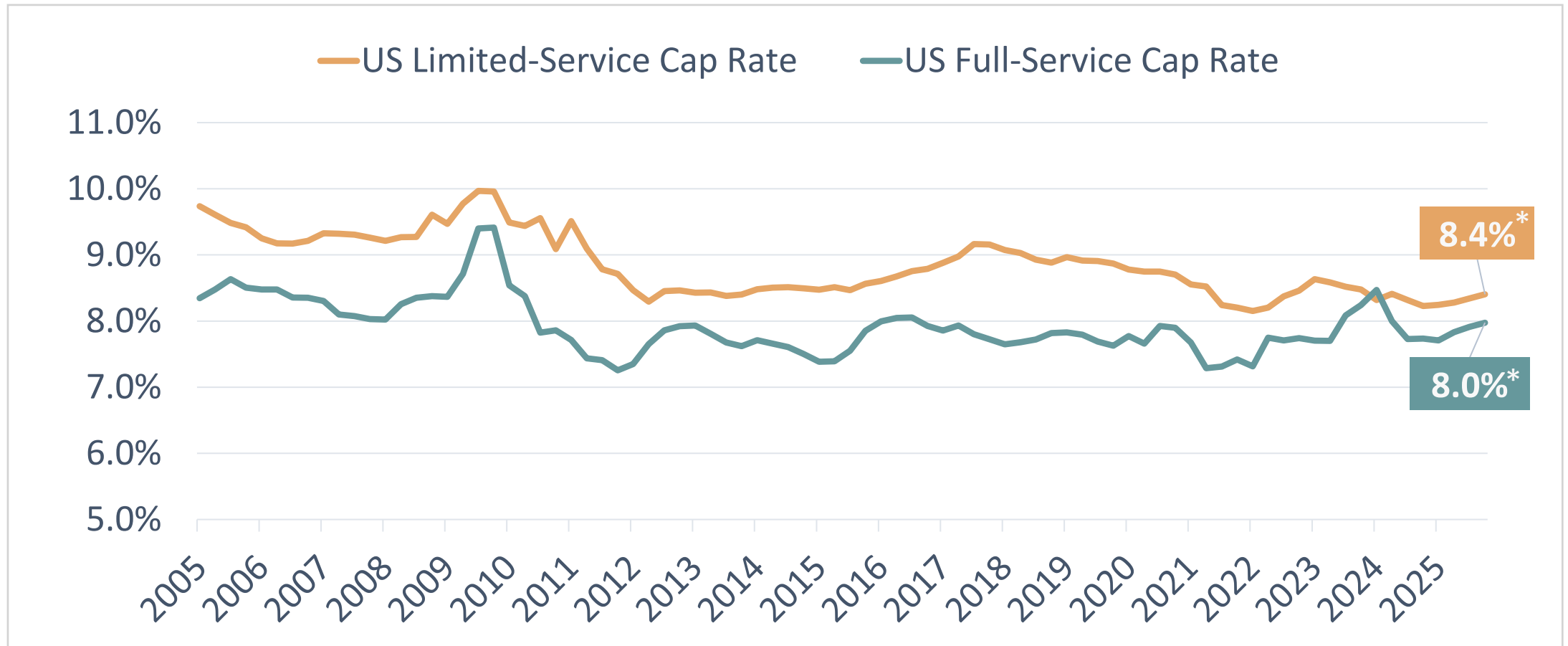
Source: MSCI Real Capital Analytics

* Q4 2025 Preliminary Data

Average Cap Rates Remain Between 8.0% and 8.5%



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



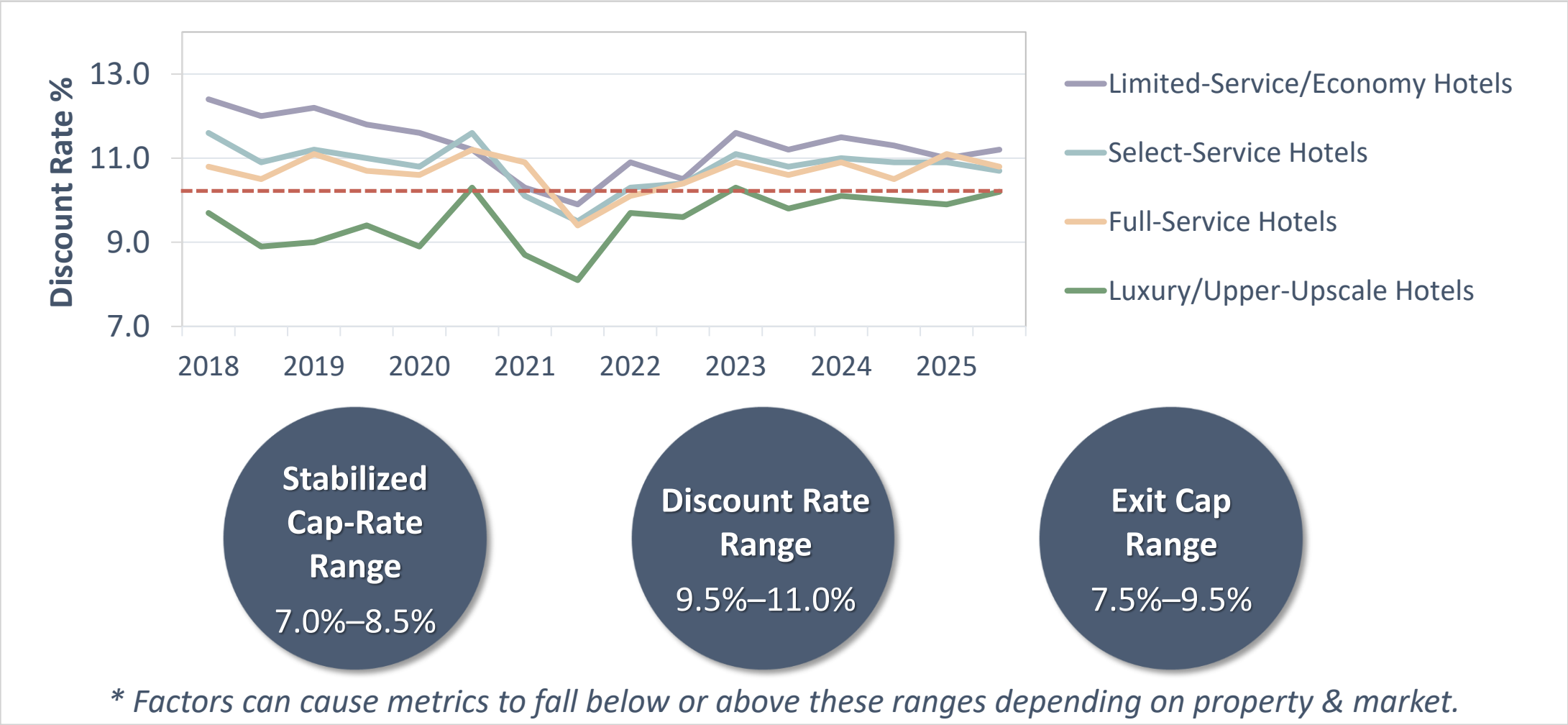
Source: MSCI Real Capital Analytics

* Q4 2025 Preliminary Data

Discount Rates and Exit Cap Rates May Moderate



With interest rates on the decline and RevPAR stabilizing/rising in key markets, the bid/ask gap should narrow.



Source: HVS Broker Survey, Fall 2025 Edition



Conversation with Eric Guerrero & Matt Omansky

What macro trends will shape hotel investment sales in 2026?



Conversation with Eric Guerrero and Matt Omansky

How are today's capital markets influencing pricing expectations and bid-ask spread?



Conversation with Eric Guerrero and Matt Omansky

What strategies are helping owners successfully transact in a slower, more selective buyer environment?



Conversation with Neil Flavin

Taking advantage of a slow RevPAR growth year to achieve operational success.



If we are unable to answer your question live, our President will contact you directly via email.

Thank you for Joining Us!



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