CoStar, Tourism Economics downgrade 2025, 2026 U.S. hotel forecast

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CoStar and Tourism Economics further downgraded performance projections in the final U.S. hotel forecast revision of 2025.

For 2025, occupancy was lowered 0.2 percentage points to 62.3 percent, while average daily rate was maintained at +0.8 percent for the year. Revenue per available room was downgraded 0.3 percentage points to -0.4 percent. The last total-year RevPAR declines in the U.S. occurred in 2020 and 2009.

Similar adjustments were made for 2026: occupancy (-0.3 percentage points), ADR (-0.1 percentage points) and RevPAR (-0.3 percentage points).

“We expect little change in the macroeconomic environment as unemployment and prices continue to rise,” STR President Amanda Hite said in a statement. “As a result, our hotel performance outlook for the remainder of this year and next were lowered once again. ADR is growing well below the rate of inflation, which in turn will put more pressure on margins.”

"Job market softening, policy uncertainty, and tariff costs remain near-term drags for consumers. However, heading into 2026, we expect the U.S. travel economy to firm up moderately," said Aran Ryan, director of industry studies with Tourism Economics. "Household income growth will continue, accompanied by tax cut benefits, resumed hiring, and less policy instability. Expanding global long-haul travel and World Cup interest will bring improved international visitation."

“[Gross operating profits per available room] projections have been lowered from our previous forecast, with the decrease in 2025 being mainly due to higher expenses, especially in the F&B department, as well as increased costs in other operated departments, marketing, and utilities,” said Hite. “Labor costs will be slightly higher in 2025, likely due to the increase in the aforementioned F&B department, which is traditionally more labor-intensive.”