Colliers

U.S. RESEARCH REPORT

2025 Hospitality Outlook

June 2025

Accelerating success.

Contents

EXECUTIVE SUMMARY

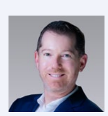
Hotel Performance Improves, but For How Long?

The U.S. hospitality sector has seen its fortunes grow over the last year. Between April 2024 and March 2025, key performance metrics improved across three of the four regions, fueled by leisure travel and a rebound in group demand for conferences and business meetings. Nationally, occupancy rose 0.5%, while revenue per available room (RevPAR) increased 2.4%, in-line with the trailing 12-month inflation rate. The average daily rate (ADR) charged for occupied rooms increased 1.9%.

Regionally, the Northeast and Central markets posted the strongest year-over-year occupancy gains, 1.3% for the 12 months ending March 31, 2025. In contrast, the South markets' occupancy grew at a modest 0.4%, while in the West, occupancy declined 0.3%. RevPAR increased by 4.9% in the Northeast and Central, only 2.3% in the South, and declined by 0.5% in the West. Since demand for rooms in the West increased 1.1%, the drop in occupancy can be partly explained by an influx of 13,300 recently added new hotel rooms and another 31,000 in the pipeline.

The U.S. hospitality sector is facing numerous headwinds that will impact growth for the rest of the year. Tourism Economics points to three impacts from a protracted trade war: first, the sentiments of potential leisure and business travelers from abroad will sour, decreasing demand; second, slower economic growth in the U.S., Canada, and Mexico will weaken domestic demand; third, the increasing strength of the U.S. dollar will raise the relative cost to foreign visitors, although the dollar has been weakening as of late. Green Street estimates that foreign visitors make up 10%–15% of travelers in the U.S. In 2024, 45% of arrivals were from Canada and Western Europe, so the greatest impact of falling demand will be in larger metro areas that rely more on international tourism than on domestic or business travel.

Transaction activity across the country remains muted. We are in a dynamic period with complexities driven by a series of unknowns, both domestically and abroad. Yield-driven investments are the most prevalent. Uncertainty around transitional business plans and their respective costs have dampened activity in the value-add segment. Constructive dialogue with both equity and debt is required to maximize pricing and to close in today's environment. Buyers and sellers should expect longer transaction timelines and be flexible in navigating through this period.

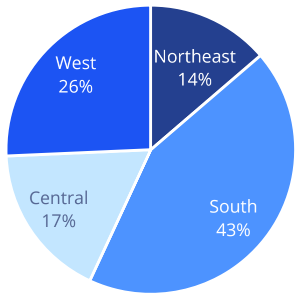


Mark Owens
Vice Chair
Hospitality Practice Group Leader

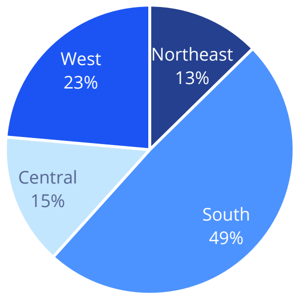
Peak Summer Trends Yet to Surpass 2019 in the West and Northeast

Summer is the most popular time for both domestic and foreign travel in the United States. August has generally been the peak month for hotel demand, ADR, and RevPAR. However, while August 2024 ADR and RevPAR surpassed August 2019 ADR and RevPAR in all regions, August demand (the number of paid hotel nights) is below 2019 levels. In the Northeast and West regions, peak month demand is lower than in 2019, stuck at -0.3% in August 2024 in the West and -1.0% in the Northeast. While rates have recovered, the actual number of paid bookings is still lagging. In Central and South regions, all three metrics from August 2024 have outpaced those from August 2019.

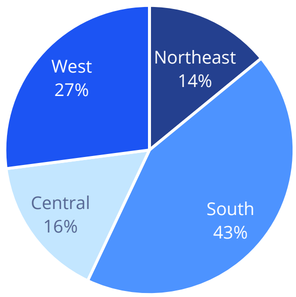
Inventory (# Rooms)



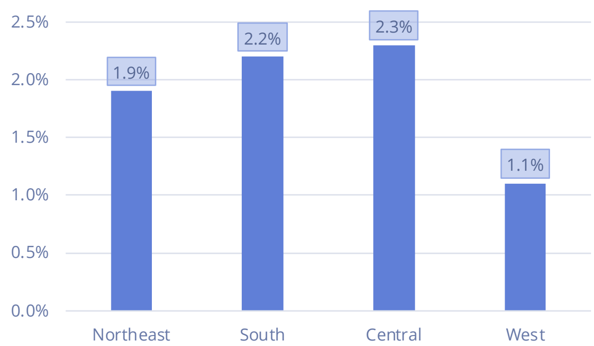
Rooms Under Construction



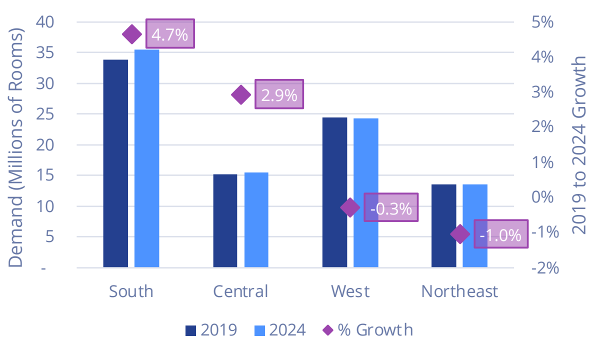
Demand (# Rooms)



YOY Demand Change

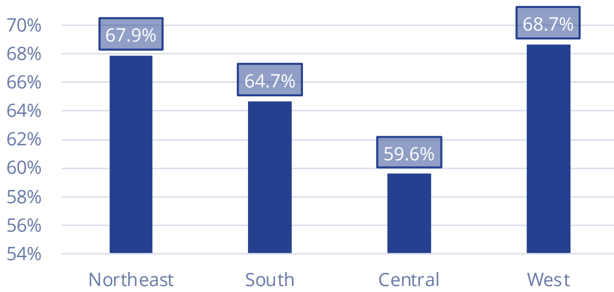


Peak Month Demand Growth

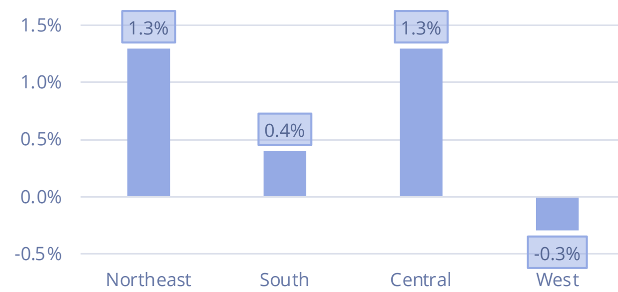


Sources: Colliers, CoStar/STR

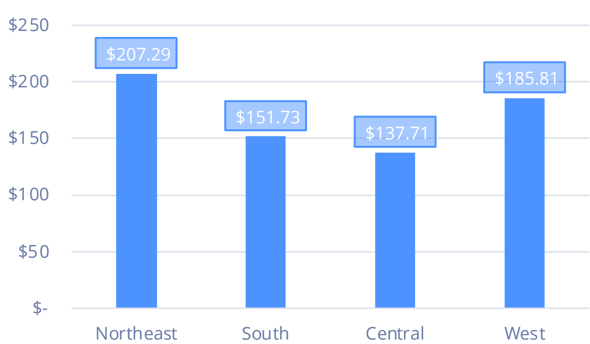
Occupancy Rate



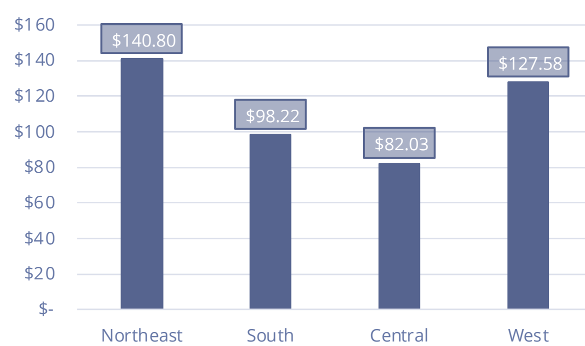
YOY Occupancy Change



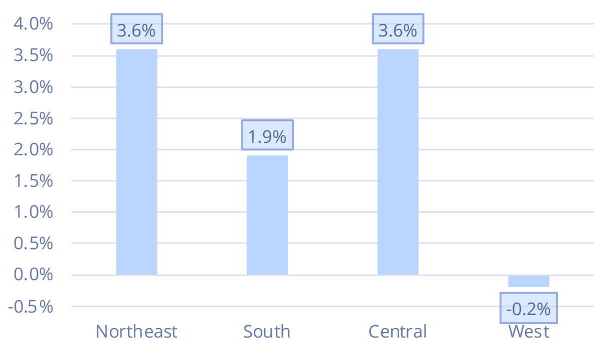
Average Daily Rate



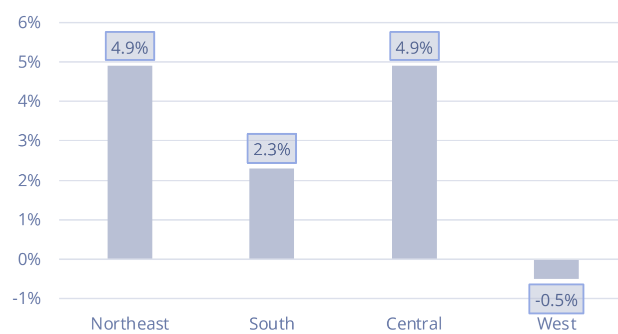
Revenue per Available Room



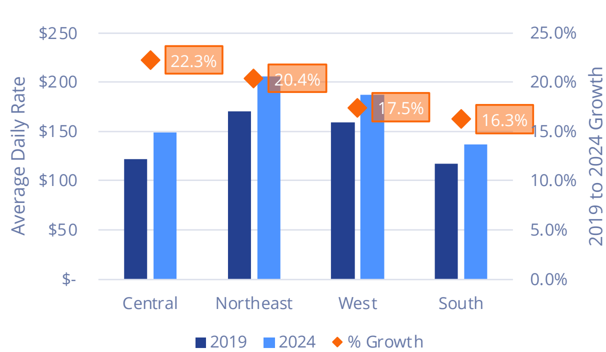
YOY ADR Change



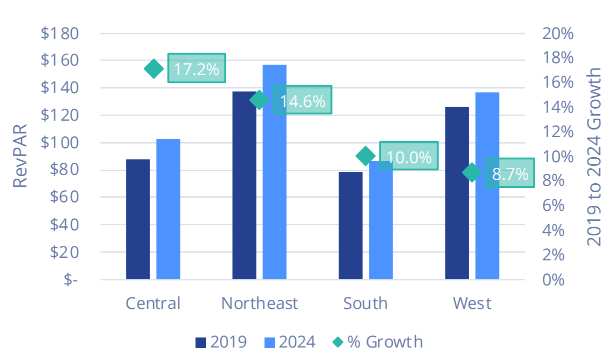
YOY RevPAR Change



Peak Month ADR Growth



Peak Month RevPAR Growth



Sources: Colliers, CoStar/STR

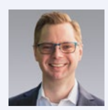
EMERGING SECTOR INFLUENCES

With Heightened Economic Risks, Hospitality Bears Watching

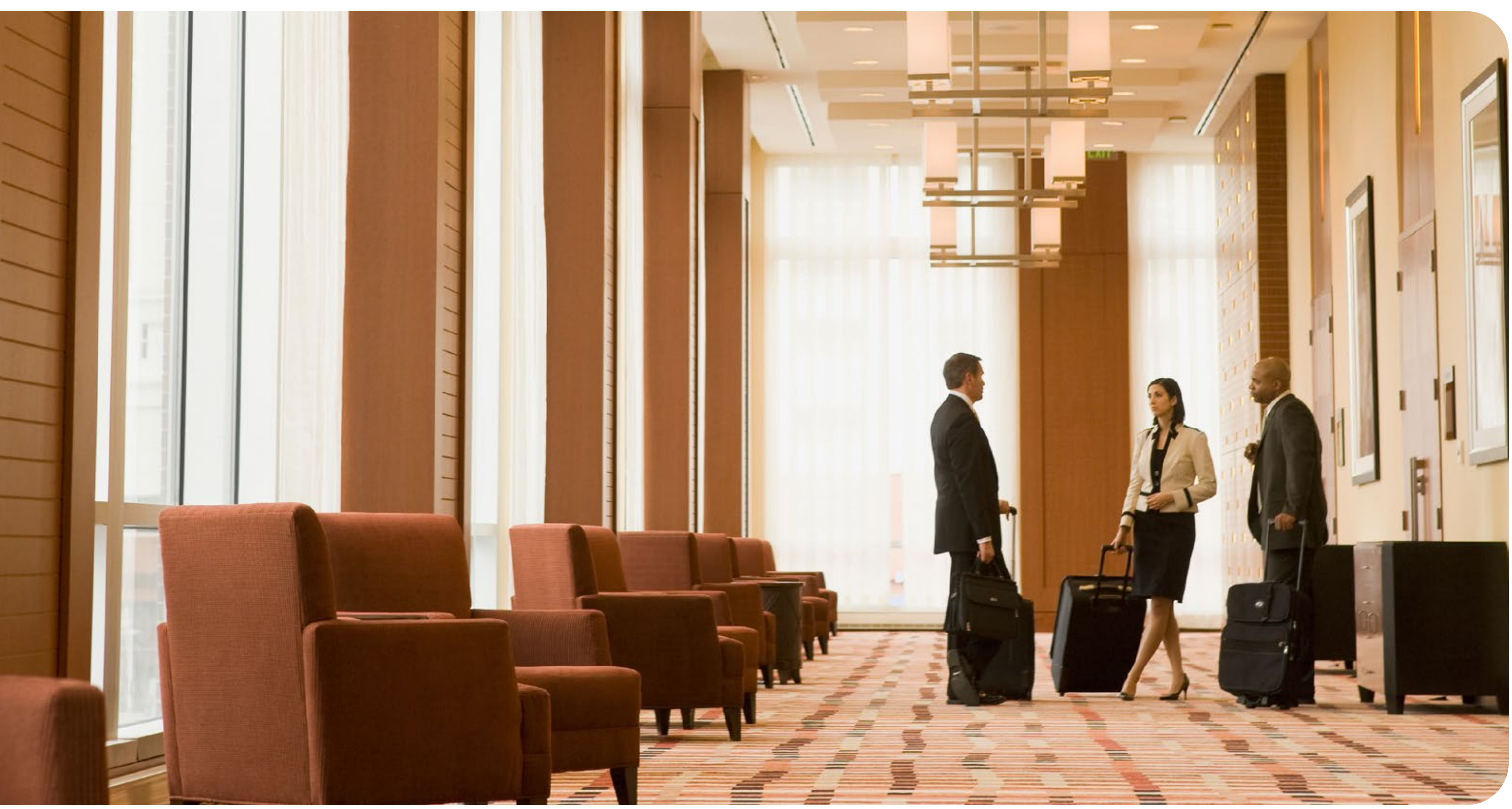
As an asset class, hospitality has high operating expenses, and if margins are pinched because of cautious consumers, management and operations will become even more paramount. Early signs show a pullback in travel spending in 2025 based on Bank of America credit card and debit purchases. Skift reports that spending on lodging has declined around 2.5% from the same period in 2024, while airline spending is down about 6%.

Travel advisories to the U.S. could crimp international travel, with an outsized impact on specific markets, primarily along the coasts. This all suggests that occupancies, ADR, and in turn, RevPAR, will be challenged. However, longer-term capital may find intriguing acquisition opportunities in properties that have good long-term locations and drivers but face near-term uncertainty.

Debt maturities and the need to rebalance capital stacks are another angle for investors to pursue. Construction costs could continue to rise, crimping new deliveries in the years ahead and supporting the valuation of existing properties.



Aaron Jodka
Director, National Capital Markets Research | U.S.



National Hospitality Market Fundamentals as of Q1 2025 (12-month statistics)

	Inventory (Rooms)	Occupancy (%)	YoY Occupancy Change (%)	ADR	YoY ADR Change	RevPAR	YoY RevPAR Change	Demand (Rooms)	YoY Demand Change
Luxury	315,133	69.3%	0.9%	$344.25	2.0%	$239.32	2.9%	77,652,217	4.0%
Upper Upscale	812,894	67.5%	0.9%	$224.17	2.0%	$151.81	2.9%	198,117,213	1.8%
Upscale	988,619	69.3%	0.7%	$162.31	1.3%	$112.98	2.0%	246,335,852	2.5%
Upper Midscale	1,103,624	66.0%	0.3%	$136.62	1.2%	$90.45	1.5%	260,788,998	2.1%
Midscale	449,219	59.6%	-0.1%	$97.77	0.9%	$58.39	0.8%	95,561,178	1.2%
Economy	578,945	56.1%	-0.4%	$78.65	0.5%	$44.37	0.1%	116,430,281	-0.7%
All	**4,244,355**	**65.3%**	**0.5%**	**$165.66**	**1.9%**	**$108.78**	**2.4%**	**993,771,344**	**1.9%**

Source: CoStar/STR

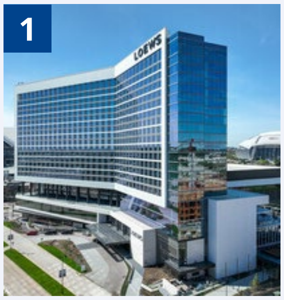
National Hotel Development and Sales

	Last 12-months Deliveries (Rooms)	Under Construction (Rooms)	Last 12-months Sale Volume	Rooms Sold	Market Sale Price/Room	Market Cap Rate
Luxury	4,130	7,757	$3,588,173,102	5,660	$633,983	7.4%
Upper Upscale	7,549	20,752	$4,991,126,085	15,481	$322,395	8.1%
Upscale	17,543	39,047	$4,330,769,597	25,453	$170,147	9.1%
Upper Midscale	22,086	40,390	$3,508,680,744	28,424	$123,442	9.5%
Midscale	7,170	16,830	$927,212,944	11,386	$81,435	9.9%
Economy	5,644	6,740	$969,763,072	15,691	$61,804	10.1%
All	**64,122**	**131,516**	**$18,378,375,544**	**102,095**	**$190,423**	**9.2%**

Sources: Colliers, CoStar/STR

Top 10 Deliveries by Room Count

1



LOWES

Loews Arlington Hotel & Convention Center
Arlington, TX

# Rooms	888
Const. Start	Q4 2021
Delivery	Q1 2024
Segment	Luxury
Region	South

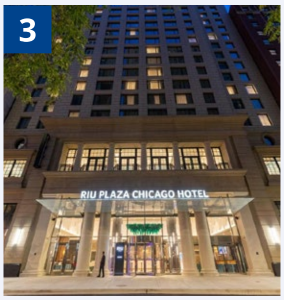
2

ARLO

Arlo Washington, D.C.
Washington, D.C.

# Rooms	445
Const. Start	Q4 2021
Delivery	Q1 2024
Segment	Upper Upscale
Region	South

3

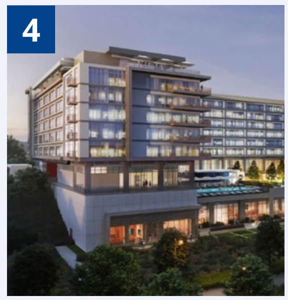


RIU HOTELS

Hotel RIU Plaza Chicago
Chicago, IL

# Rooms	390
Const. Start	Q4 2022
Delivery	Q3 2024
Segment	Upscale
Region	Central

4



CORALTREE

Hotel Polaris
Colorado Springs, CO

# Rooms	375
Const. Start	Q2 2022
Delivery	Q4 2024
Segment	Upscale
Region	West

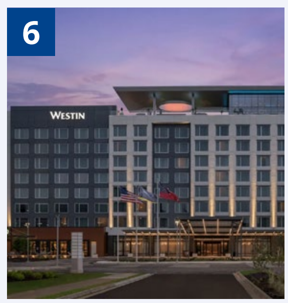
5

IHG

Kimpton Santo
San Antonio, TX

# Rooms	347
Const. Start	Q2 2023
Delivery	Q3 2024
Segment	Upper Upscale
Region	South

6



MARRIOTT

The Westin Atlanta Gwinnett
Duluth, MN

# Rooms	346
Const. Start	Q1 2020
Delivery	Q1 2024
Segment	Upper Upscale
Region	South

7

CITIZENM

citizenM Austin Downtown
Austin, TX

# Rooms	344
Const. Start	Q4 2021
Delivery	Q1 2024
Segment	Upscale
Region	South

8

HILTON

Tempo by Hilton Nashville Downtown
Nashville, TN

# Rooms	306
Const. Start	Q2 2022
Delivery	Q1 2024
Segment	Upscale
Region	South

9

HILTON

Hilton BNA Nashville Airport Terminal
Nashville, TN

# Rooms	298
Const. Start	Q2 2022
Delivery	Q1 2024
Segment	Upper Upscale
Region	South

10

DRURY DEVELOPMENT CORP.

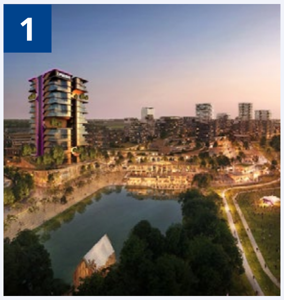
Drury Plaza Hotel Dallas Arlington
Arlington, TX

# Rooms	266
Const. Start	Q2 2020
Delivery	Q2 2024
Segment	Upscale
Region	South

Sources: Colliers, CoStar/STR

Top 10 Under Construction by Room Count

1

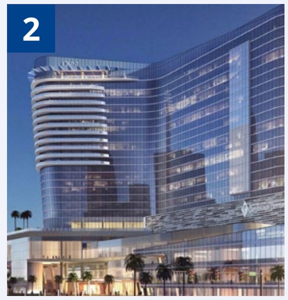


HYATT

Firefly Park Hotel
Dallas TX

# Rooms	1,000
Const. Start	Q3 2024
Est. Delivery	Q2 2027
Segment	Upper Upscale
Region	South

2



OMNI HOTELS & RESORTS

Omni Fort Lauderdale
Fort Lauderdale, FL

# Rooms	801
Const. Start	Q3 2022
Est. Delivery	Q3 2025
Segment	Upscale
Region	South

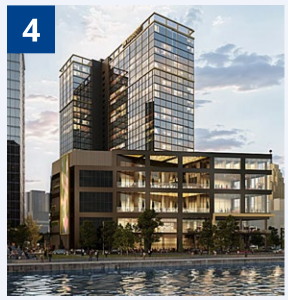
3

HILTON

Signia by Hilton
Indianapolis, IN

# Rooms	800
Const. Start	Q3 2023
Est. Delivery	Q1 2027
Segment	Luxury
Region	Central

4



MARRIOTT

JW Marriott
Detroit, MI

# Rooms	600
Const. Start	Q2 2024
Est. Delivery	Q2 2027
Segment	Luxury
Region	Central

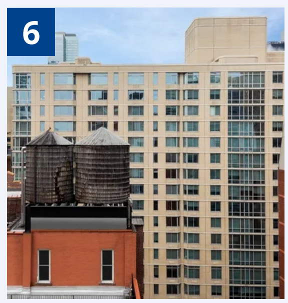
5

IHG

Kimpton Rockefeller Center
New York, NY

# Rooms	529
Const. Start	Q1 2022
Est. Delivery	Q4 2025
Segment	Upper Upscale
Region	Northeast

6



IHG

voco Times Square
New York, NY

# Rooms	424
Const. Start	Q1 2024
Est. Delivery	Q3 2025
Segment	Upscale
Region	Northeast

7

MARRIOTT

MARRIOTT

Osage Beach Marriott
Osage Beach, MO

# Rooms	400
Const. Start	Q4 2023
Est. Delivery	Q4 2026
Segment	Upper Upscale
Region	Central

8

MARRIOTT

NYC Manhattan Midtown, A Tribute Portfolio Hotel
New York, NY

# Rooms	379
Const. Start	Q4 2019
Est. Delivery	Q4 2025
Segment	Upper Upscale
Region	Northeast

9

IHG

Kimpton Garden Grove Anaheim
Garden Grove, CA

# Rooms	372
Const. Start	Q4 2024
Est. Delivery	Q4 2026
Segment	Upper Upscale
Region	West

10

HILTON

Hilton Miami Bayfront
Miami, FL

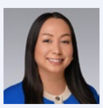
# Rooms	371
Const. Start	Q2 2024
Est. Delivery	Q1 2027
Segment	Upper Upscale
Region	South

Sources: Colliers, CoStar/STR

Foot Traffic Recovery Highlights the Power of Hotel-Retail Integration

Retail and hospitality continue to converge in powerful ways within commercial real estate, as hotels, especially lifestyle and luxury brands, serve as valuable traffic drivers for adjacent retail. Mixed-use developments featuring boutique or full-service hotels elevate the guest experience and create a captive, high-spending audience for nearby shops, restaurants, and services.

Zooming out, U.S. tourism remained strong in 2024, with more than 250 million domestic leisure person-trips per month during peak travel seasons and more than 77 million international visitors, according to the U.S. Travel Association. This sustained momentum underscores the value of travel-driven environments that align with retail's evolution toward experiential offerings. The fusion of hotel and retail is not just complementary—it's increasingly essential for long-term success.

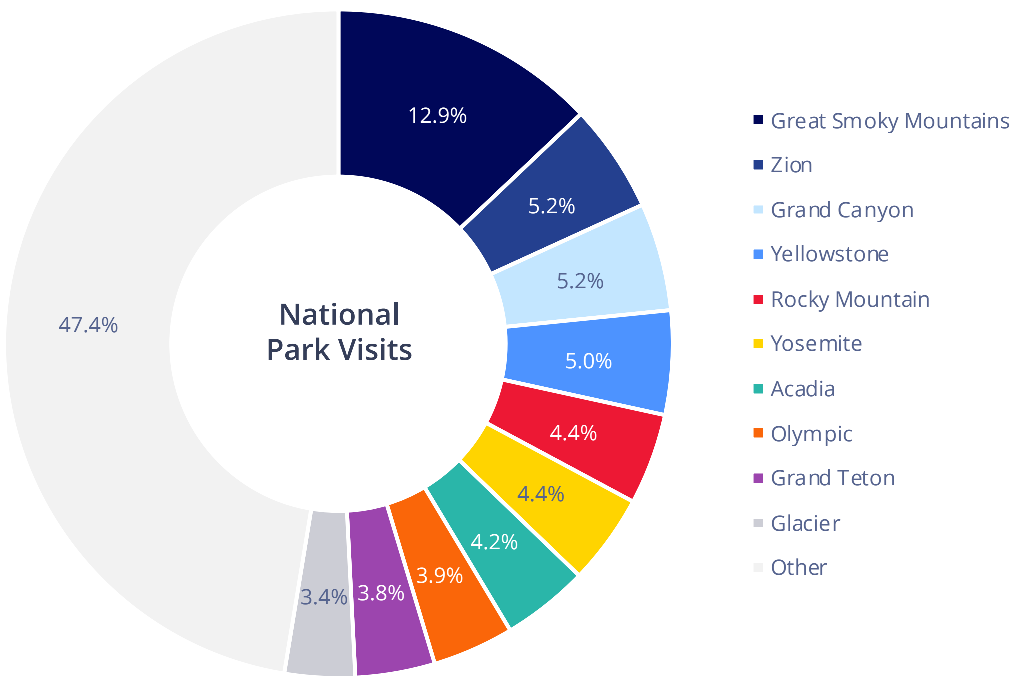


Nicole Larson
Manager, National Retail Research | U.S.

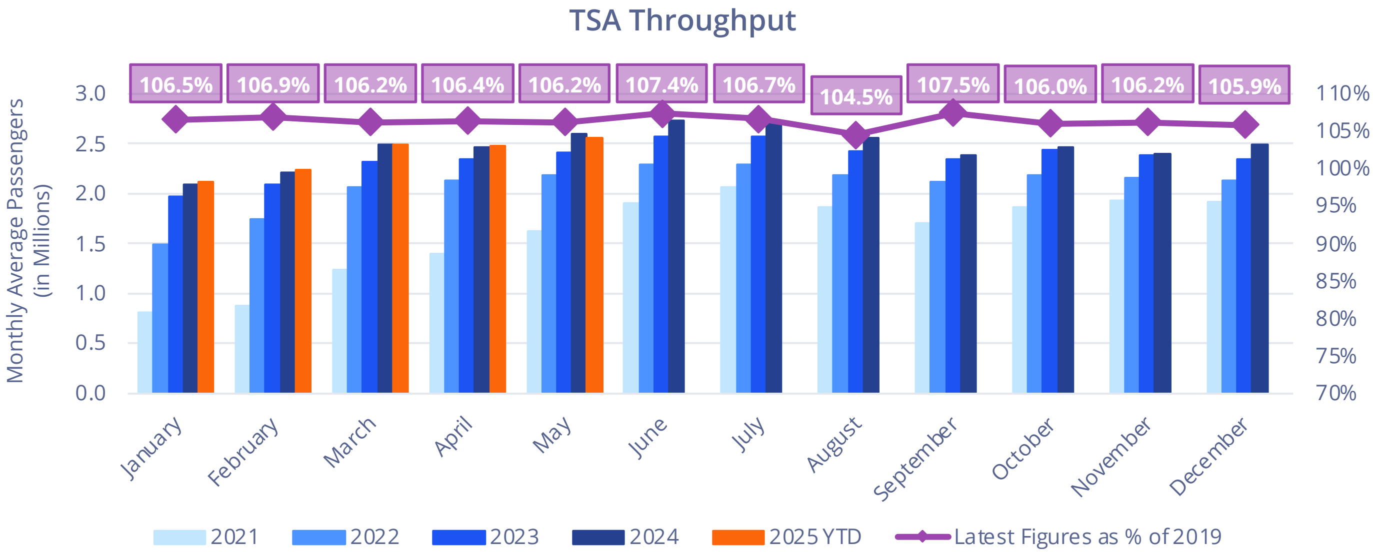
94.3M

Total National Parks Visits

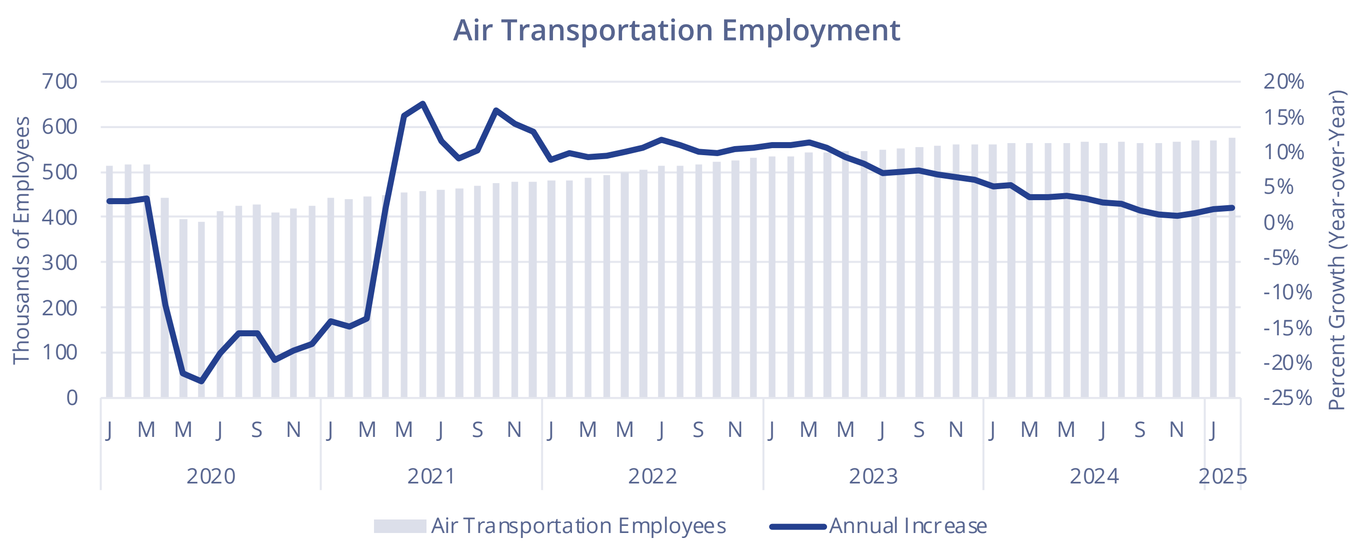
There are 63 national parks. The top 10 receive 52.6% of visitors.



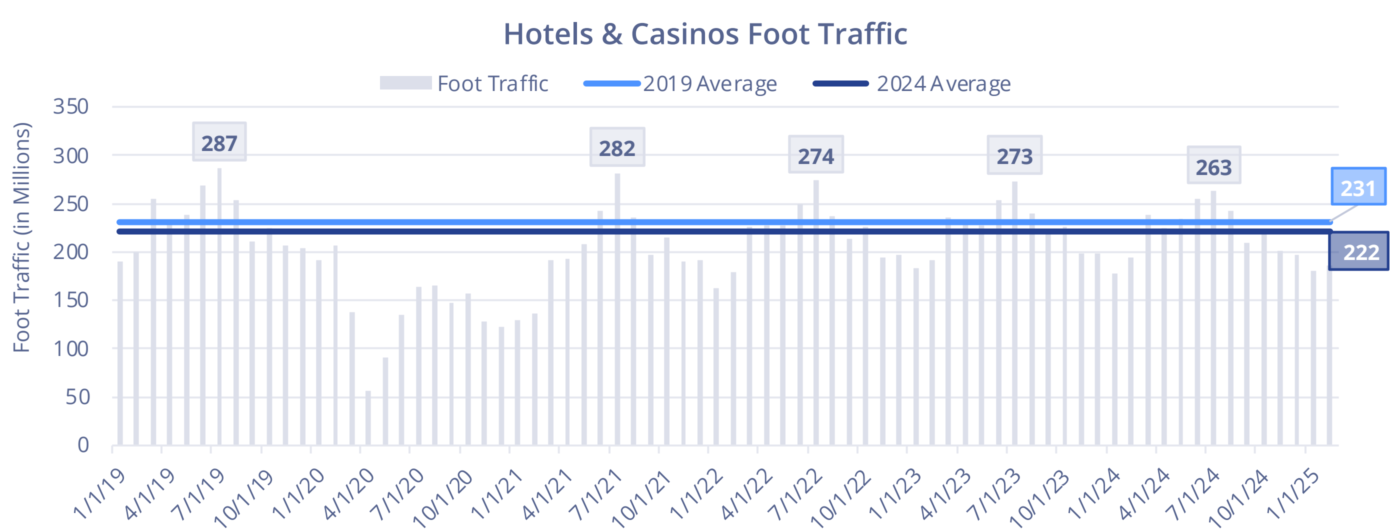
Sources: Colliers, National Park Service



Sources: Colliers, Transportation Security Adminstration



Sources: Colliers, St. Louis Federal Reserve Data



Sources: Colliers, Placer.ai

From Sterile to Social: How the Hotel Industry is Transforming Office Lobbies

For decades, office-building lobbies were little more than pass-through spaces — sterile, cavernous areas marked by cold marble floors, empty walls, and the occasional security desk. But a quiet revolution is underway, inspired by perhaps an unexpected source: the hospitality industry.

Hotel lobbies, long known for their inviting atmospheres and multipurpose design, have become a blueprint for modern office environments. The goal? To turn once-forgotten entryways into dynamic social hubs that foster connection, collaboration, and comfort.

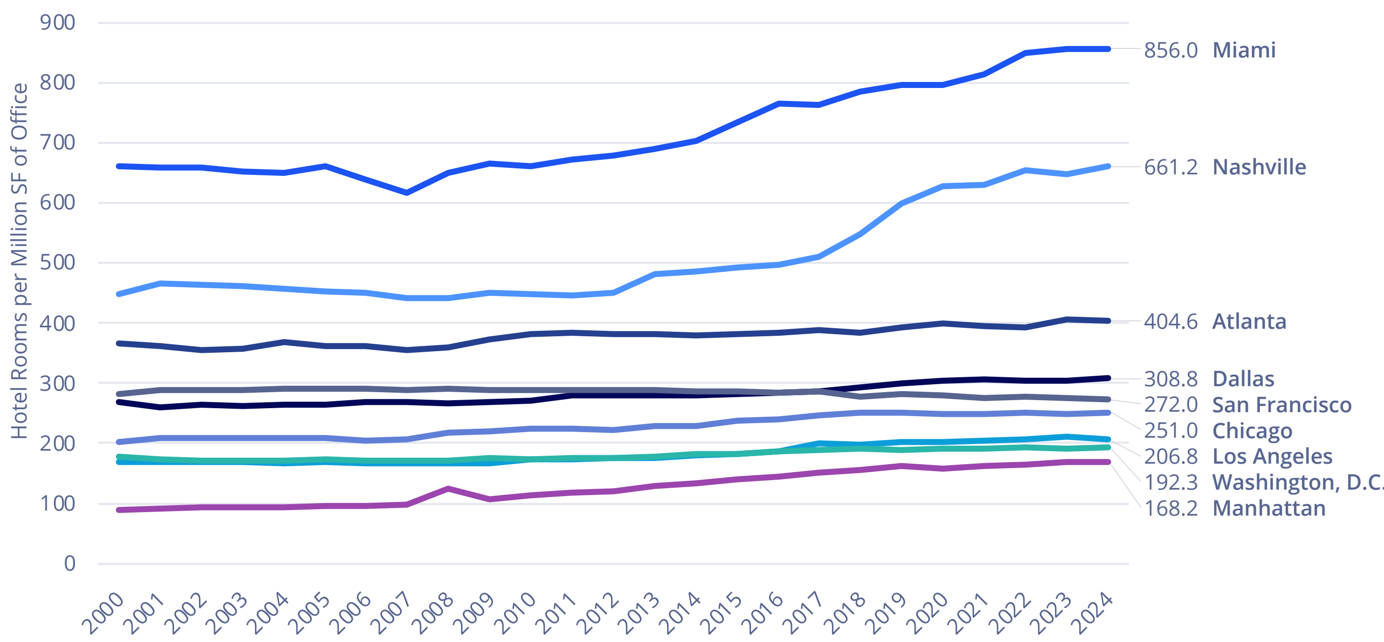
In place of stark, impersonal aesthetics, today's office lobbies are echoing the inviting tone of boutique hotel lounges. Comfortable furniture arrangements—think plush sofas, cozy armchairs, and thoughtfully placed chair-and-table sets—encourage employees, tenants, and visitors to linger, meet, and work. These are not just transitional spaces anymore; they're destinations.

The shift goes beyond furniture. Coffee shops, delis, and restaurants are now often integrated directly into the lobby space, bringing the buzz of activity into what used to be silent zones. These offerings are no longer behind closed doors; they're front and center, encouraging casual meetings over cappuccinos or quick lunches with colleagues in an open, connected setting.

Ultimately, this transformation reflects a broader evolution in thinking about workspaces. Office buildings are becoming lifestyle destinations where culture, comfort, and community intersect.

Marianne Skorupski
Director, National Office Research | U.S.

Hotel Rooms Per Million SF of Office



Sources: Colliers, CoStar

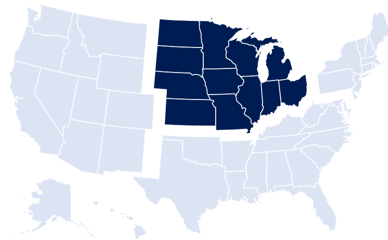
Convention Centers

City	Total Exhibit Space (SF)	Total # Hotel Rooms	Rooms/MSF Exhibition Space	Average Hotel Cost	Minutes to Airport	Total Flights (May 2024)	Flights per MSF Exhibition Space
Las Vegas	4,621,222	166,712	36	$252.00	6	16,737	4
Chicago	2,600,000	122,305	47	$238.32	12	35,586	14
Orlando	2,053,820	139,682	68	$200.82	12	15,139	7
Atlanta	2,002,000	112,965	56	$194.88	13	30,046	15
Houston	1,934,383	106,749	55	$178.41	24	19,520	10
New Orleans	1,100,000	42,786	39	$223.70	16	4,659	4
Anaheim	1,013,607	5,728	6	$309.54	40	18,515	18
New York	850,140	121,263	143	$440.98	22	24,839	29
Rosemont, IL	840,000	6,215	7	$194.05	3	28,611	34
Los Angeles	720,000	116,046	161	$244.88	20	16,993	24
Philadelphia	679,000	51,930	76	$233.61	12	10,714	16
San Diego	615,701	64,668	105	$225.85	8	8,195	13
Phoenix	584,500	70,917	121	$223.17	5	17,877	31
Denver	584,000	57,539	99	$203.73	26	27,508	47
Dallas	100,000	99,489	995	$201.26	20	33,834	338

Sources: Colliers, Northstar Meetings Group

REGIONAL SPOTLIGHT

CENTRAL



The hospitality sector in the Central region of the U.S. is resilient, despite ongoing economic constraints such as higher interest rates, labor shortages (and increasing costs), and cautious consumer spending. Cities like Chicago and Kansas City are benefiting from a sustained rebound in leisure travel, a return of corporate events, and a slow but steady regional tourism since the pandemic pause. While full recovery to pre-pandemic performance varies by market, overall hotel occupancy rates are moving upward. Secondary and tertiary markets, such as major cities in Indiana, Michigan, and Wisconsin, are attracting increased investor interest, offering both lower barriers to entry and growing demand driven by regional events, sports tourism, and "drive-to" leisure destinations for price-conscious travelers.

The Central region is also home to numerous Fortune 500 corporate headquarters and industries, contributing to a steady influx of business travelers. Demand from both leisure and business sectors creates unique opportunities for hotel operators and investors. It also encourages innovation in hospitality offerings, such as flexible hotel workspaces and enhanced amenities catering to both demographics.

Investment trends in the Central region hospitality real estate market have changed significantly due to the need to be cost-conscious and competition from short-term rental platforms like Airbnb.

Traditional hotels are rethinking offerings and marketing strategies to compete effectively, often focusing on curated experiences and local immersion. The rise of boutique hotels and eco-friendly accommodation reflects a shift towards personalized experiences and sustainability. For example, in Chicago, some hotel developers are preserving the architecture of vacant iconic office buildings by redeveloping some as hotels, thus offering guests a unique local experience.

Investment has been selective, with capital largely targeting value-add opportunities and distressed assets. Several high-profile transactions in 2023 and 2024 revealed a preference for well-located properties with repositioning potential. Despite rising interest rates, investor appetite remains resilient. New hotel development is more restrained, however, due to tighter lending conditions and construction cost inflation, but adaptive reuse and limited-service hotel projects remain active. Operators are increasingly focused on cost control, operational efficiency, and technology adoption to offset wage pressures and improve margins.

Overall, the hospitality sector in the Central region is poised for continued evolution, driven by innovation and resilience, making it a vital area for commercial real estate investment and development.

Sandy McDonald
Senior Director of Research | Chicago

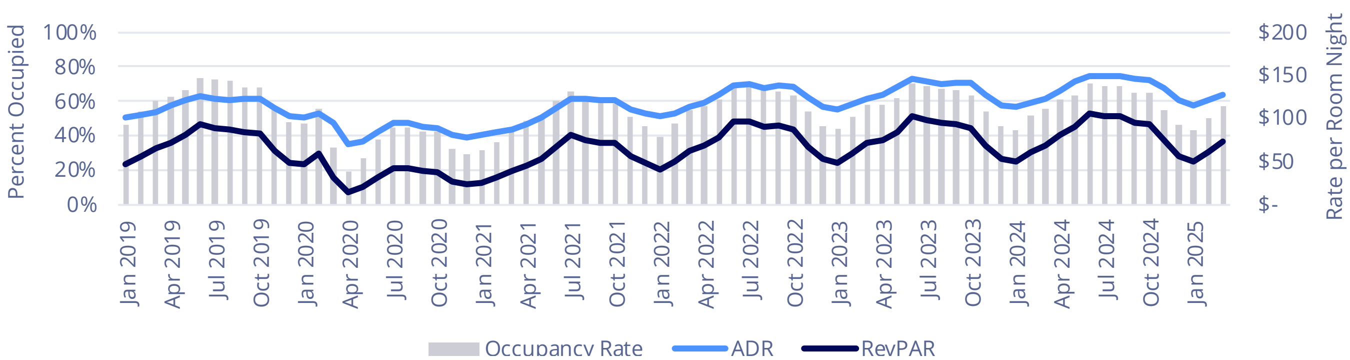
Central Hospitality Market Fundamentals

	Inventory (Rooms)	Occupancy (%)	YoY Occupancy Change (%)	ADR	YoY ADR Change	RevPAR	YoY RevPAR Change	Demand (Rooms)	YoY Demand Change
Luxury	30,140	64.8%	3.5%	$260.57	5.9%	$168.85	9.6%	6,797,057	4.9%
Upper Upscale	129,377	62.1%	3.0%	$191.84	4.5%	$119.22	7.7%	29,024,916	3.7%
Upscale	172,596	62.8%	1.3%	$143.32	2.9%	$90.02	4.3%	38,977,746	3.0%
Upper Midscale	213,765	60.8%	0.6%	$125.76	2.6%	$76.50	3.2%	46,874,192	2.3%
Midscale	96,061	54.0%	0.0%	$90.77	1.2%	$49.05	1.2%	18,660,678	0.7%
Economy	95,738	51.4%	0.1%	$70.65	0.7%	$36.29	0.8%	17,725,442	-0.5%
All	**737,677**	**59.6%**	**1.3%**	**$137.71**	**3.6%**	**$82.03**	**4.9%**	**58,060,031**	**2.3%**

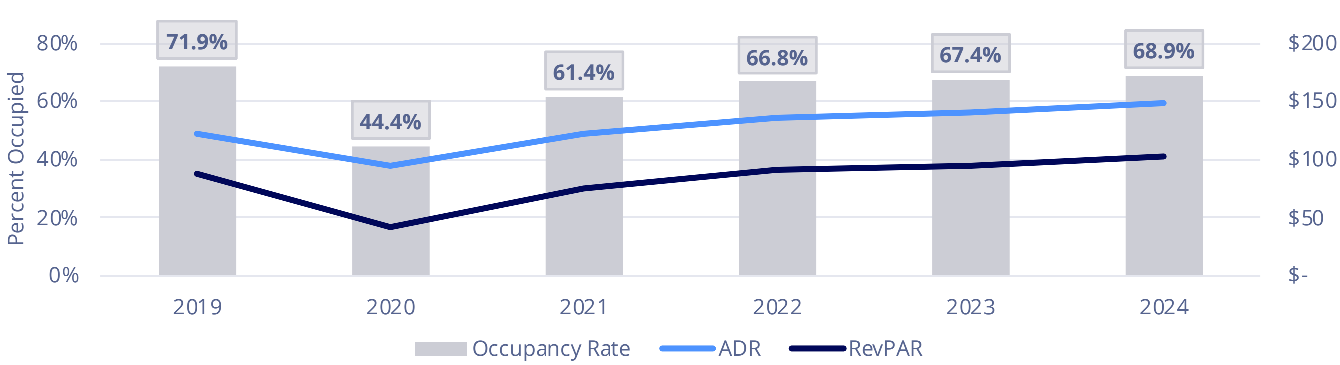
Central Hotel Development and Sales

	Last 12-months Deliveries (Rooms)	Under Construction (Rooms)	Last 12-months Sale Volume	Rooms Sold	Market Sale Price/Room	Market Cap Rate
Luxury	252	1,748	$-	-	$-	8.6%
Upper Upscale	1,003	2,138	$574,486,834	2,465	$233,071	8.8%
Upscale	3,499	5,588	$736,433,010	5,984	$123,076	10.0%
Upper Midscale	3,796	7,052	$600,230,917	6,441	$93,185	10.4%
Midscale	1,139	2,244	$166,344,585	2,849	$58,389	10.8%
Economy	606	579	$131,296,874	3,219	$40,786	11.1%
All	**10,295**	**19,349**	**$2,273,792,220**	**20,958**	**$124,651**	**10.1%**

Central Fundamentals



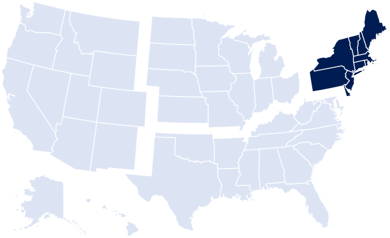
Central Peak Summer Trend



Sources: Colliers, CoStar/STR

REGIONAL SPOTLIGHT

NORTHEAST



Hotel fundamentals in the Northeastern region are improving as room bookings increase and development wanes. In 2018–2019, the overall occupancy rate crossed 70% for the first time in at least 30 years. Strong fundamentals drove room rates and RevPAR upward, and as developers responded, the region was in the midst of its largest supply wave on record when COVID hit. In 2024, the number of room nights booked surpassed their peak 2019 level; however, due to the lingering overhang of supply, occupancies have yet to recover fully. Of the four regions, the Northeast has the largest share of its inventory (57%) classified as upscale or higher, which has had the slowest occupancy recoveries. Only the mid-scale segment had a higher occupancy in 2024 than in 2019. However, at 68.1% as of year-end 2024, the overall occupancy rate is about three percentage points above the region's historical average, allowing room rate growth nearly double the national benchmark. Disruptions to foreign visitor flows could dampen the near-term fundamentals outlook, even as construction dwindles. The number of rooms underway as a share of inventory here (2.6%) lags behind that of each of the other regions. More than half of the properties being built in the Northeast region are in the New York/Tri-State area, while development has been relatively constrained in other large markets such as Boston and Philadelphia.

Jeff Myers
Research Director | Boston

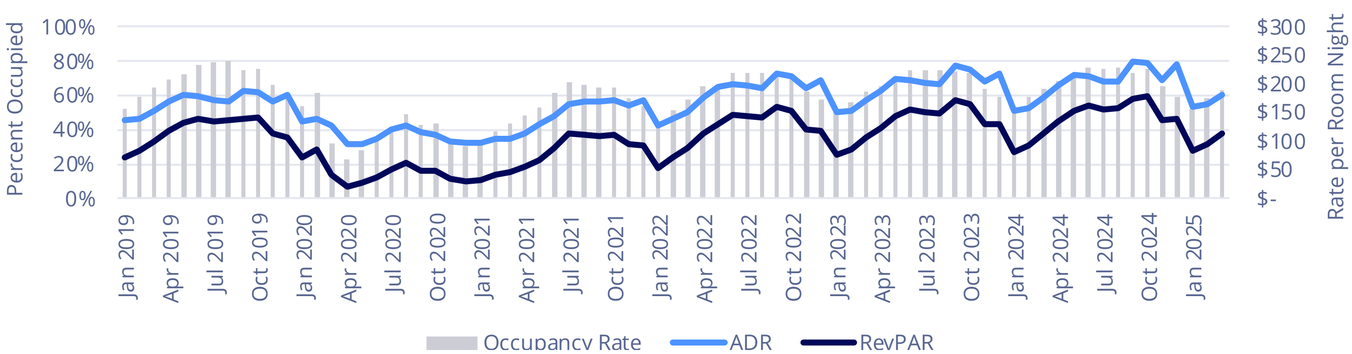
Northeast Hospitality Market Fundamentals

	Inventory (Rooms)	Occupancy (%)	YoY Occupancy Change (%)	ADR	YoY ADR Change	RevPAR	YoY RevPAR Change	Demand (Rooms)	YoY Demand Change
Luxury	54,801	72.0%	3.4%	$425.26	4.7%	$305.98	8.3%	14,031,105	4.8%
Upper Upscale	115,997	69.2%	1.6%	$250.57	3.6%	$173.43	5.2%	28,726,465	1.8%
Upscale	162,356	72.5%	1.2%	$193.63	2.9%	$140.48	4.2%	42,170,946	2.8%
Upper Midscale	149,588	67.2%	1.0%	$158.43	2.2%	$106.44	3.2%	35,066,277	1.3%
Midscale	49,584	59.3%	0.0%	$112.34	0.3%	$66.62	0.3%	10,358,428	0.3%
Economy	48,847	55.5%	-1.0%	$98.66	-0.9%	$54.77	-1.9%	9,470,019	-2.1%
All	**581,173**	**67.9%**	**1.3%**	**$207.29**	**3.6%**	**$140.80**	**4.9%**	**39,823,240**	**1.9%**

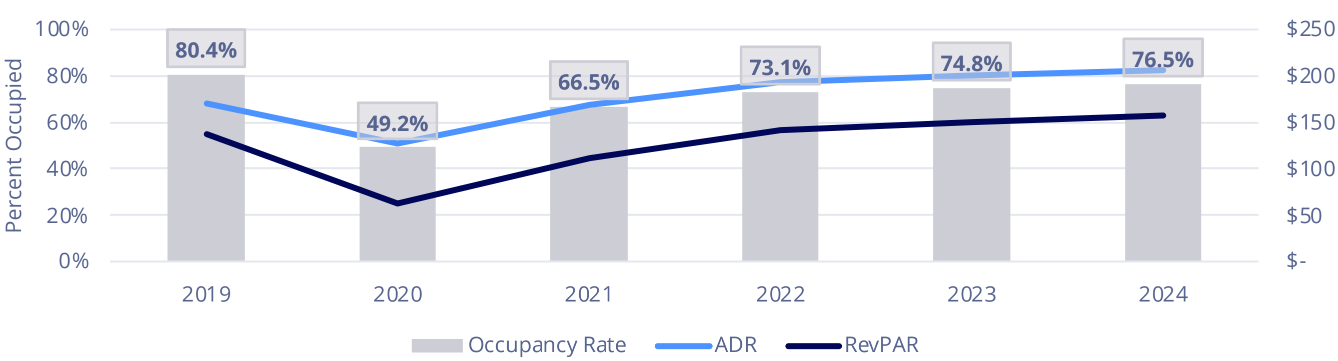
Northeast Hotel Development and Sales

	Last 12-months Deliveries (Rooms)	Under Construction (Rooms)	Last 12-months Sale Volume	Rooms Sold	Market Sale Price/Room	Market Cap Rate
Luxury	77	120	$962,356,816	1,709	$562,964	7.9%
Upper Upscale	208	3,562	$346,358,614	1,224	$283,071	8.7%
Upscale	1,351	5,680	$840,681,557	4,078	$206,137	9.2%
Upper Midscale	1,482	4,142	$564,471,020	3,975	$142,001	9.6%
Midscale	176	2,519	$90,832,375	1,007	$90,203	10.2%
Economy	750	618	$109,800,637	1,544	$71,099	10.3%
All	**4,044**	**16,641**	**$2,914,501,019**	**13,538**	**$215,159**	**9.2%**

Northeast Fundamentals



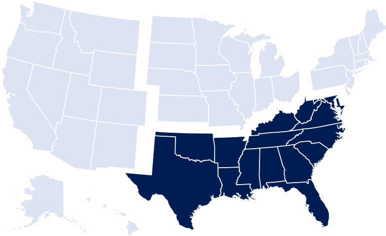
Northeast Peak Summer Trend



Sources: Colliers, CoStar/STR

REGIONAL SPOTLIGHT

SOUTH



Despite ongoing economic challenges, the hotel industry across the South continues to evolve from changing traveler preferences and market dynamics. The return of group and corporate travel throughout 2024 provided steady demand, while cost-conscious travelers are gravitating to more affordable travel alternatives, such as camping or staycations. These changing preferences have created a noticeable divide in performance between economy and luxury hotels. Luxury and upper-upscale segments have benefited the most (although still below inflationary levels), with ADR growth at 1.7% increase in RevPAR for the region. In contrast, occupancy rates for economy hotels declined 0.8% — the only segment to report negative occupancy growth year-over-year.

The South's development pipeline is, leading the country with more than 51% of rooms under construction nationally, after accounting for 56% of all deliveries nationwide in 2024. The region's supply growth is likely the reason for the muted occupancy increases year-over-year. Fortunately, the pace of new developments is expected to slow in 2025 due to rising construction costs, stricter lending conditions, and a wave of project completions.

The South's hotel market is expected to remain stable during 2025. The return of group and corporate travel, along with large events, is expected to drive steady occupancy across the region. However, ADR growth may face constraints as consumer sentiment softens amidst economic uncertainty.

Jonathan Koes
Research Manager | Atlanta

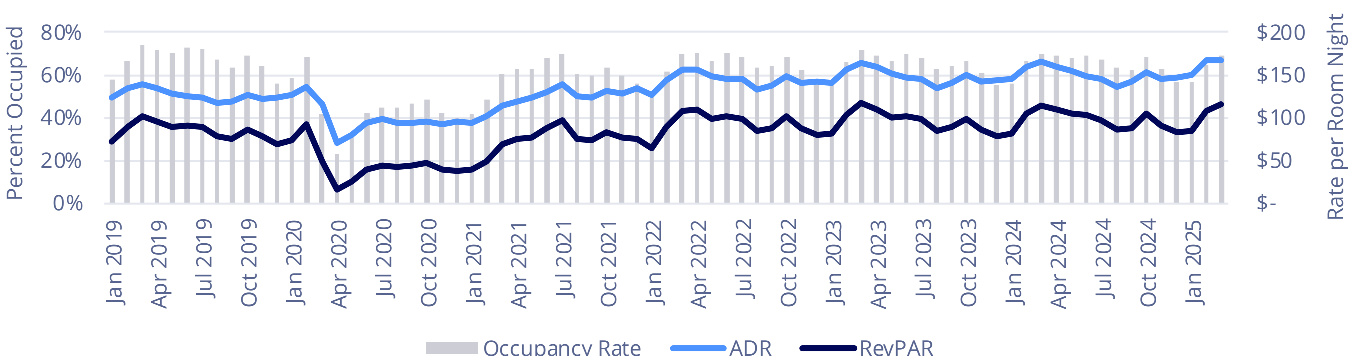
South Hospitality Market Fundamentals

	Inventory (Rooms)	Occupancy (%)	YoY Occupancy Change (%)	ADR	YoY ADR Change	RevPAR	YoY RevPAR Change	Demand (Rooms)	YoY Demand Change
Luxury	100,127	65.9%	0.4%	$333.92	1.8%	$219.98	2.2%	23,362,998	5.0%
Upper Upscale	347,234	67.5%	0.3%	$217.95	2.1%	$147.19	2.4%	84,619,446	2.1%
Upscale	405,164	68.8%	0.2%	$152.11	1.1%	$104.62	1.3%	100,402,200	2.0%
Upper Midscale	497,027	66.5%	0.5%	$130.54	1.2%	$86.85	1.7%	118,484,255	2.9%
Midscale	194,572	60.2%	0.4%	$90.66	1.7%	$54.56	2.1%	41,957,360	2.5%
Economy	290,925	55.4%	0.2%	$68.67	1.6%	$38.01	1.8%	58,104,657	-0.2%
All	**1,835,049**	**64.7%**	**0.4%**	**$151.73**	**1.9%**	**$98.22**	**2.3%**	**426,930,916**	**2.2%**

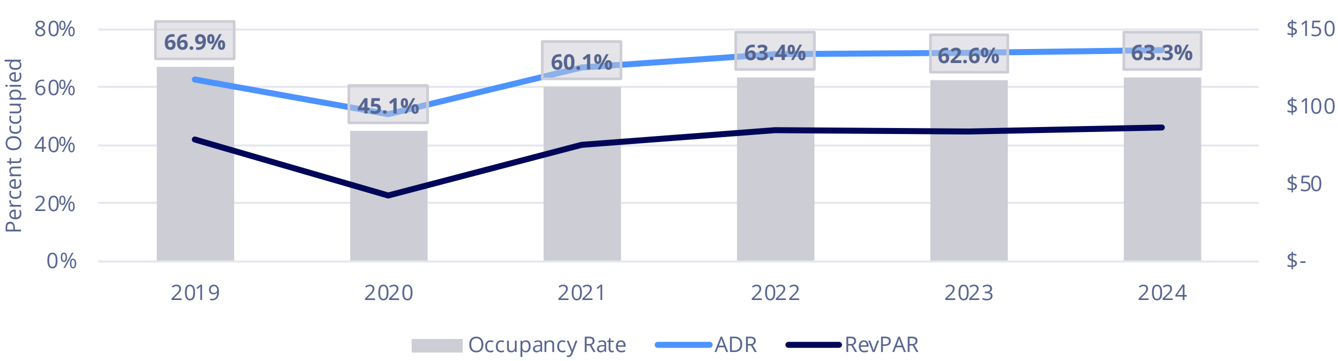
South Hotel Development and Sales

	Last 12-months Deliveries (Rooms)	Under Construction (Rooms)	Last 12-months Sale Volume	Rooms Sold	Market Sale Price/Room	Market Cap Rate
Luxury	2,472	4,431	$1,611,066,286	2,371	$679,539	7.4%
Upper Upscale	5,317	8,426	$2,912,031,982	8,551	$340,549	8.0%
Upscale	8,795	17,719	$1,603,783,301	10,103	$158,741	9.1%
Upper Midscale	12,875	21,400	$1,509,896,898	12,952	$116,578	9.5%
Midscale	4,448	8,493	$420,163,279	5,394	$77,898	9.8%
Economy	2,576	3,924	$408,643,519	7,548	$54,137	10.2%
All	**36,483**	**64,393**	**$8,465,585,265**	**46,919**	**$183,548**	**9.2%**

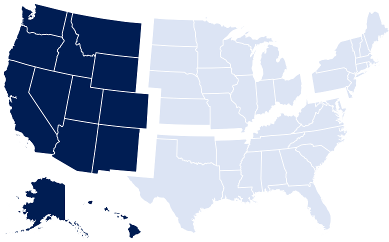
South Fundamentals



South Peak Summer Trend



Sources: Colliers, CoStar/STR



REGIONAL SPOTLIGHT

WEST

The West is a vast area with a low population density outside a few large metropolitan areas, namely Los Angeles and San Francisco. Because it is home to natural wonders, including eight of the top 10 most-visited national parks, many recreational opportunities and world-class cities attract tourists and business travelers alike. Several cities also rank highly as convention destinations, including Las Vegas, Anaheim, San Diego, Phoenix, and Denver (see Page 13).

Demand for hotel rooms has yet to surpass 2019 levels, partly because costs remain high, deterring some budget-conscious travelers. The only region with higher lodging costs is the Northeast, with significantly less demand overall and 139.8 million rooms, compared to the West's 269.0 million. The West region's key performance indicator results exceed 2019 levels: ADR increased from $160.26 in March 2019 to $191.97 in March 2025, 19.8% higher; RevPAR increased from $121.44 to $131.71, 8.5% higher. In the luxury segment specifically, ADR has increased 27.5%, from $264.69 to $337.45, notably more than for any other segment of the market.

For the rest of this year, the region will feel the effects of lower Canadian and Mexican tourism, from the north and south borders. Global sentiment about U.S. travel will reduce demand, and hotels will try to increase aggressively manage yield in peak periods to maintain performance. Economic headwinds will reduce convention and business travel as well, although not to the extent of the COVID-19 pandemic in 2020. Mid-scale and economy hotels are most impacted by domestic leisure travel.

Jacob Pavlik
Research Manager | Puget Sound

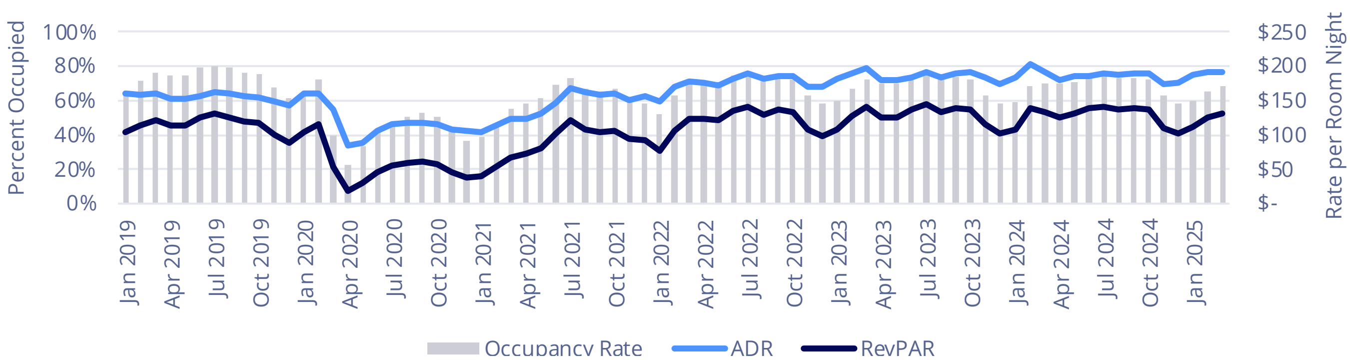
West Hospitality Market Fundamentals

	Inventory (Rooms)	Occupancy (%)	YoY Occupancy Change (%)	ADR	YoY ADR Change	RevPAR	YoY RevPAR Change	Demand (Rooms)	YoY Demand Change
Luxury	130,065	71.8%	-0.4%	$337.45	0.0%	$242.45	-0.4%	33,461,057	2.8%
Upper Upscale	220,286	69.8%	0.2%	$239.05	-0.4%	$166.85	-0.2%	55,746,386	0.1%
Upscale	248,503	72.6%	0.7%	$171.67	-0.6%	$124.60	0.1%	64,784,960	2.8%
Upper Midscale	243,244	69.0%	-0.8%	$145.19	-0.7%	$100.24	-1.5%	60,364,274	1.0%
Midscale	109,002	63.4%	-1.1%	$109.99	-0.7%	$69.70	-1.8%	24,584,712	-0.2%
Economy	143,435	60.7%	-1.6%	$97.40	-1.5%	$59.12	-3.1%	31,130,163	-1.3%
All	**1,090,456**	**68.7%**	**-0.3%**	**$185.81**	**-0.2%**	**$127.58**	**-0.5%**	**268,957,157**	**1.1%**

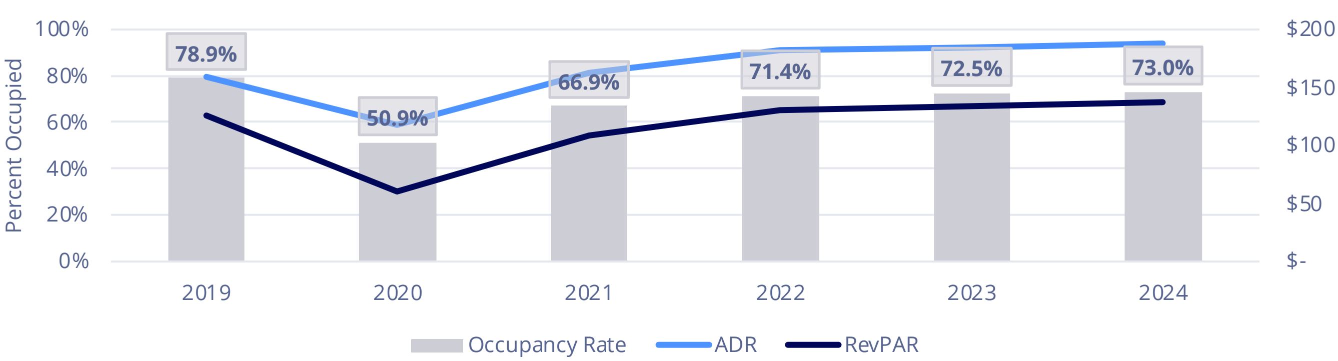
West Hotel Development and Sales

	Last 12-months Deliveries (Rooms)	Under Construction (Rooms)	Last 12-months Sale Volume	Rooms Sold	Market Sale Price/Room	Market Cap Rate
Luxury	1,329	1,458	$1,014,750,000	1,579	$642,465	7.0%
Upper Upscale	1,021	6,626	$1,158,248,655	3,242	$357,268	7.5%
Upscale	3,898	10,060	$1,149,871,729	5,288	$217,446	8.1%
Upper Midscale	3,933	7,796	$834,081,909	5,056	$164,985	8.4%
Midscale	1,407	3,574	$249,872,705	2,136	$116,963	8.8%
Economy	1,712	1,619	$320,022,042	3,379	$94,703	8.8%
All	**13,300**	**30,997**	**$4,724,497,040**	**20,681**	**$256,480**	**8.1%**

West Fundamentals



West Peak Summer Trend

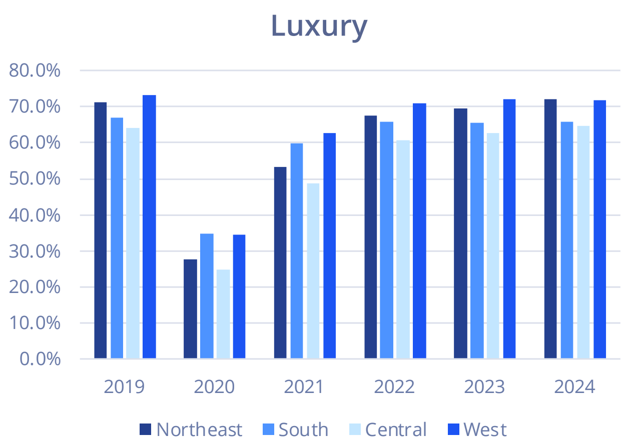


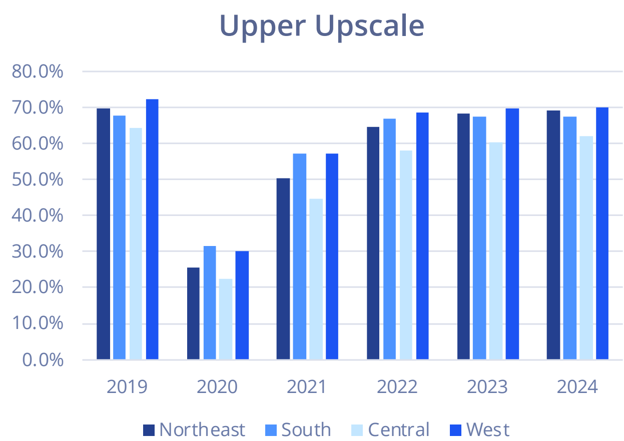
Sources: Colliers, CoStar/STR

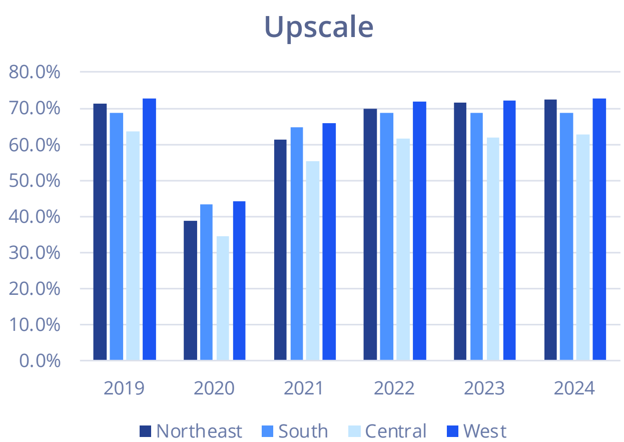
LODGING KEY PERFORMANCE INDICATORS

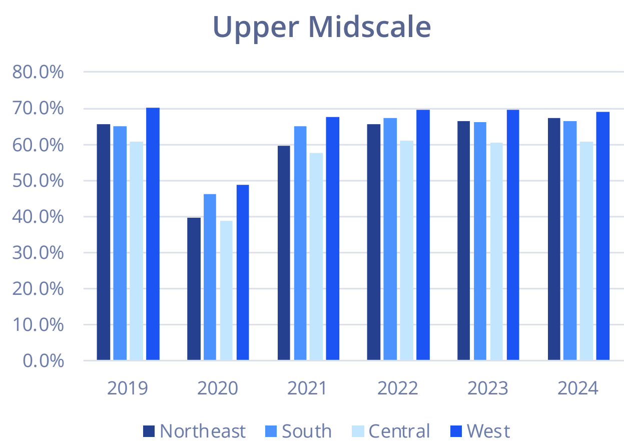
Occupancy

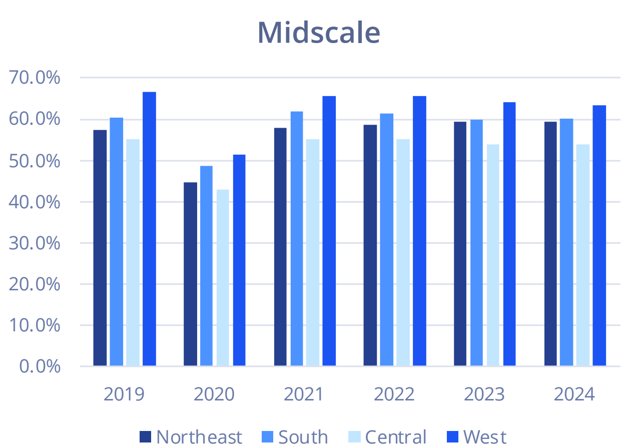
Percentage of available rooms sold during a specified time period, calculated by dividing the number of rooms sold by the number of rooms available.

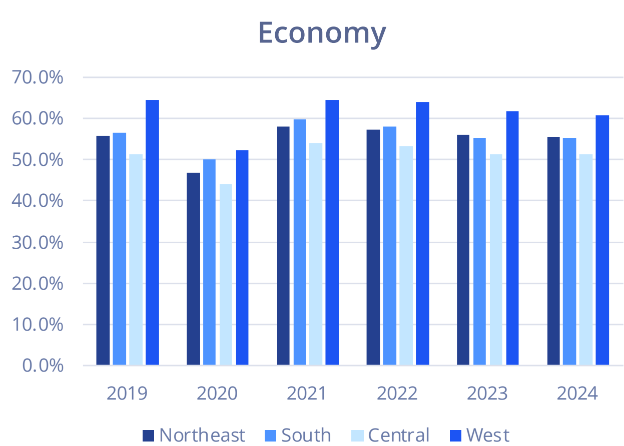












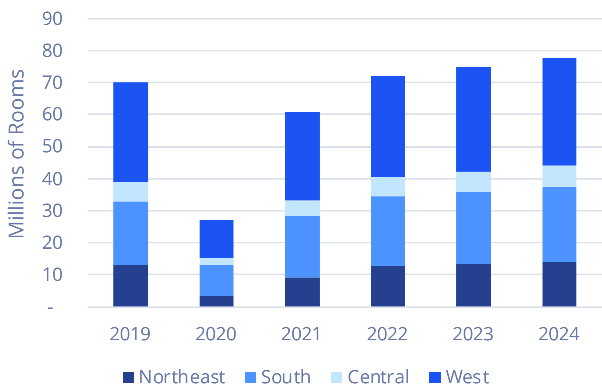
Sources: Colliers, CoStar/STR

LODGING KEY PERFORMANCE INDICATORS

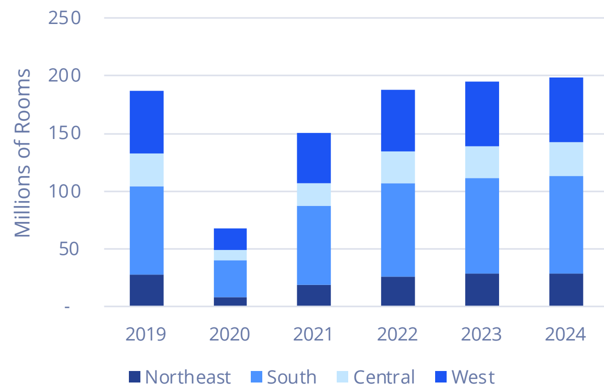
Demand

The number of rooms sold in a specified time-period (excludes complimentary rooms).

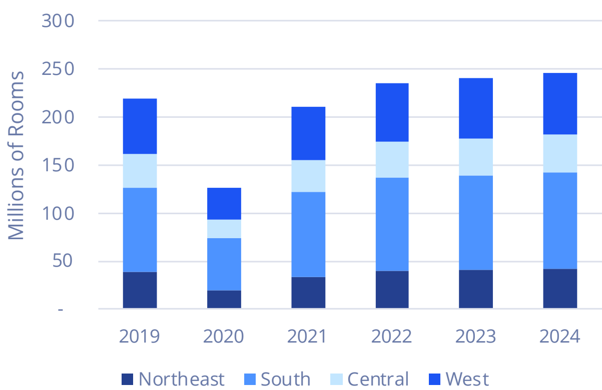
Luxury



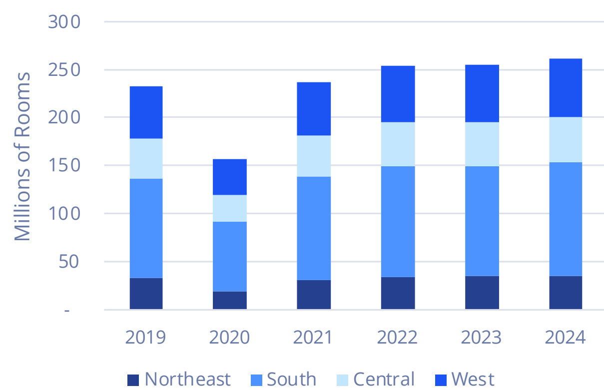
Upper Upscale



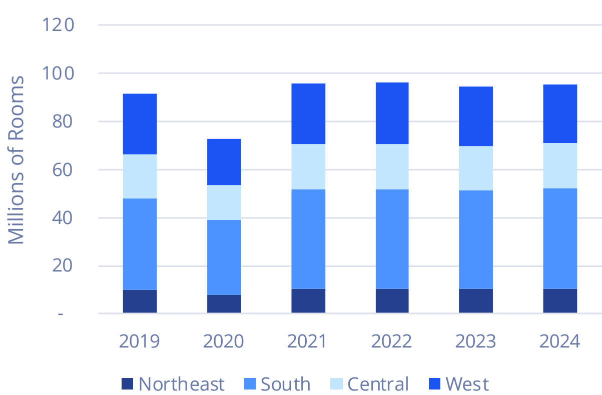
Upscale



Upper Midscale



Midscale



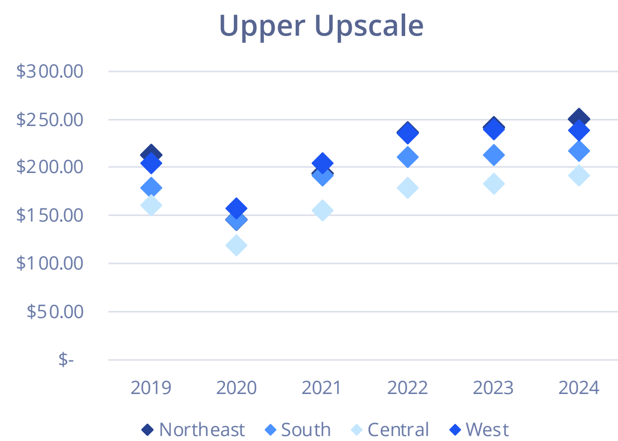
Economy

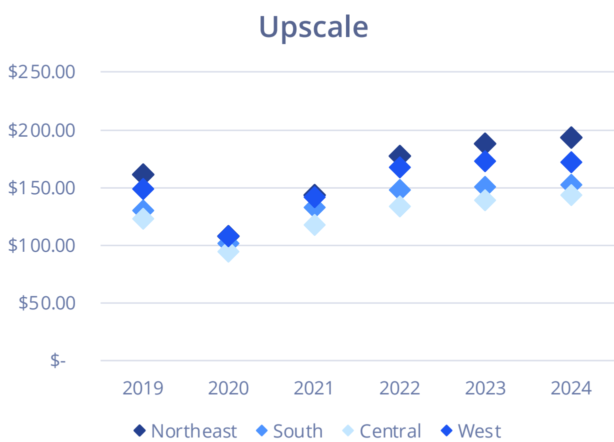
Sources: Colliers, STR

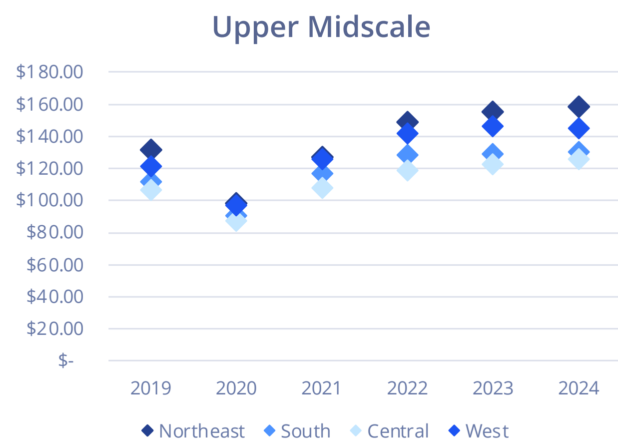
LODGING KEY PERFORMANCE INDICATORS

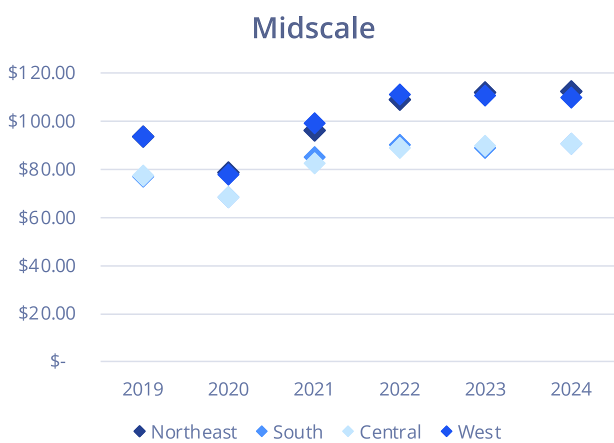
Average Daily Rate

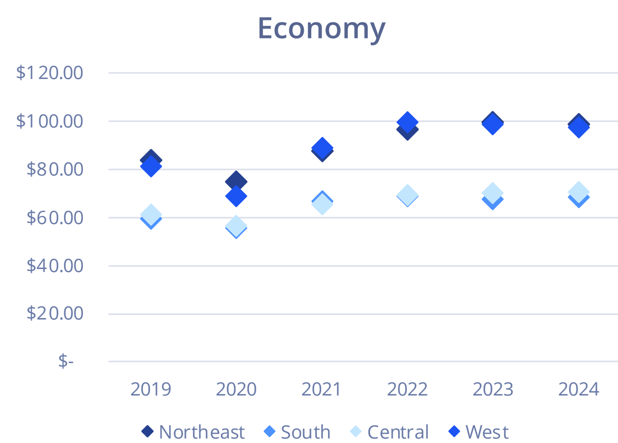
A measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold.







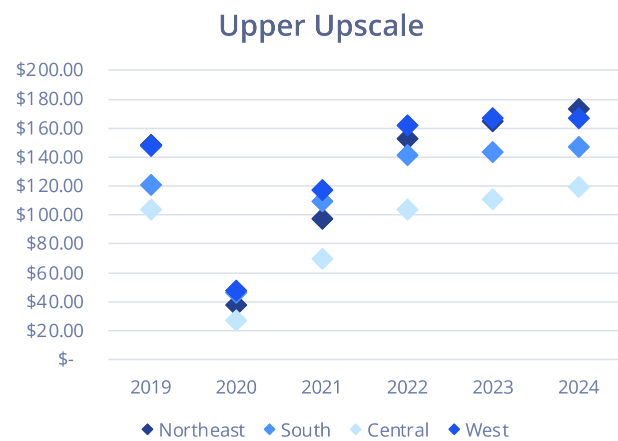


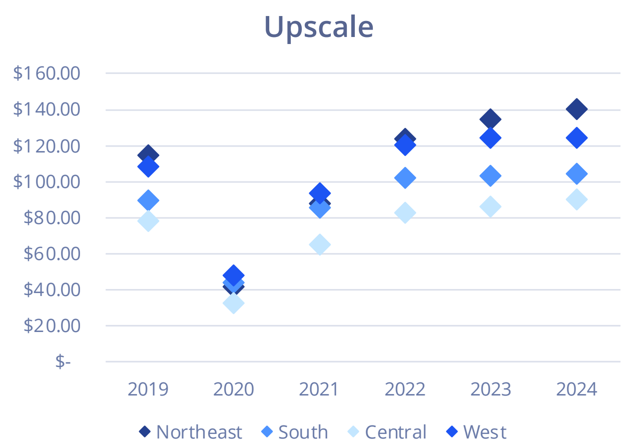


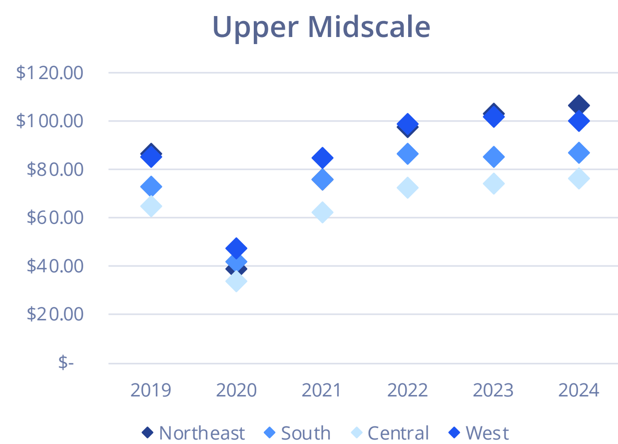
Sources: Colliers, STR

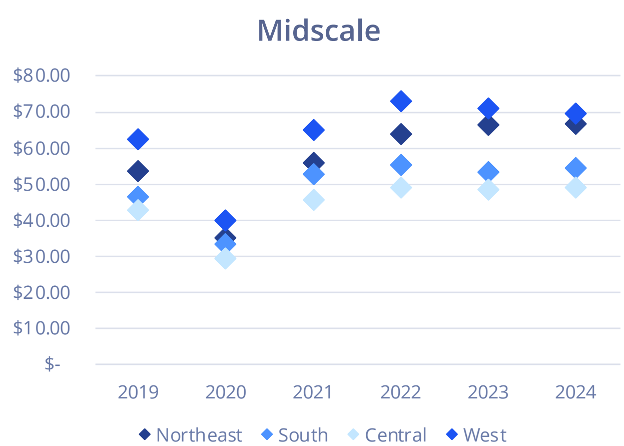
Revenue per Available Room

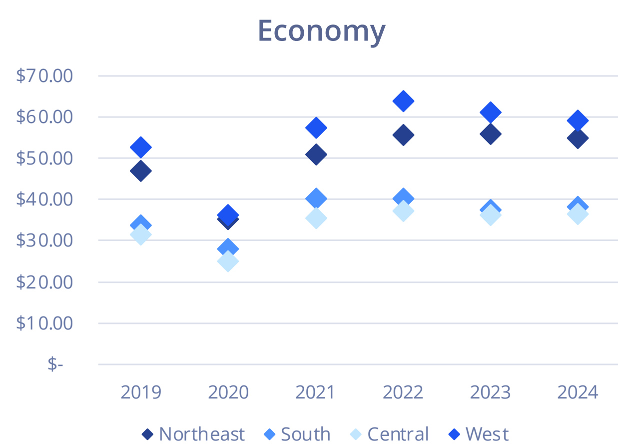
Total room revenue divided by the total number of available rooms.











Sources: Colliers, STR

Hospitality Contact:

Mark Owens
Vice Chair
Hospitality Practice Group Leader
+1 212 355 7537
mark.owens@colliers.com

Research Contacts:

Steig Seaward
Senior Director, National Research | U.S.
+1 303 888 3177
steig.seaward@colliers.com

Jacob Pavlik
Research Manager
+1 206 219 2367
jacob.pavlik@colliers.com

colliers.com