CBRE

U.S. Hotel State of the Union

September 3, 2025

Key Takeaways

Economy

GDP growth remains below the long-term avg, and inflation remains sticky

CBRE raised its 2025 GDP forecast to 1.6% from 1.3%. Due to the higher expected base in 2025, CBRE lowered its 2026 GDP growth estimate to 1.8% from 2.0%. Both 2025 and 2026 are expected to be below the 2.1% long run average. CPI is also expected to remain elevated through at least 2026. Soft top line growth and elevated inflation will put sustained pressure on hotel profits and margins *[Slides 5, 6]*

Unemployment remained steady in July despite a 1.2% gain in employment

Unemployment remained at 4.2% in line with July 2024. Real disposable income growth slowed in July to 2.0% while the personal savings rate grew to a healthy 4.4%. Wage gains continue to outpace inflation suggesting that consumers have money to travel. Unfortunately, RevPAR has continued to decline owing to cannibalization and the loss of inbound international travel. *[Slides 11, 13, 20]*

CMBS volumes decreased, and average loan size fell as interest rates ticked up

CMBS rates increased slightly up 10bps in July to 7.3% and credit spreads narrowed by 20 basis points y/y. CMBS loan issuance fell from $2.5B in July 2024 to $1.1B in July 2025. Average loan size fell as well from $102.4 million to $78.8 million as fewer loans were issued with loan count falling to 13 from 24 a year ago. *[Slides 49-51]*

Current Trends

After falling 1.1% in July, August MTD RevPAR has fallen 0.6% year-over-year

August RevPAR MTD contracted again as weaker ADR growth of 0.4% was offset by a 1.0% drop in occupancy. With the lack of positive momentum on the horizon, it is likely that the past five months of falling occupancy suggests ADR declines later in the year. The luxury chain scale outperformed RevPAR gains of 2.3% MTD in August. *[Slides 15-17]*

STR demand share of 16.0% in July is nearing its pandemic era peak

STR demand increased again in July, up by 3.6% y/y outpacing the 0.3% decline in hotel demand. Competition from alternative lodging options continues to hamper hotel demand. Short term rental RevPAR increased 6% in July y/y as ADR rose to 140% of 2019 and occupancy remained steady at 101% of 2019. *[Slides 43, 45]*

Operating profits declined 2.7% as costs outpaced total revenue growth in June

While top line growth outpaced RevPAR growth in June, rising 1.2%, cost increases pressured margins which contracted 0.1 p.p on a TTM basis resulting in declining profits. As weaker revenue growth and higher inflation persist through 2026, we expect margins to continue to be under pressure. *[Slide 34, 36, 38].*

Food for Thought

Business sentiment remains stable, and earnings growth has been solid

Despite softer GDP growth and persistent inflation, business sentiment has remained steady at 99 in July while earnings growth is forecasted to increase 13.7% in Q4 2025. On the other hand, consumer sentiment has fallen from 102 in July 2024 to 97 in July of 2025 and hotel demand is increasingly consumer reliant. *[Slides 8, 9]*

Inbound international travel volumes fell again in July

As shifting sentiment sets in, inbound international visitation fell 3.1% y/y in July. Conversely, outbound international travel volumes increase 6.6%. The imbalance between inbound and outbound travel volumes is likely to persist through 2026 a meaningful headwind to hotel demand. *[Slides 29]*

TSA throughput increased in August by 1.5%

Throughput growth may accelerate in the back half of the year as comparisons get easier, hopefully leading to more robust RevPAR trends. Google searches for corporate and redemption travel increased again in August, up 6.4% and 3.3% y/y, respectively, which could point to stronger travel trends in the fall. *[Slide 19. 20]*

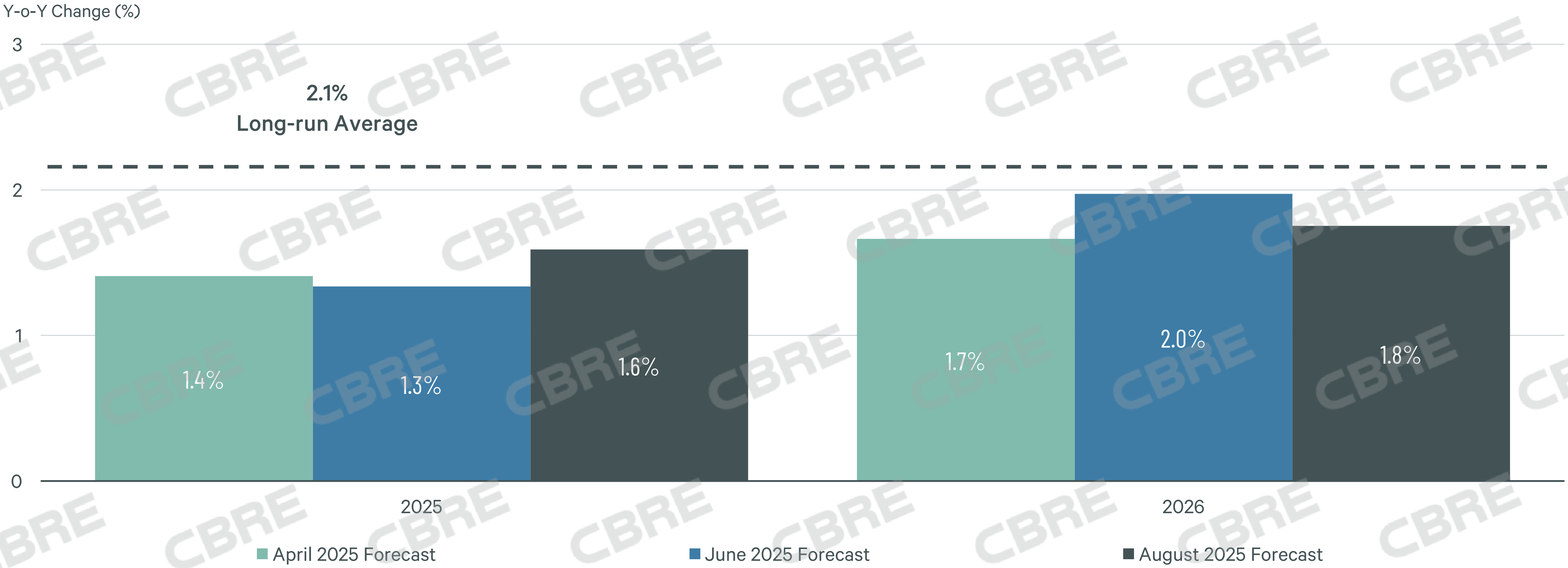
Table of Contents

1

The Economy

The 2Q GDP surprise slightly improved the 2025 outlook, but 2025 and 2026 remain below average

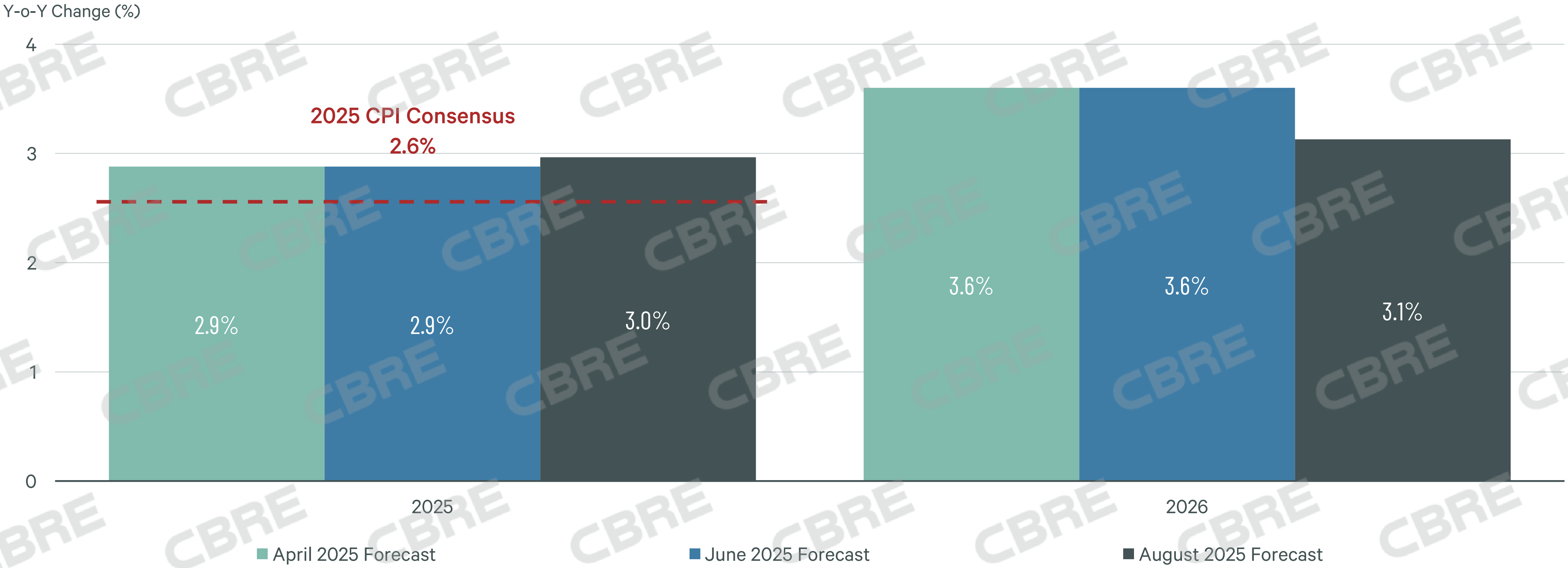
Annual Real GDP Change Forecast as of Release Date



CBRE Hotels Research, BEA

Inflation is expected to exceed both ADR and RevPAR growth in 2025 and 2026

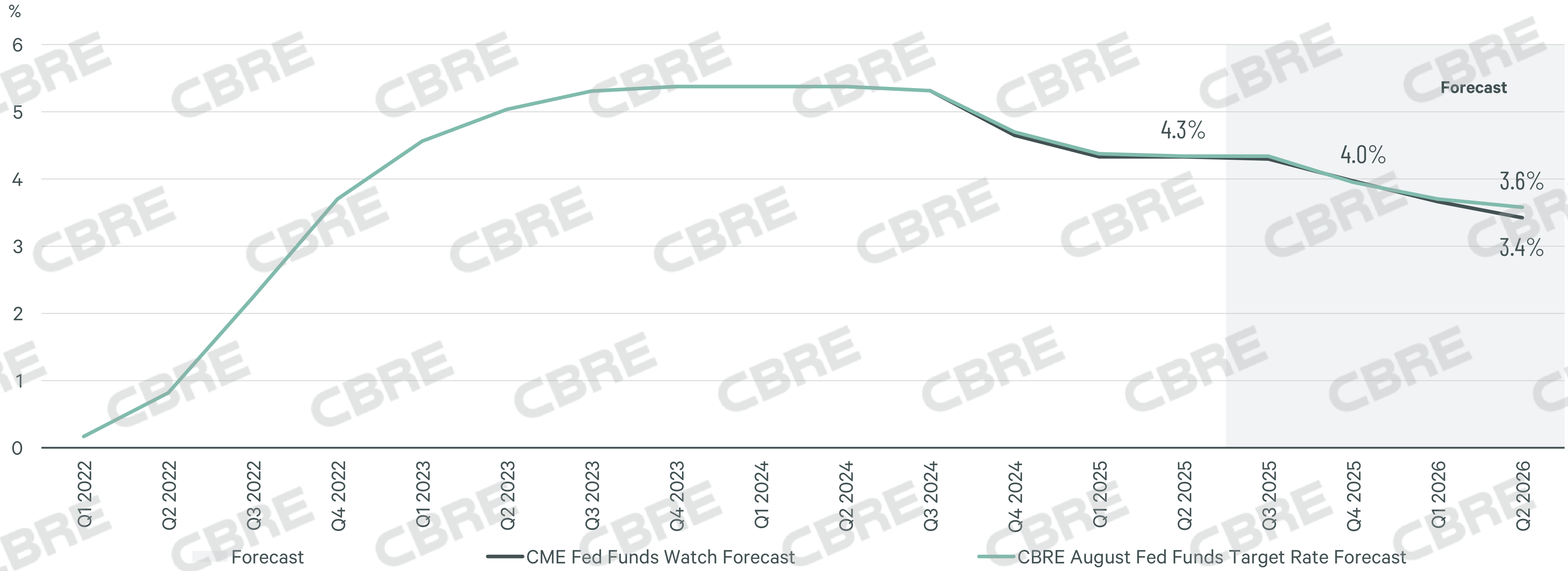
Annual CPI Change Forecast as of Release Date



CBRE Hotels Research, BLS

CBRE expects interest rates to fall 70 bps over the next 12 months

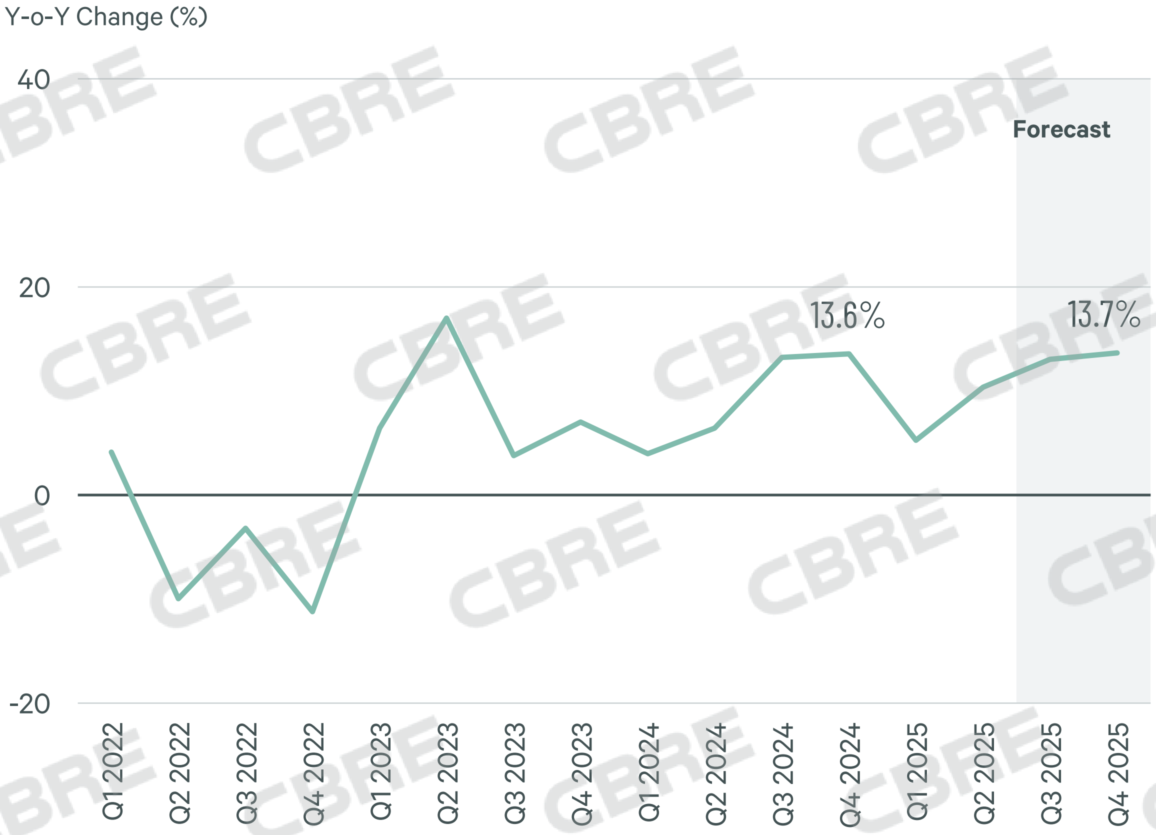
CBRE Federal Funds Forecasted Target Rate vs. CME Fed Watch



CBRE Hotels Research, CBRE EA, as of August 17, 2025, CME FedWatch as of August 22, 2025

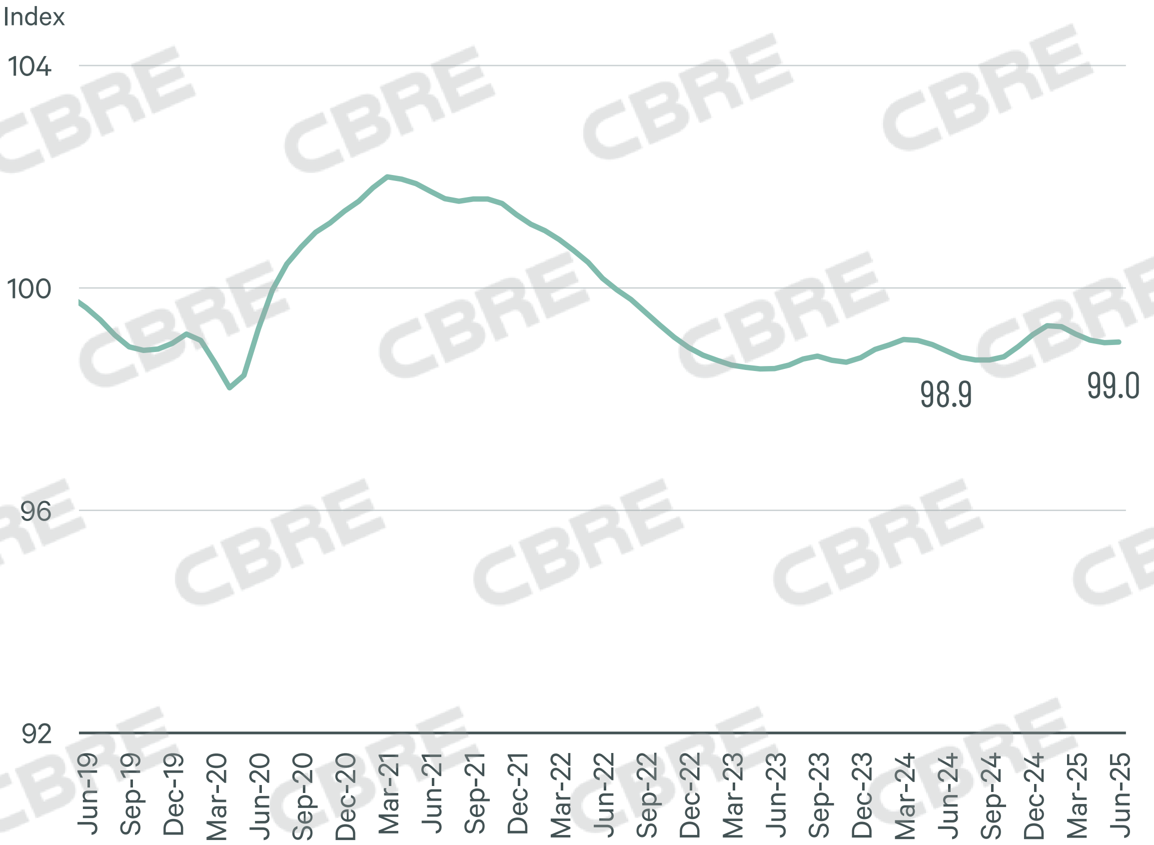
Despite soft GDP and higher inflation, business sentiment is stable, and earnings growth is solid

S&P 500 Operating Earnings per Share



CBRE Hotels Research, S&P Global

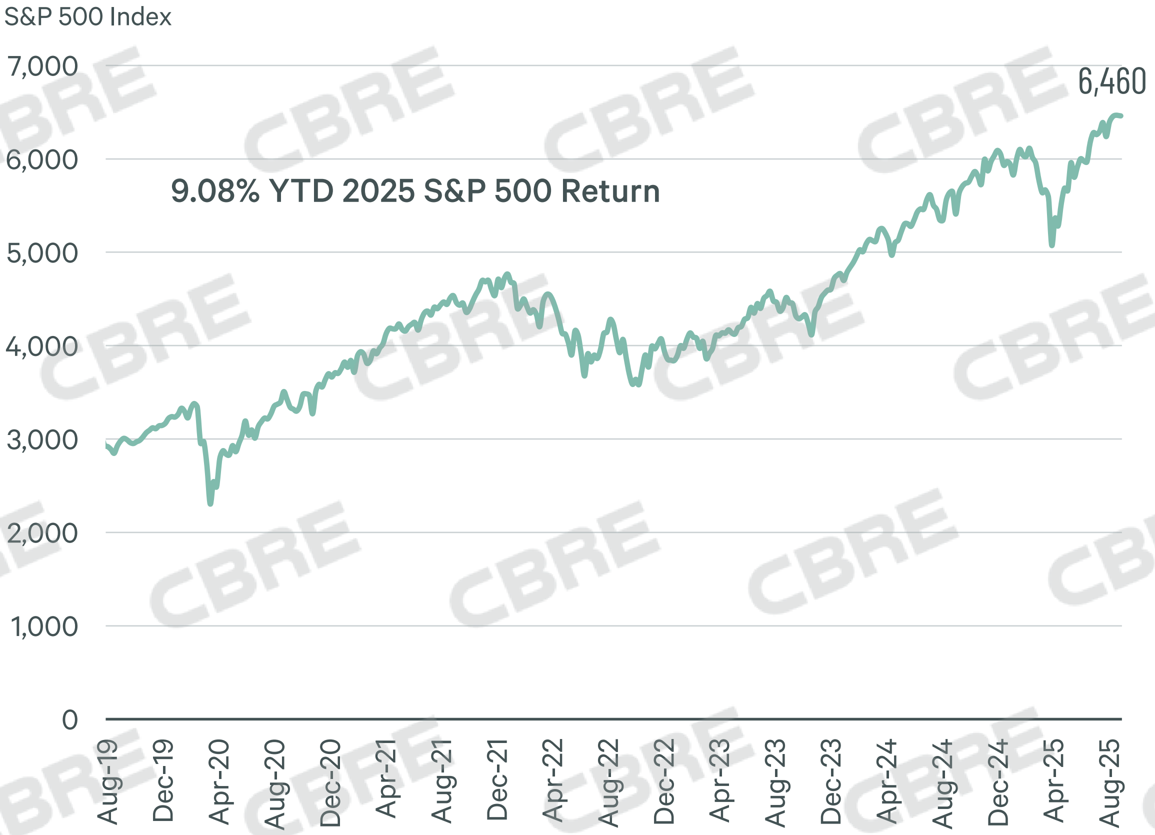
Business Confidence Index



CBRE Hotels Research, OECD

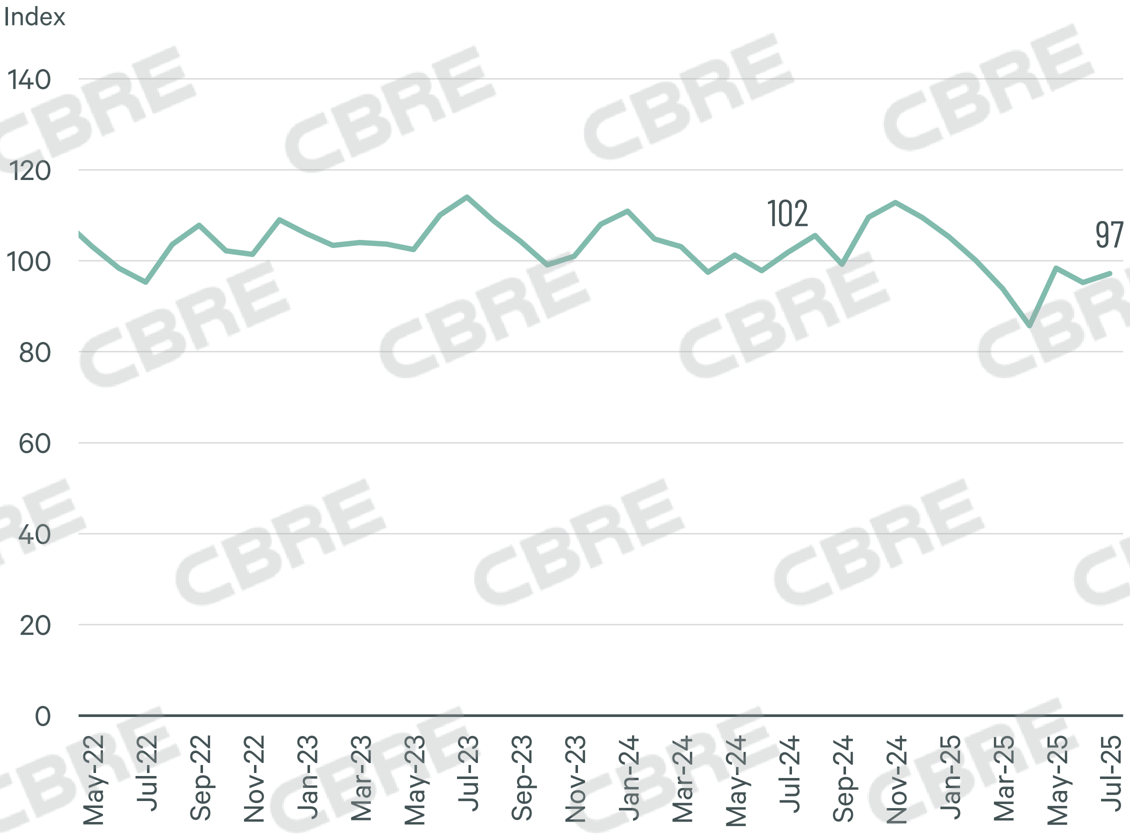
The S&P 500 is up over 10% YTD but, consumer confidence has moderated

S&P 500



*S&P 500 Index is presented as weekly averages *Daily Close August 29, 2025 Is 6,460
CBRE Hotels Research, S&P Global

U.S. Consumer Confidence Index



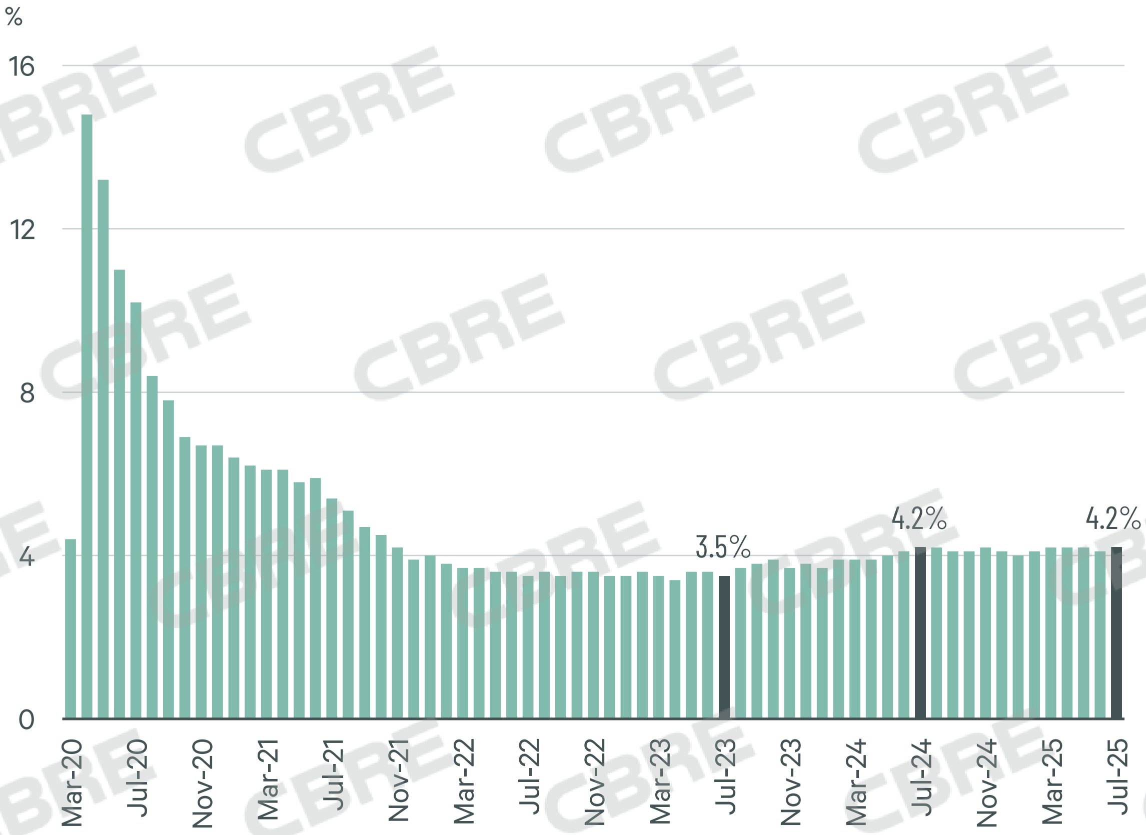
CBRE Hotels Research, The Conference Board

2

Labor

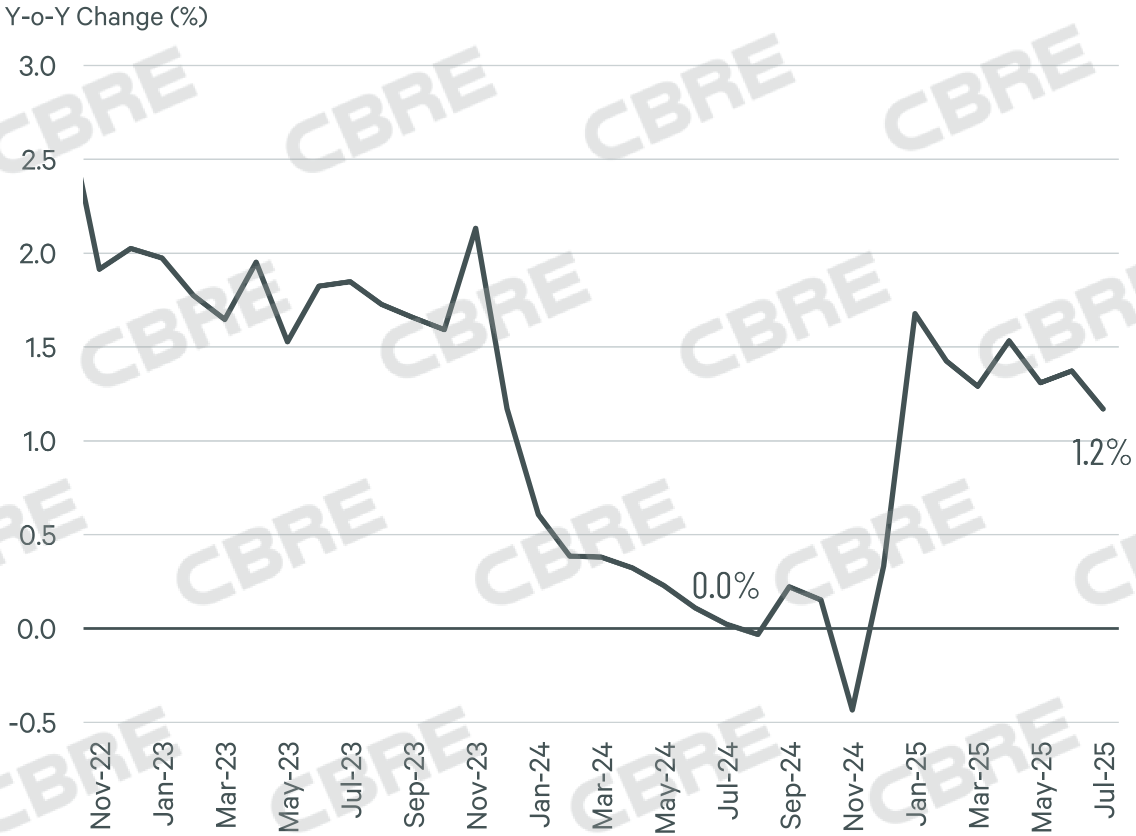
Unemployment continues to tick up, but employment levels are also increasing

Monthly Unemployment Rate



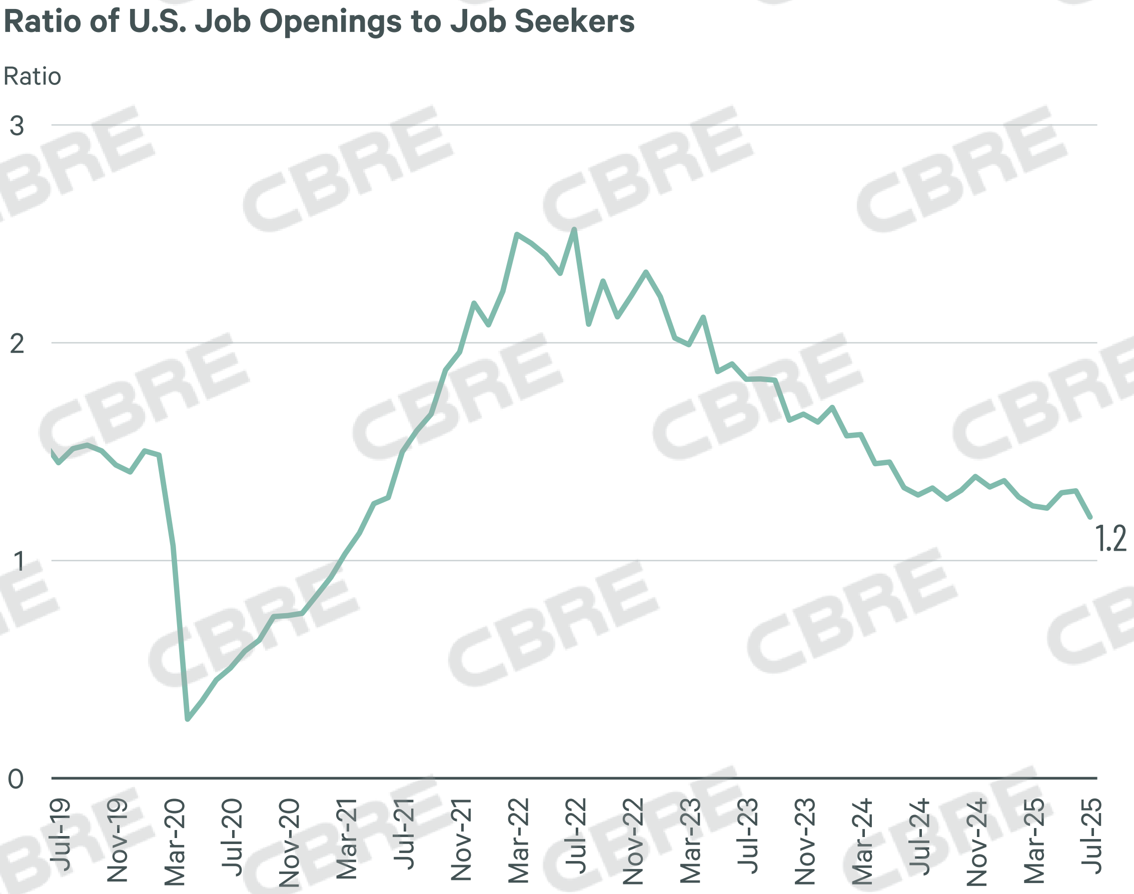
CBRE Hotels Research, BLS

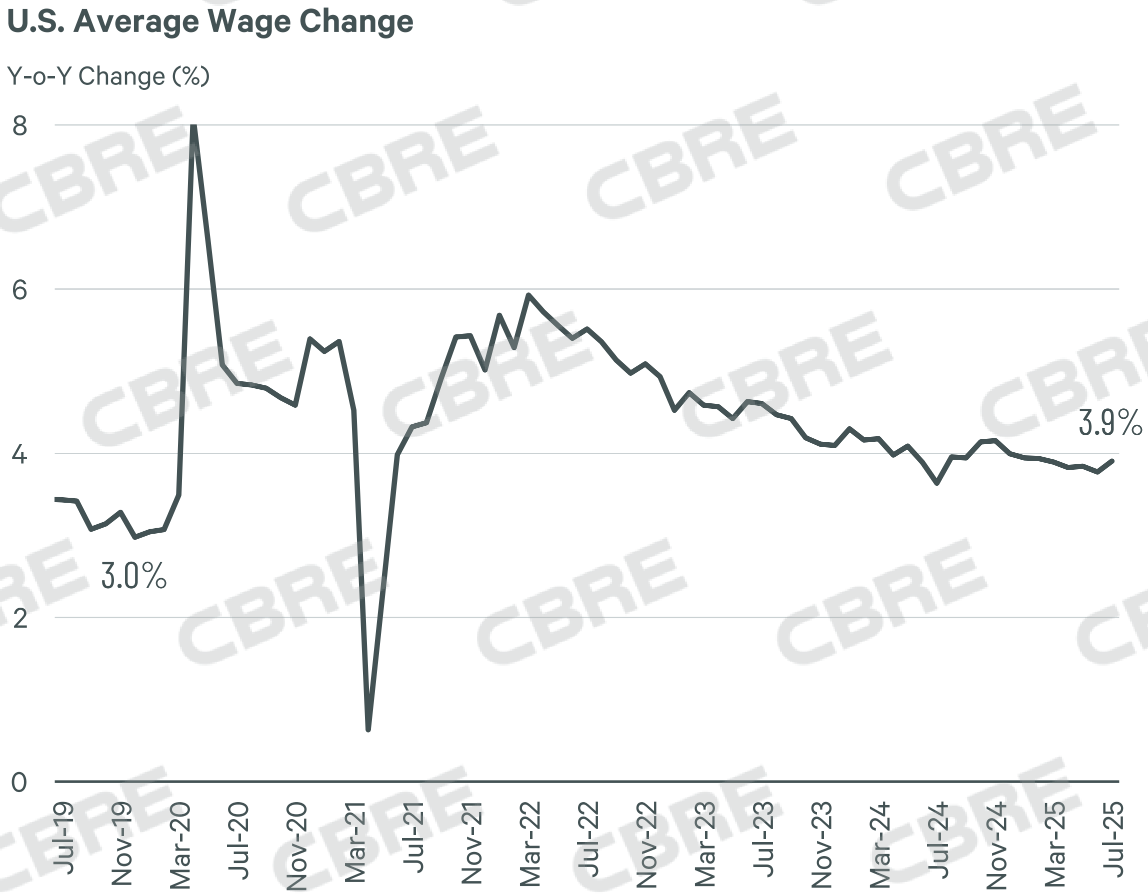
Total U.S. Employment Change



CBRE Hotels Research, BLS (Household Survey)

The labor market has returned to its pre-2019 levels, but wage growth remains elevated



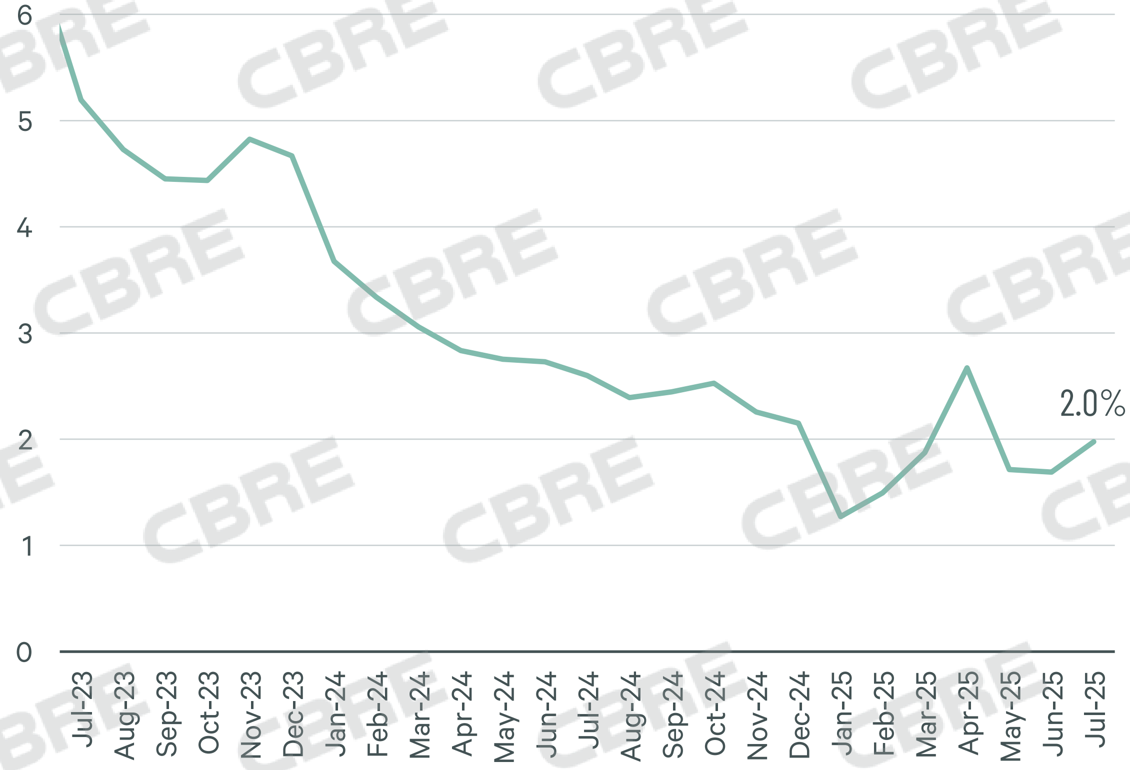


CBRE Hotels Research, BLS

Real disposable income grew 2% in July while personal savings rate grew a healthy 4.4%

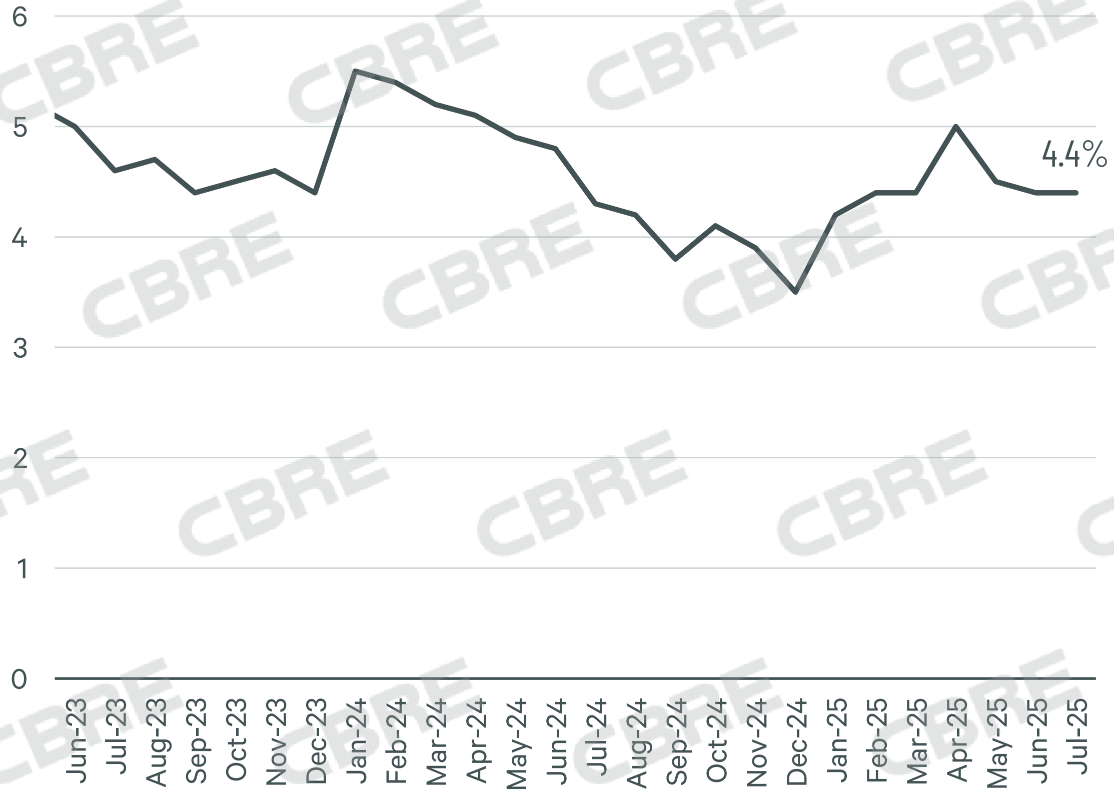
Real Disposable Income

Y-o-Y Change (%)



Personal Savings Rate

Rate (%)



CBRE Hotels Research, BEA

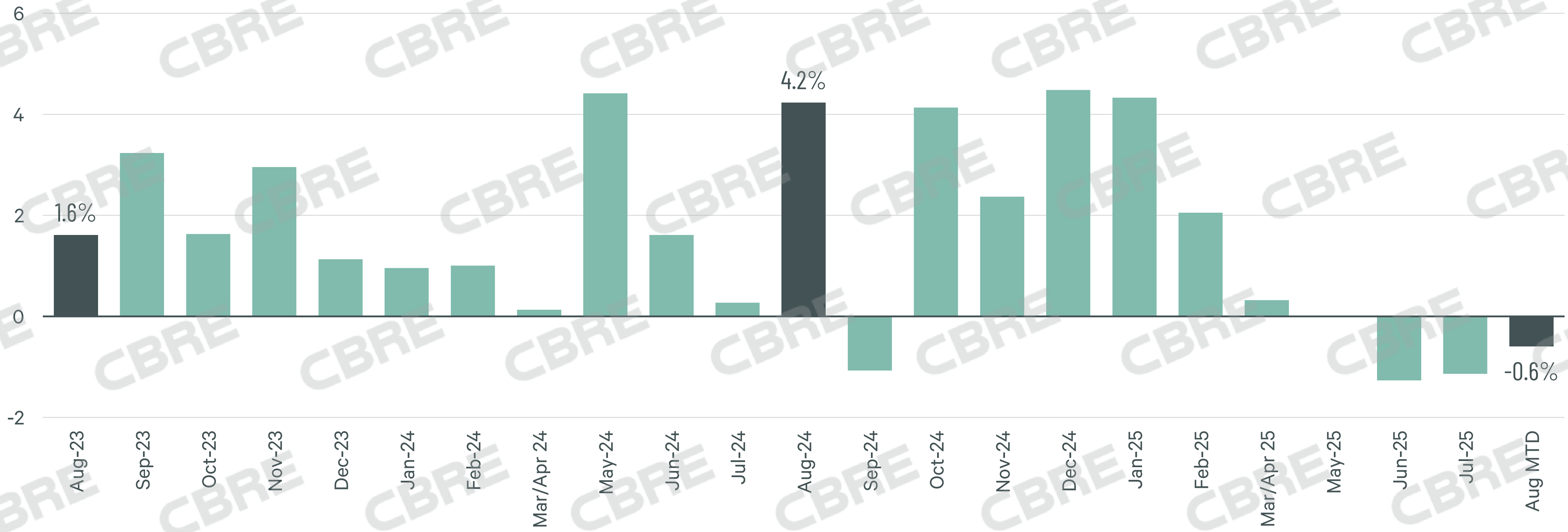
3

Monthly Data

Fundamentals remain weak and near-term upward momentum is unlikely

U.S. RevPAR Change

Y-o-Y Change (%)

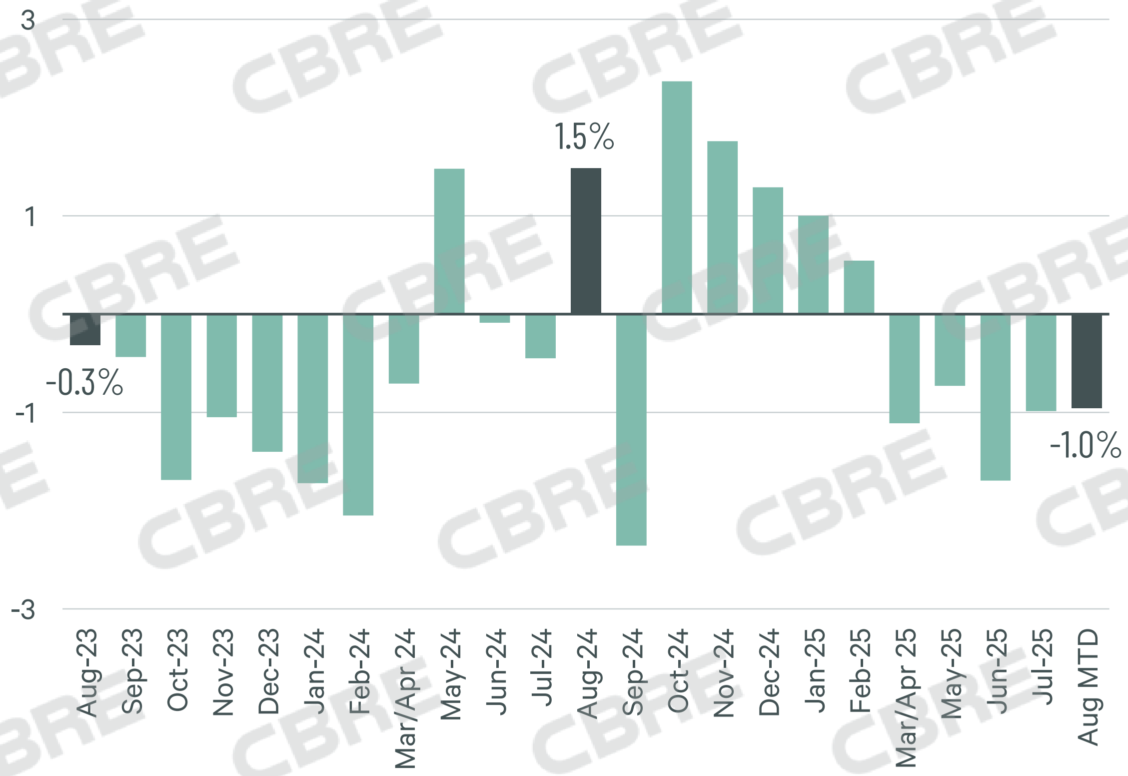


CBRE Hotels Research, CoStar

With occupancy down for over four months, ADRs may begin to decline later this year

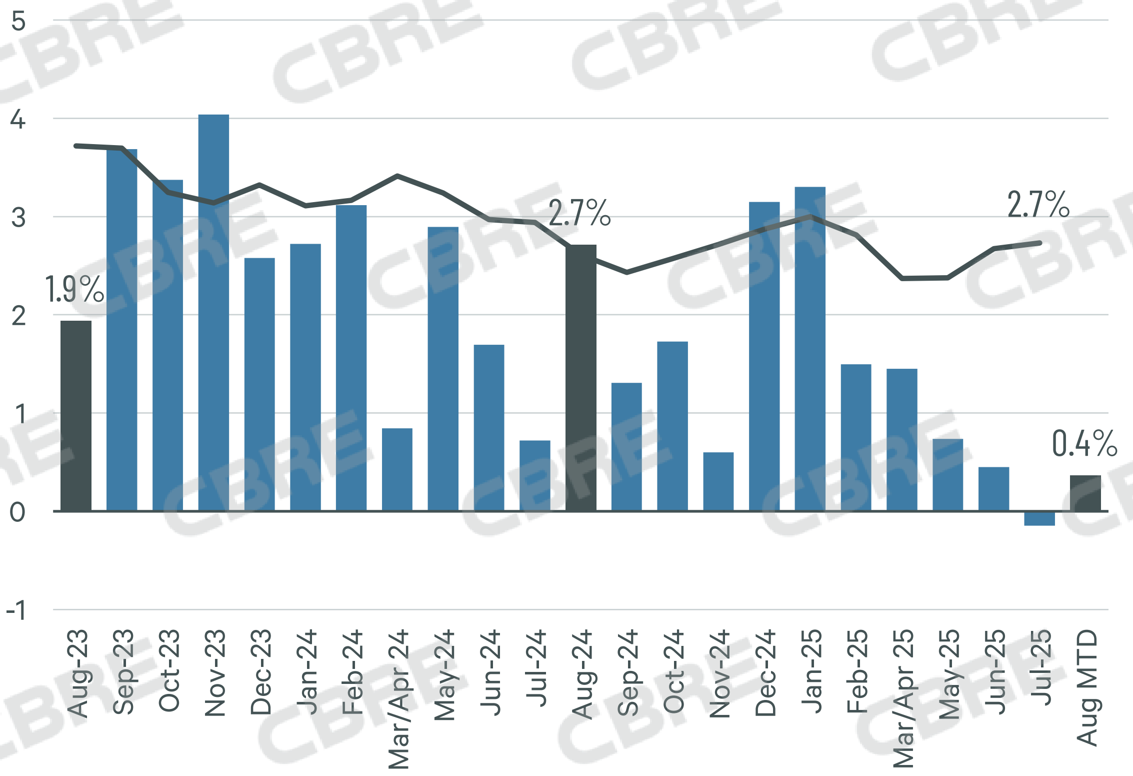
U.S. Occupancy Monthly Change

Y-o-Y Change (%)



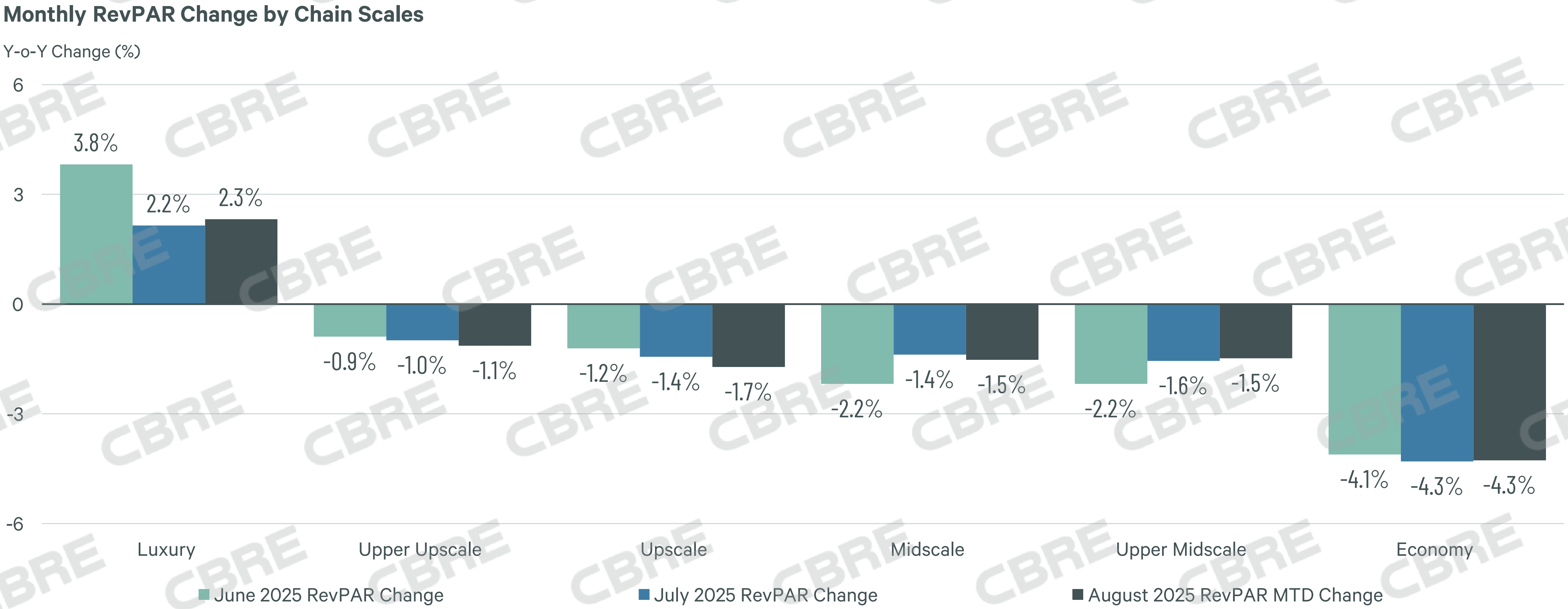
U.S. ADR and CPI Monthly Change

Y-o-Y Change (%)



CBRE Hotels Research, CoStar, BLS

Luxury continued to show RevPAR growth while other chain scales are contracting



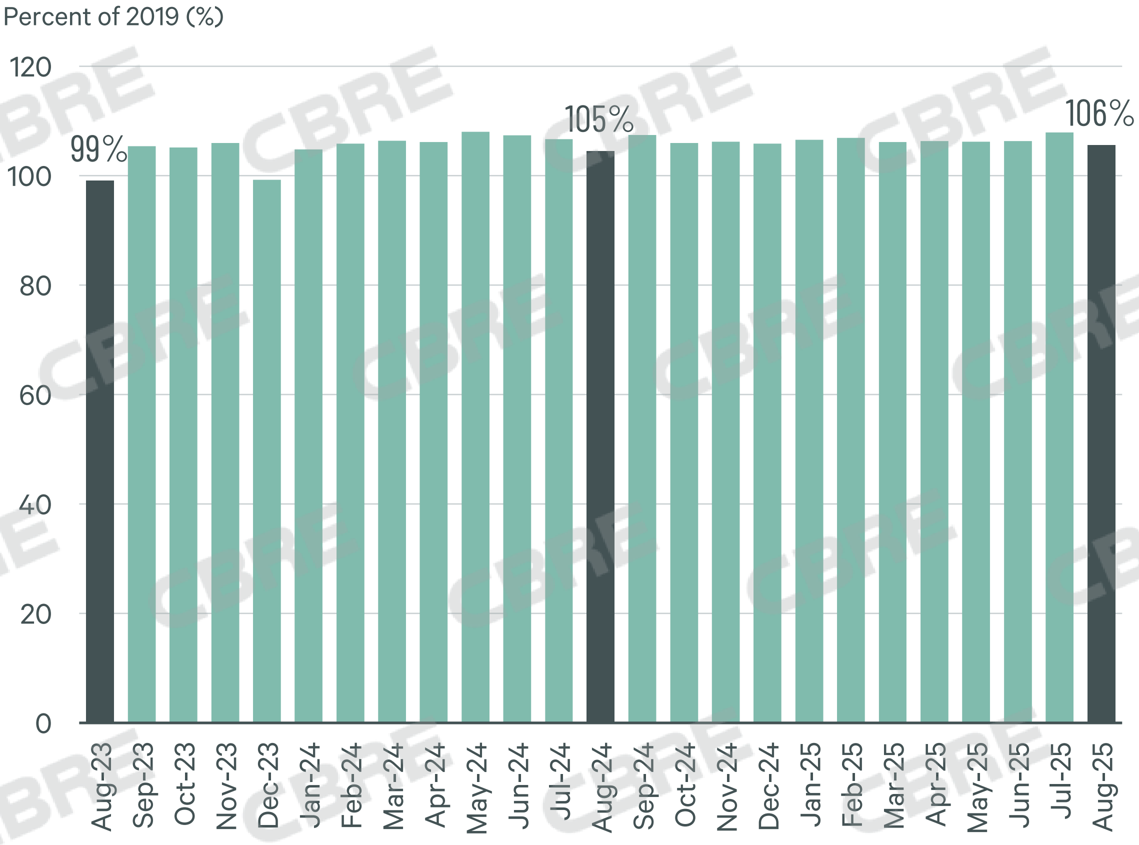
CBRE Hotels Research, CoStar

4

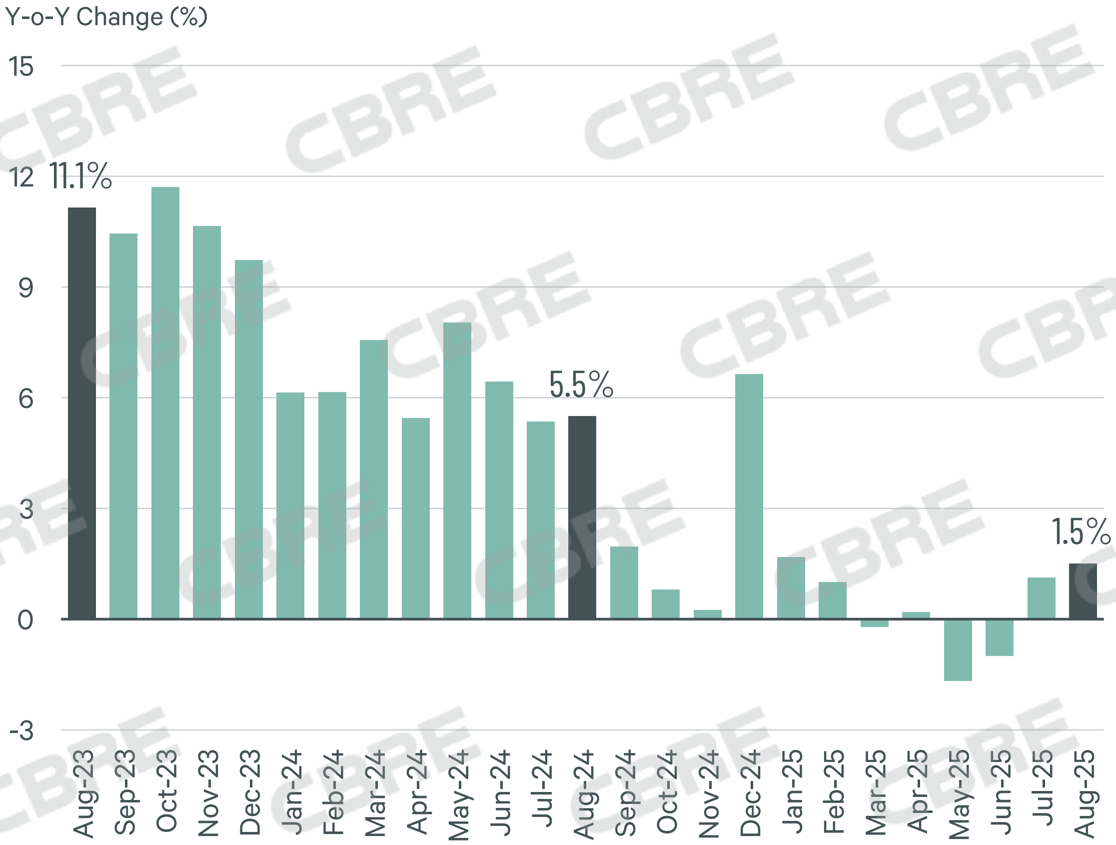
Current Trends

August TSA throughput is increasing modestly, with potential to accelerate as y/y comparisons ease

TSA Throughput as a Percent of 2019



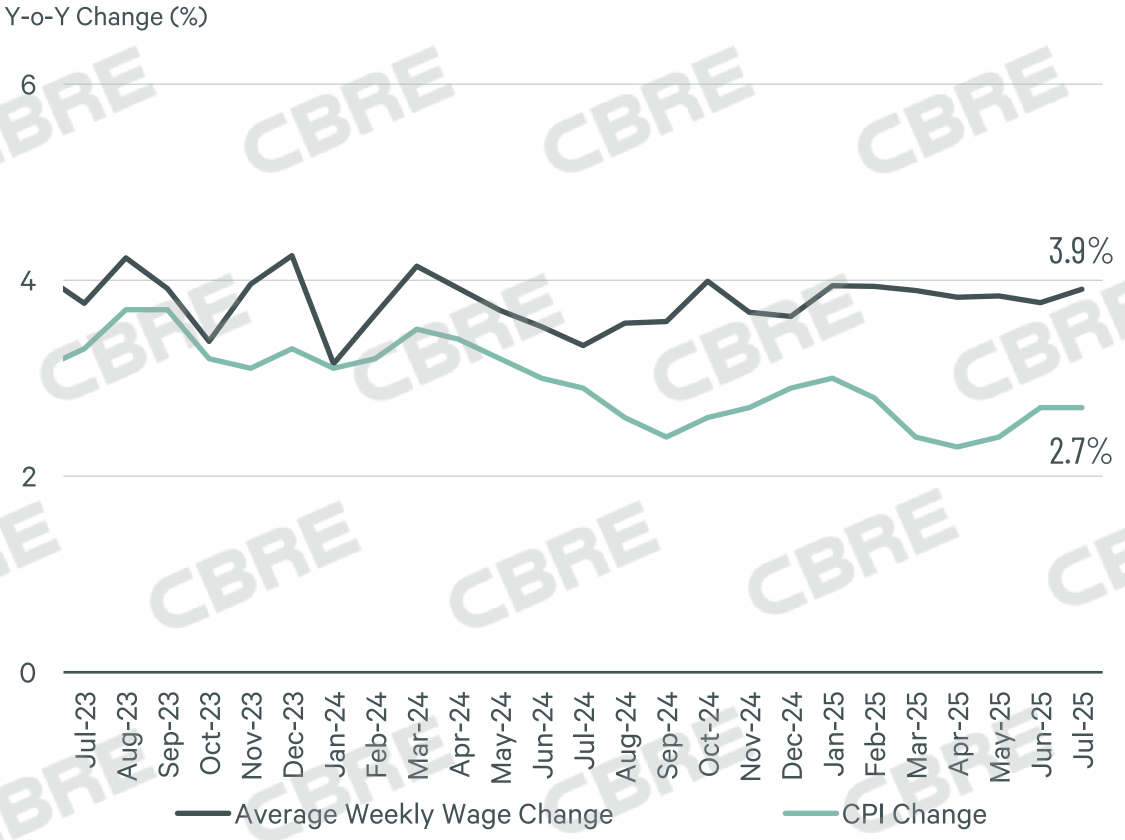
TSA Throughput Y-o-Y Change



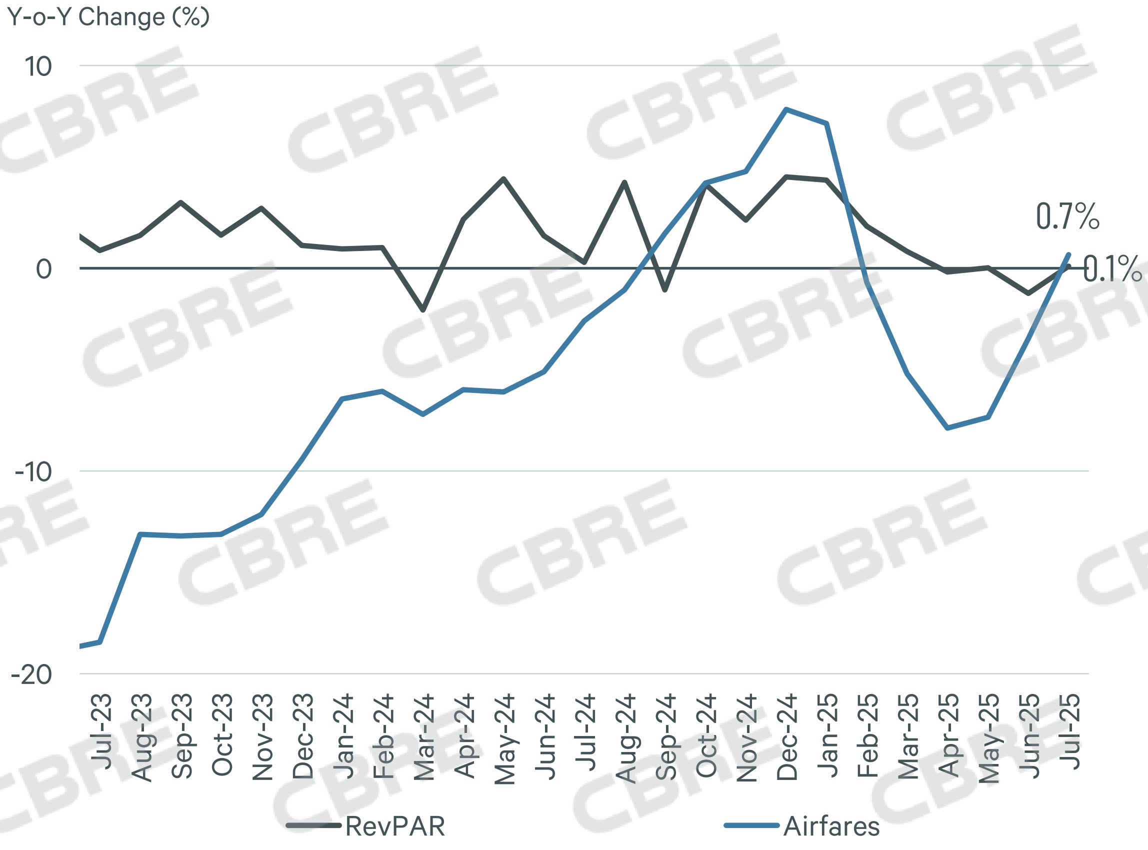
CBRE Hotels Research, TSA, * adjusted for leap year in 2024

Real wage growth a positive, but soft RevPAR points to demand shifting to alternative lodging

U.S. Average Weekly Earnings and CPI Change



U.S. RevPAR and Airfares Change



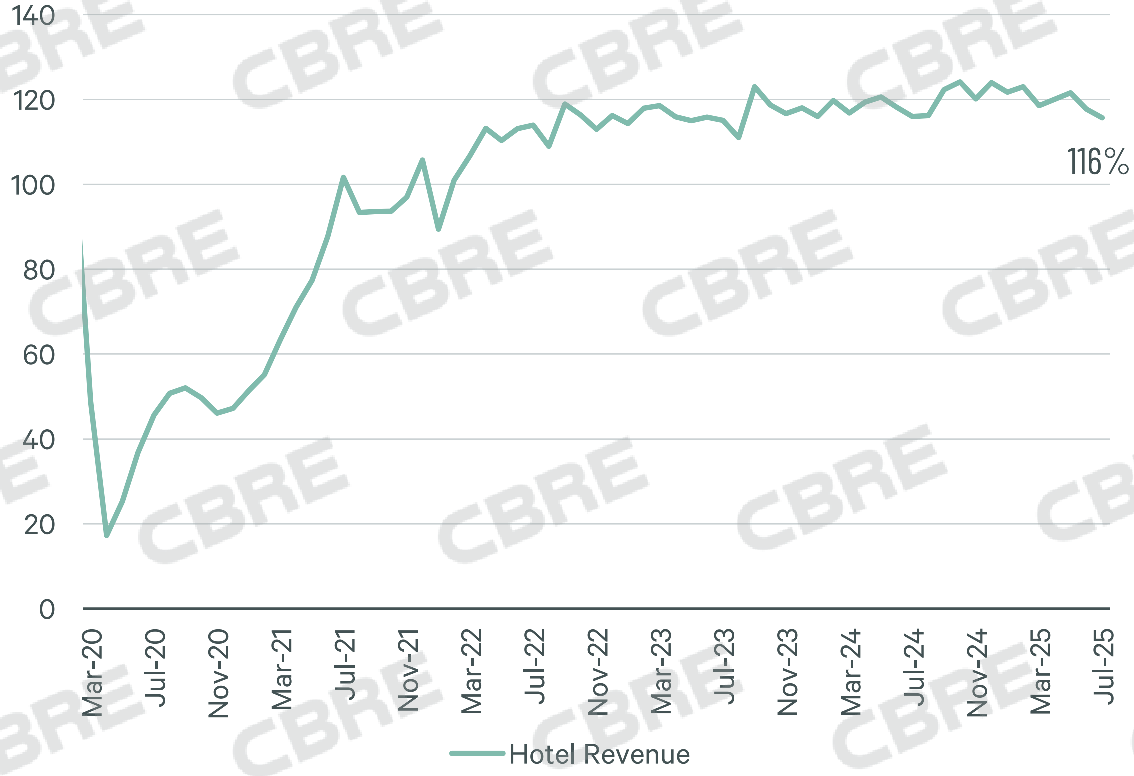
CBRE Hotels Research, BLS, CoStar

Vegas contracts on weak international travel; cruises and STRs continue to outperform hotels

CBRE

U.S. Hotel Room Revenue

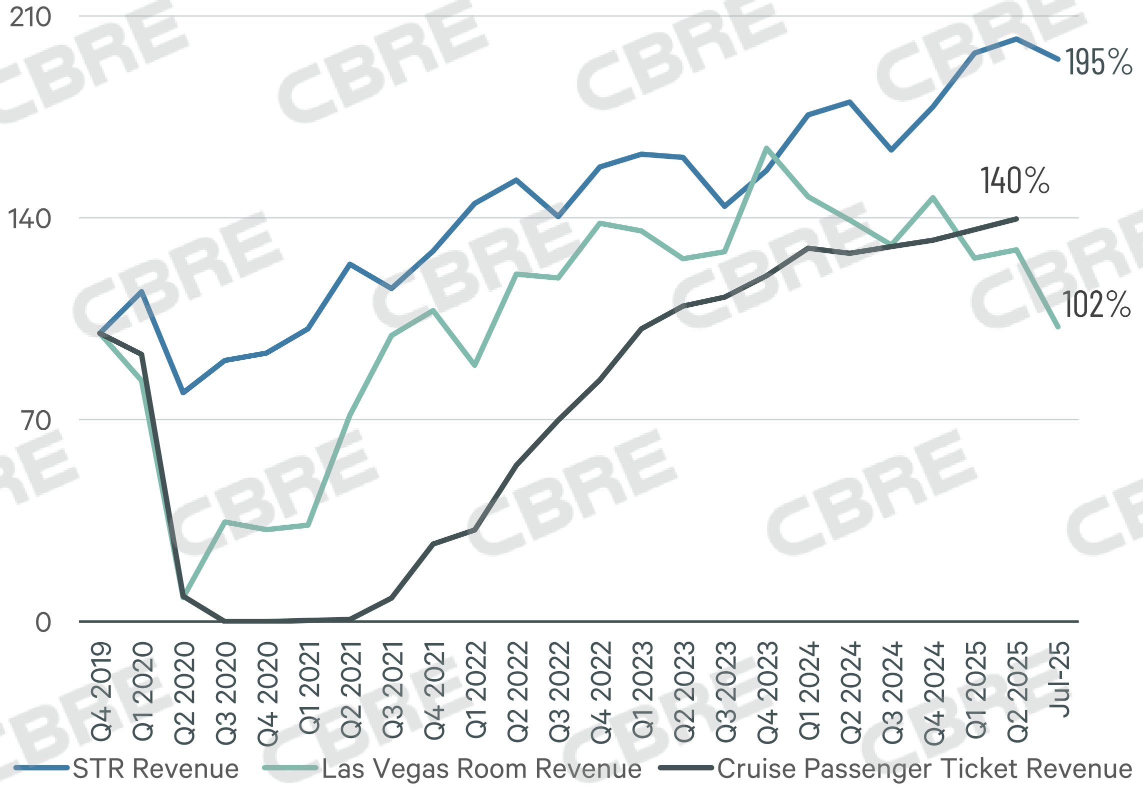
Percent of 2019 (%)



CBRE Hotels Research, CoStar

Cruise Line, Las Vegas & Short-Term Rental Revenue

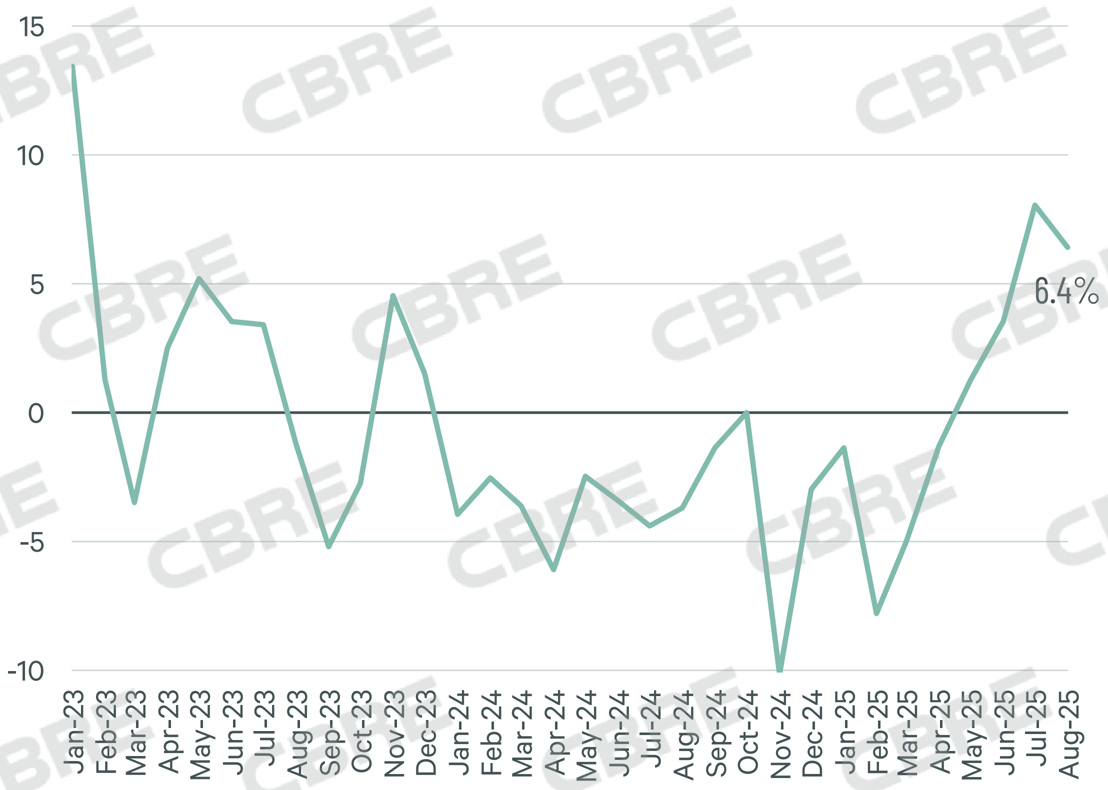
Percent of 2019 (%)



CBRE Hotels Research, AirDNA, LVCVA as of June, Cruise line data is from Carnival, Norwegian and Royal Carribean as of Q2 2025
*Passenger Ticket Revenue and Vegas Room Revenue

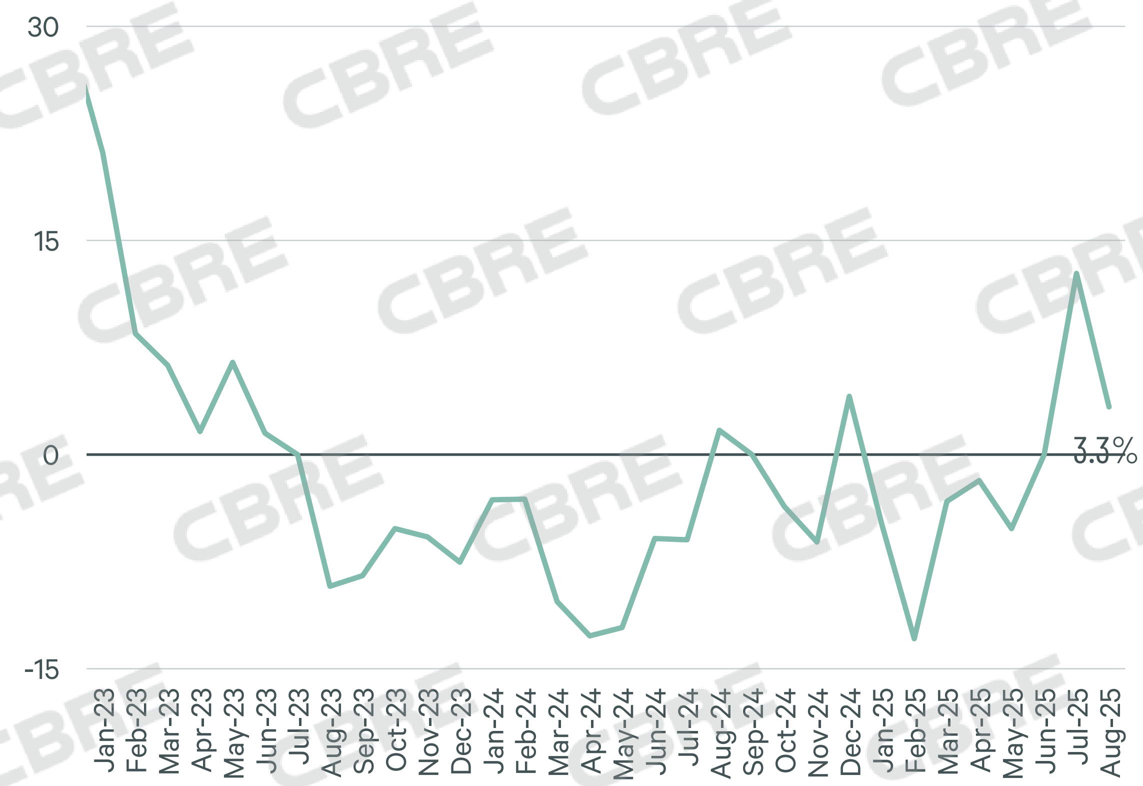
Positive Google search trends point to potential lodging demand growth this fall

Corporate Brands Average Searches Index Change



CBRE Hotels Research, Google Trends. Keywords: Hilton, Marriott, Hyatt, IHG Hotels & Resorts, as of August 29, 2025

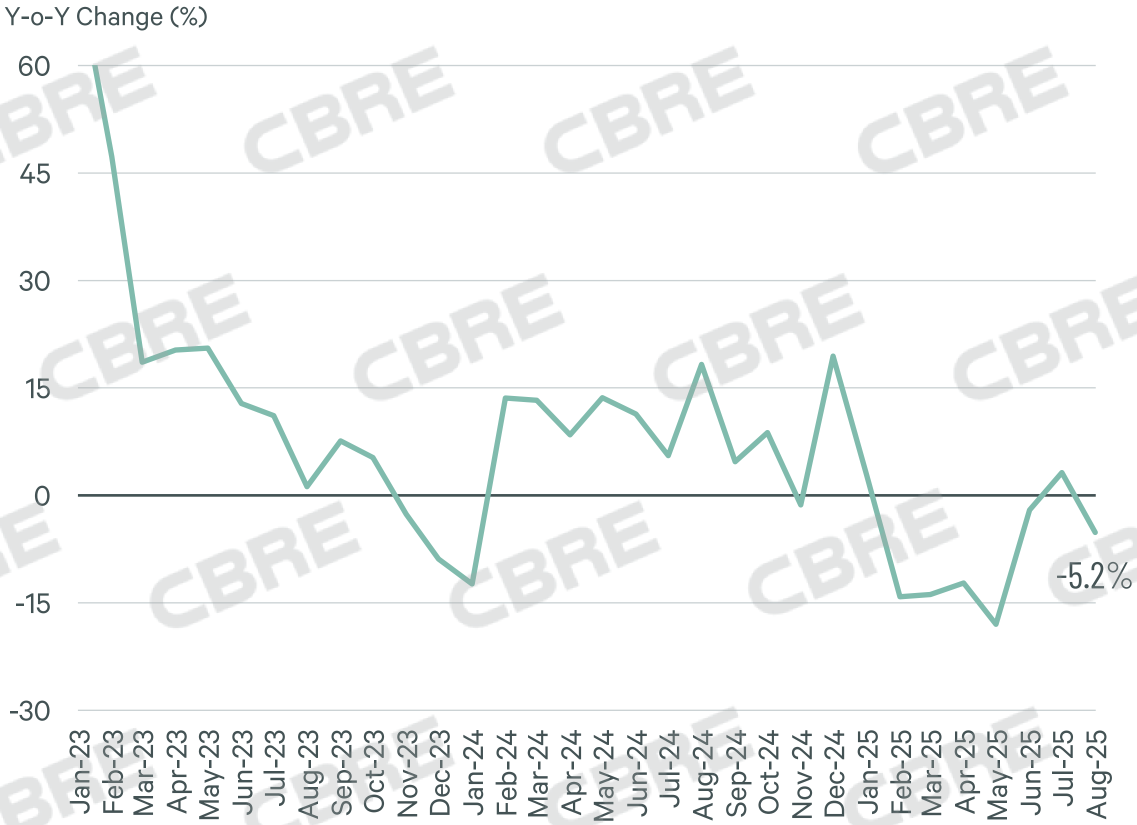
Brand Loyalty Program Searches Index Change



CBRE Hotels Research, Google Trends Keywords: Hilton Honors, Marriott Bonvoy, World of Hyatt, IHG Rewards, as of August 29, 2025

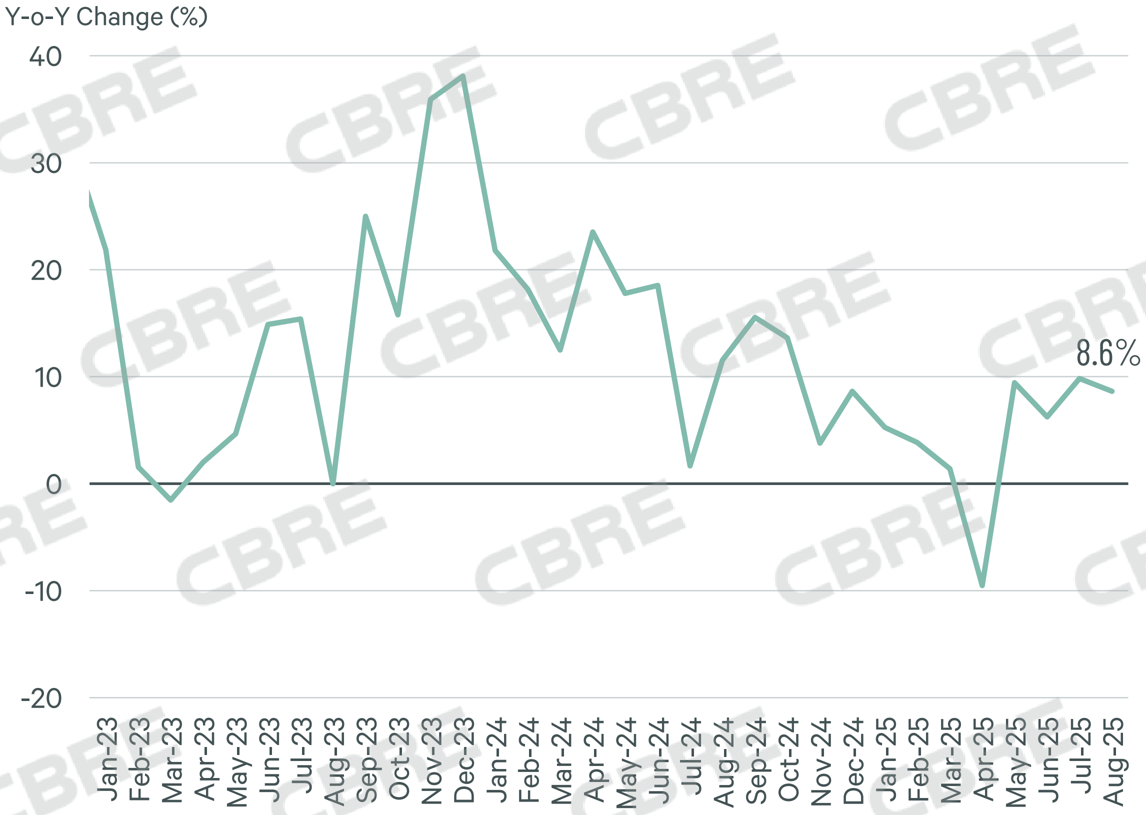
All-inclusive resort searches remains strong, while lounge demand pulled back

Amex Centurion Lounge Index Change



CBRE Hotels Research, Google Trends. Key words: Centurion Lounge, as of August 29, 2025

All Inclusive Resort Index Change



CBRE Hotels Research, Google Trends Key words: All-inclusive Resort as of August 29, 2025

5

Office Update

Office attendance matters more in some markets than others

Relationship between Office Attendance and Hotel Demand Recoveries

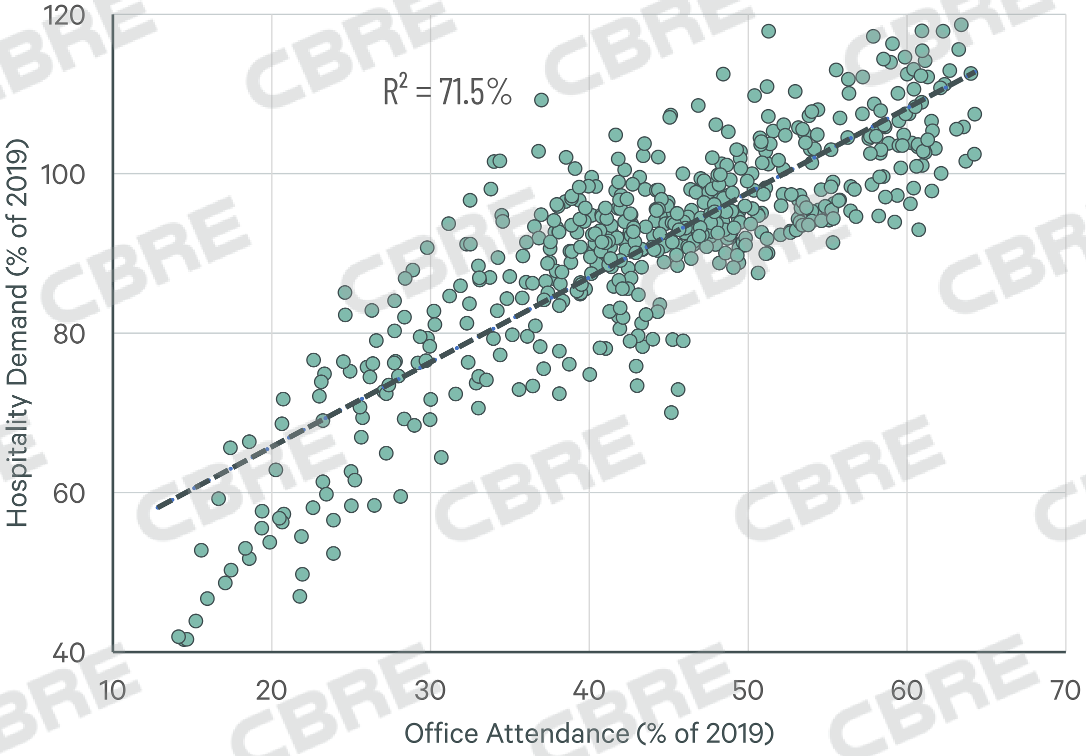
Percent of 2019 - Correlation January 2021 through July 2025: Monthly

Rank	Market	R^2
1	New York	90.9%
2	San Francisco	82.9%
3	Chicago	78.5%
4	San Jose	75.5%
5	Philadelphia	70.8%
6	Washington, DC	69.3%
7	Austin	67.4%
8	Los Angeles	56.0%
9	Dallas	49.1%
10	Houston	41.6%

*Office Attendance and Hotel Demand percent of 2019 correlation is calculated starting in January 2021
CBRE Hotels Research, Costar, Kastle Office Attendance

Relationship of Office Attendance and Hotel Demand Recoveries

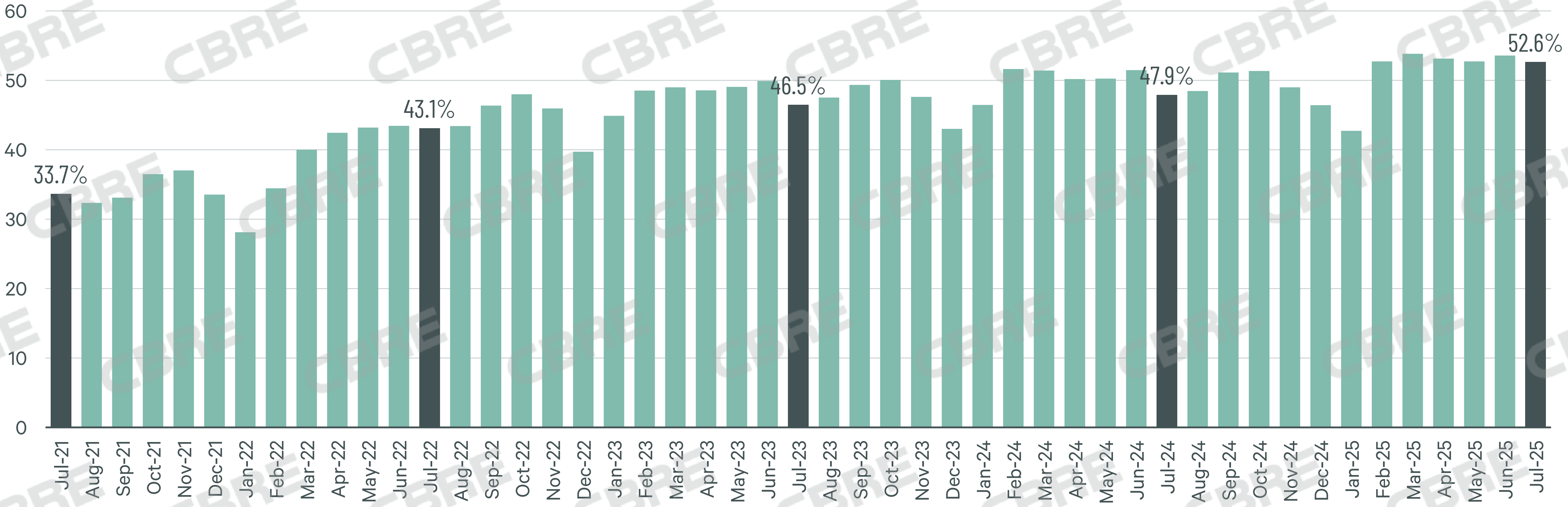
Percent of 2019 - Correlation January 2021 through July 2025: Monthly



Office attendance remains above 50%, but shows little sign of upward momentum

Office Attendance Recovery

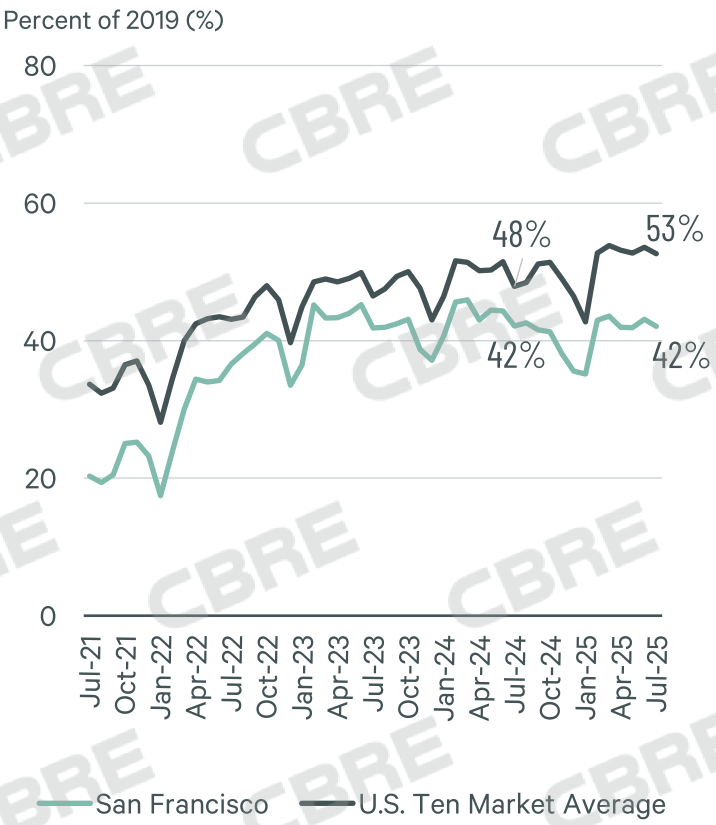
Percent of 2019 (%)



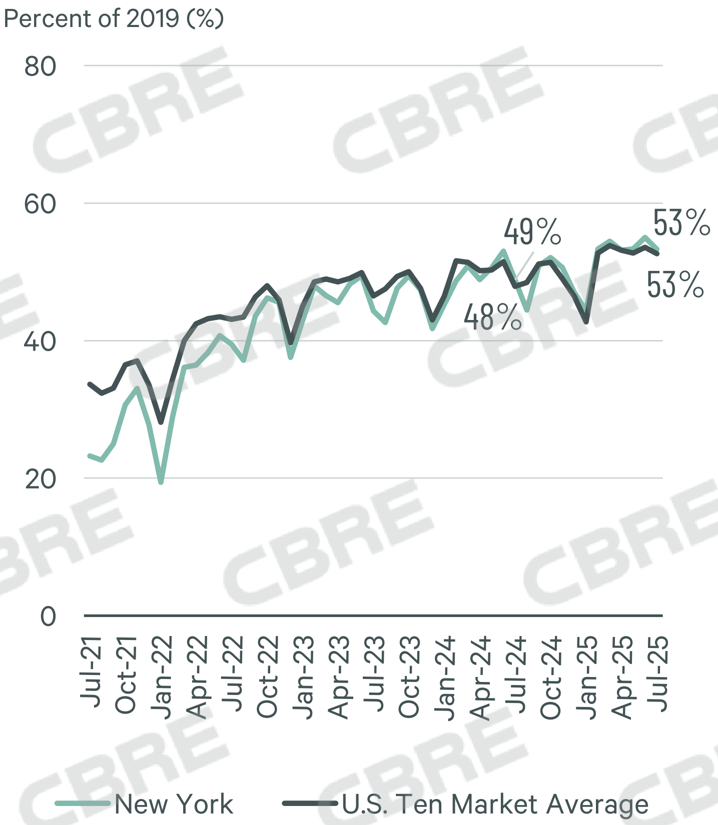
CBRE Hotels Research, Kastle

Austin posted post-Covid record attendance in July; San Francisco still lags

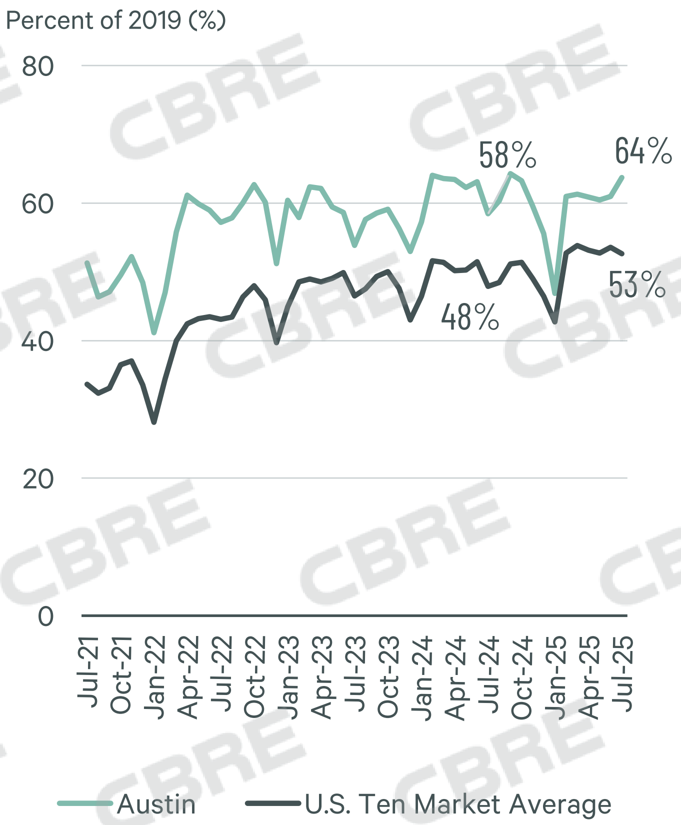
Weakest Office Attendance: San Francisco



Median Office Attendance: New York



Strongest Office Attendance: Austin



CBRE Hotels Research, Kastle

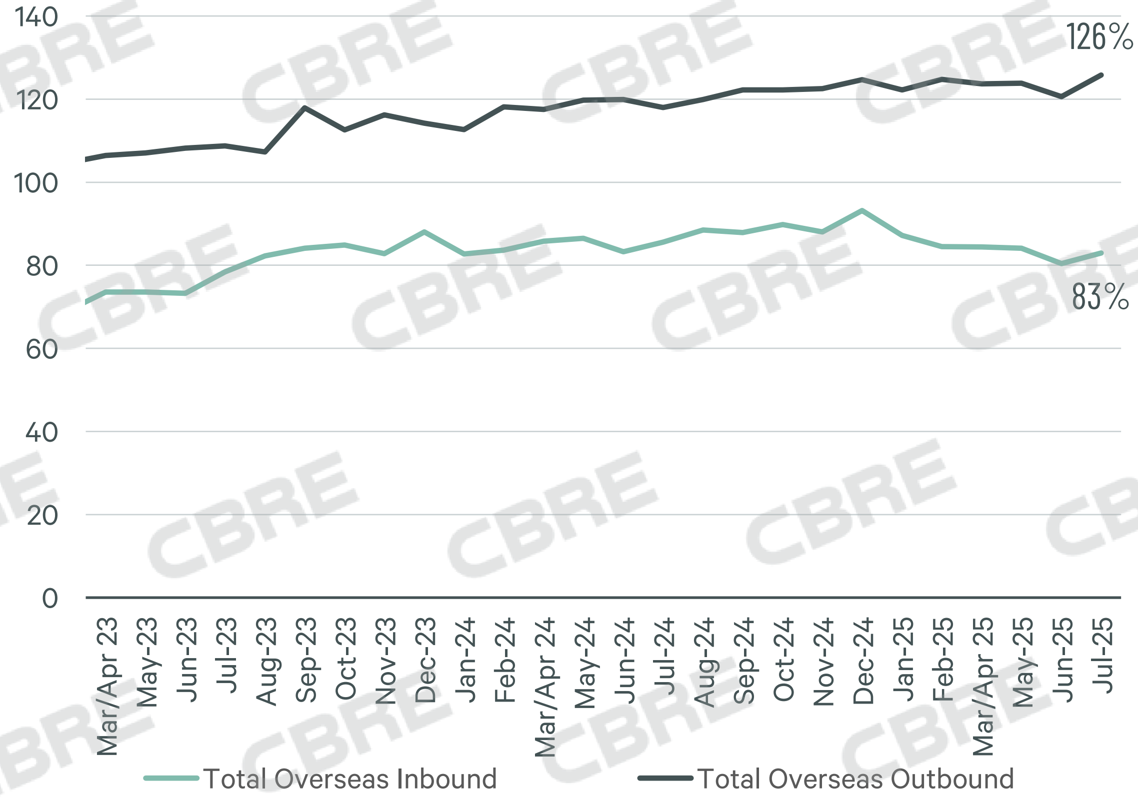
6

International Travel

Outbound travel accelerated in July, widening the inbound gap

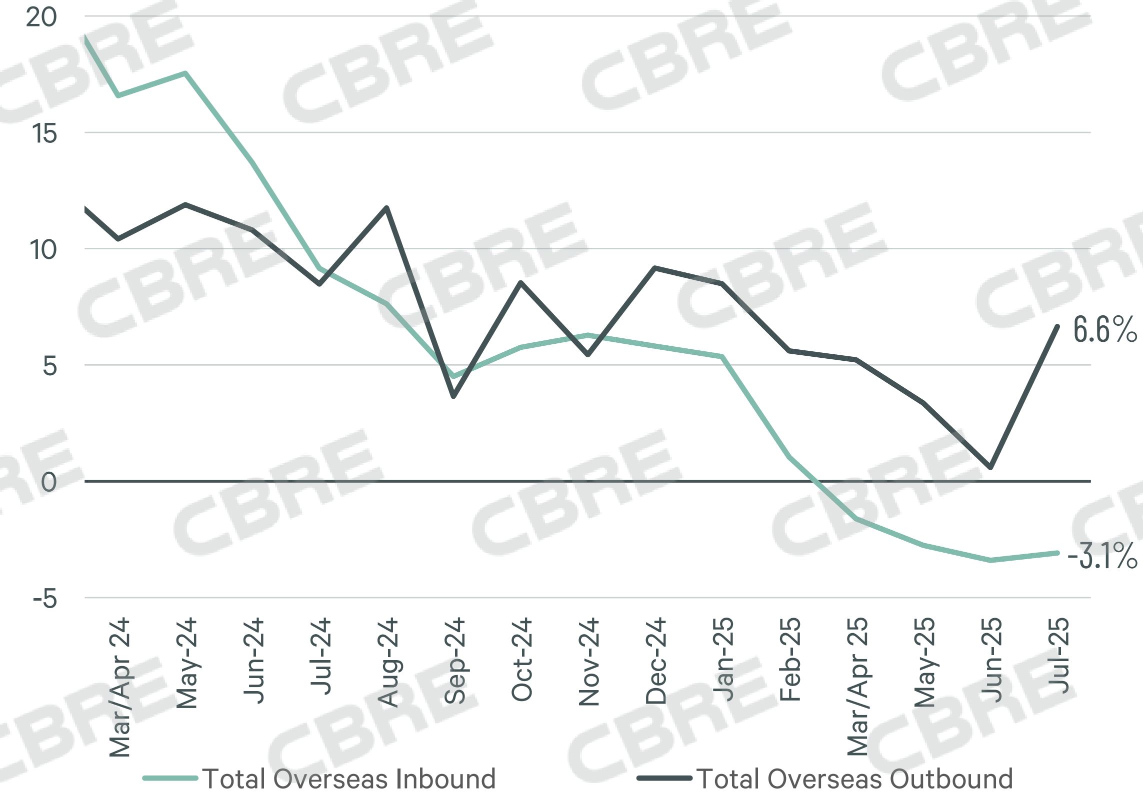
Inbound vs. Outbound International Travel

Percent of 2019 (%)



Inbound vs. Outbound Change

Y-o-Y Change (%)

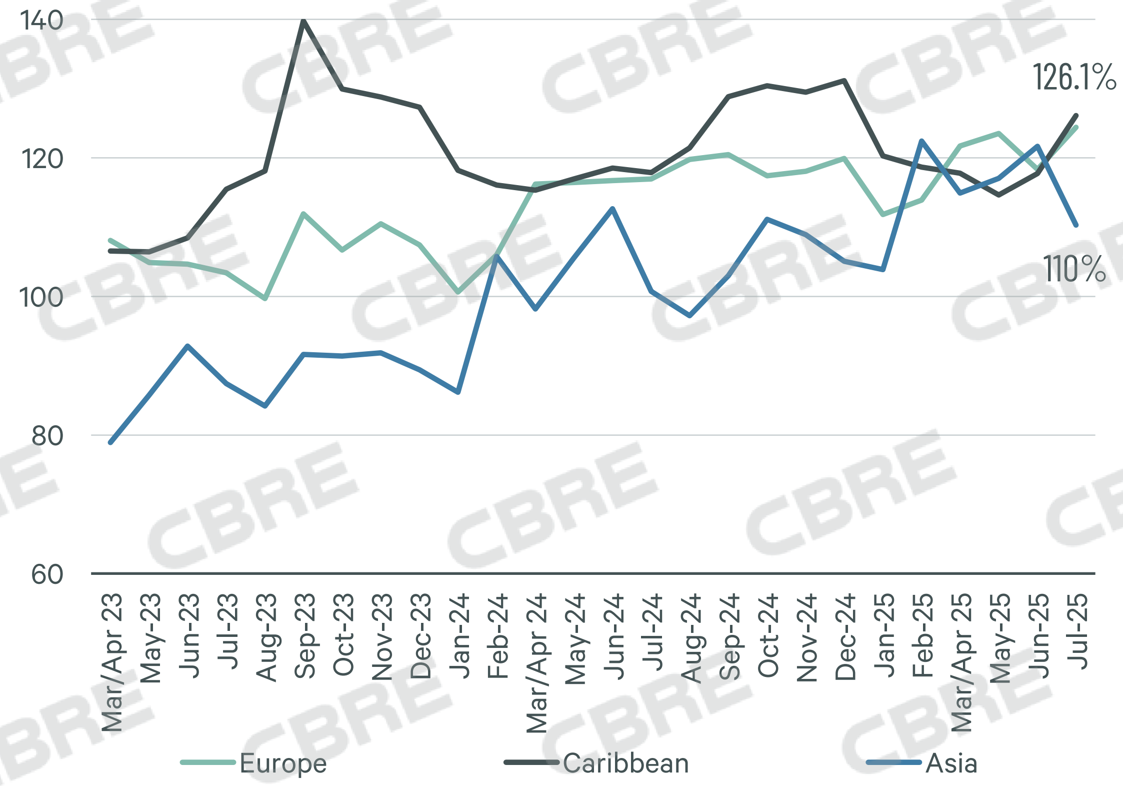


CBRE Hotels Research, NTTO, *excludes Mexico and Canada, February 2024 adjusted for leap year

The pullback in inbound international travel pushes the recovery out at least to 2027

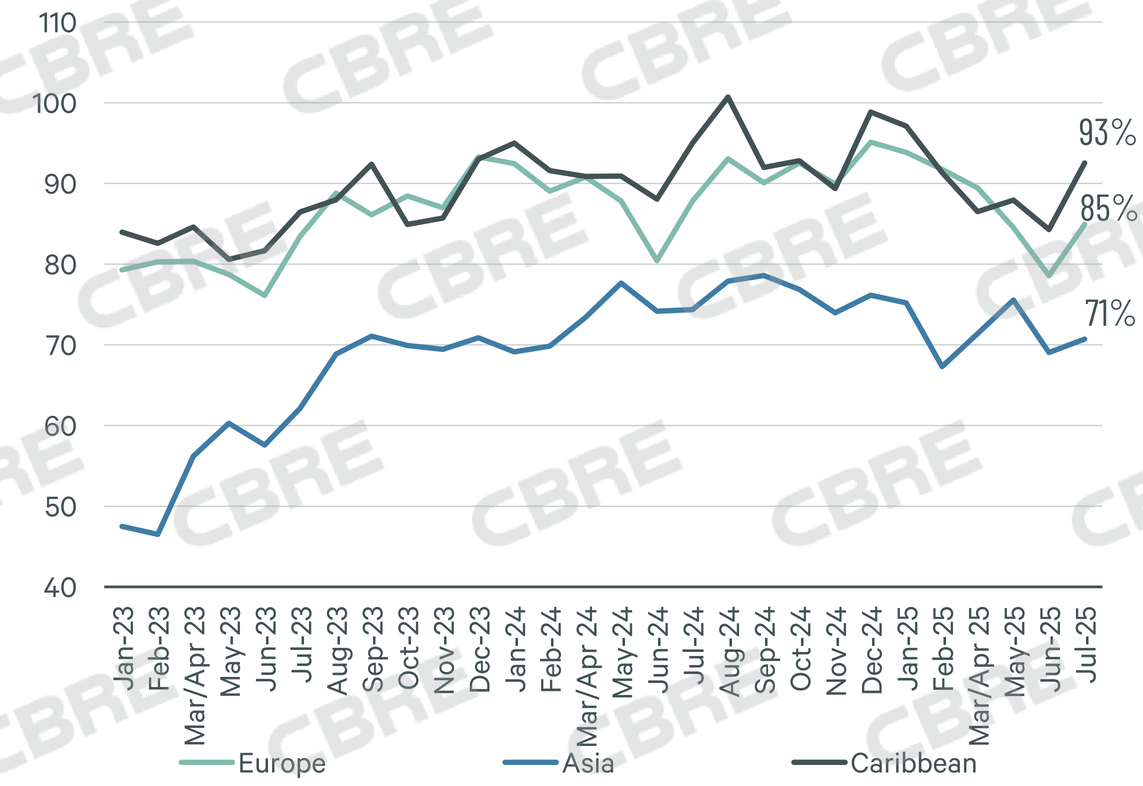
Outbound Overseas Travel from the U.S. by Destination

Percent of 2019 (%)



Inbound Overseas Travel into the U.S. by Region

Percent of 2019 (%)

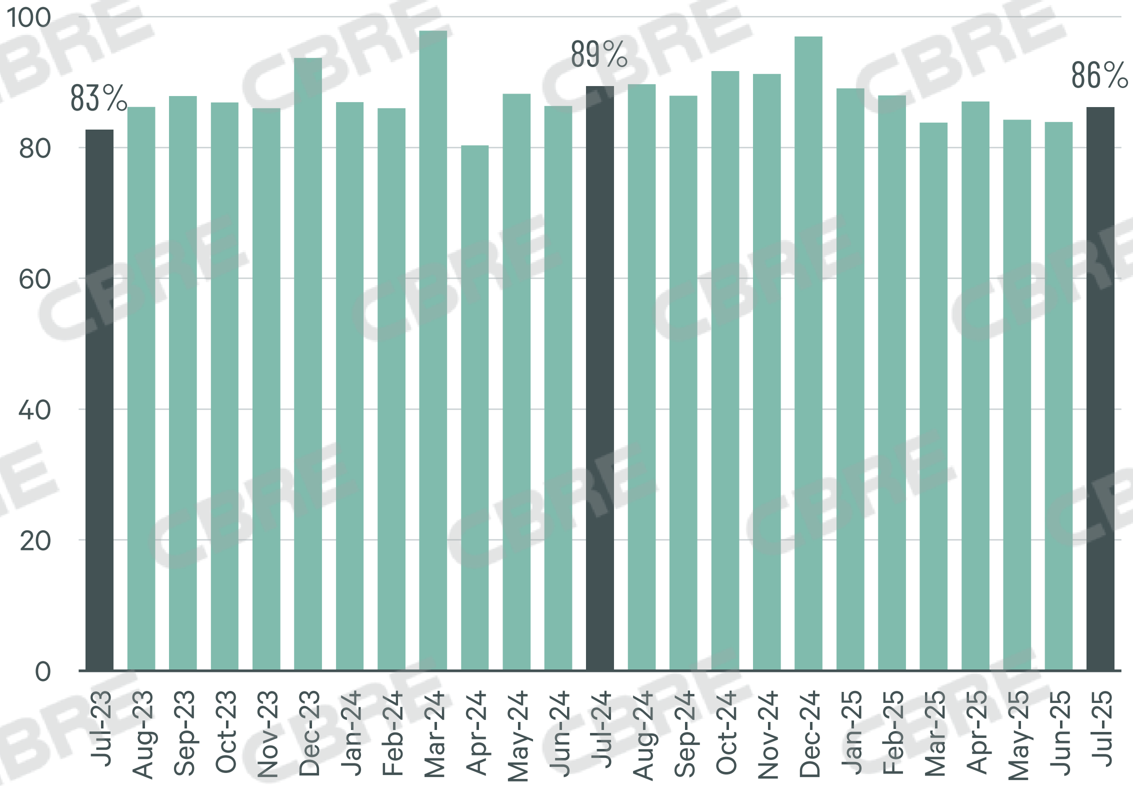


CBRE Hotels Research, NTTO, *excludes Mexico and Canada, February 2024 adjusted for leap year

Inbound international travel to the West Coast fell off more than it did on the East Coast

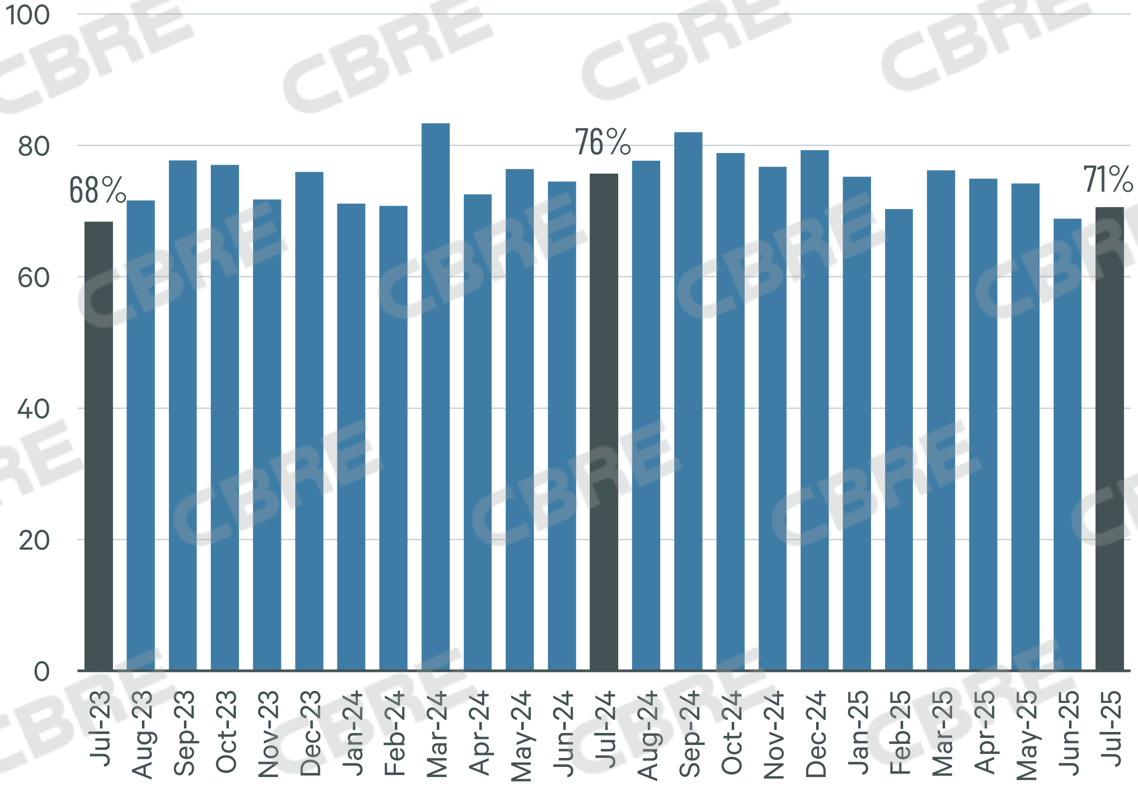
East Coast: New York, Newark, Washington DC, Miami

Percent of 2019 (%)



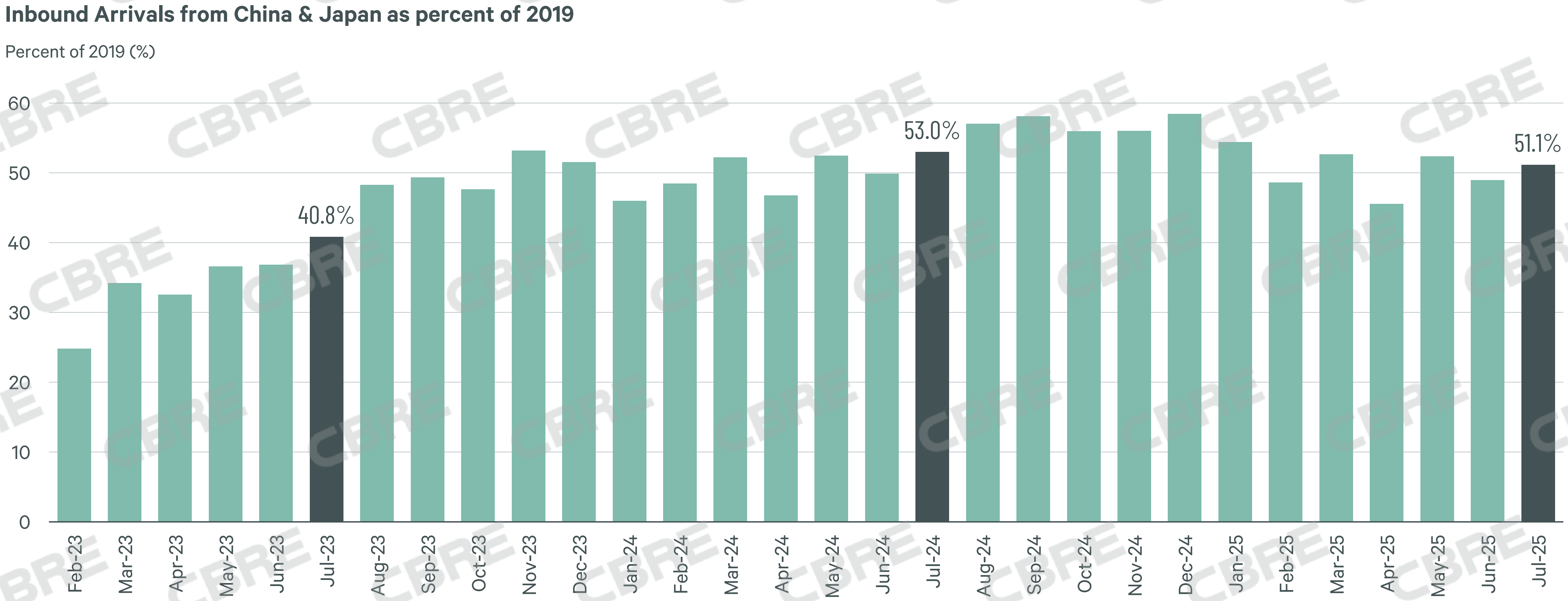
West Coast: Los Angeles, San Francisco

Percent of 2019 (%)



CBRE Hotels Research, NTTO ADIS I-94 *excludes Mexico and Canada, February 2024 adjusted for leap year

Inbound travel from China and Japan fell off in July; well below the December 2024 high

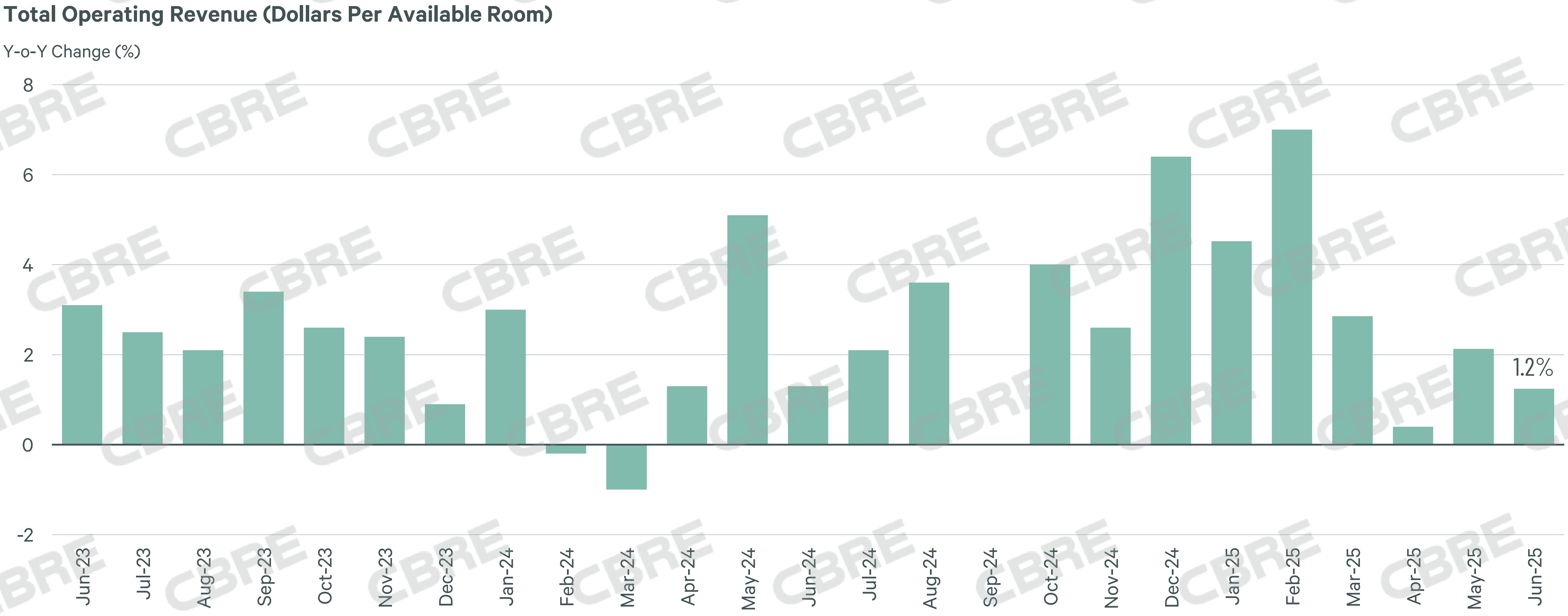


CBRE Hotels Research, NTTO, February 2024 adjusted for leap year

7

Operating Performance

Total revenue is growing faster than RevPAR, but growth is not enough to offset rising costs

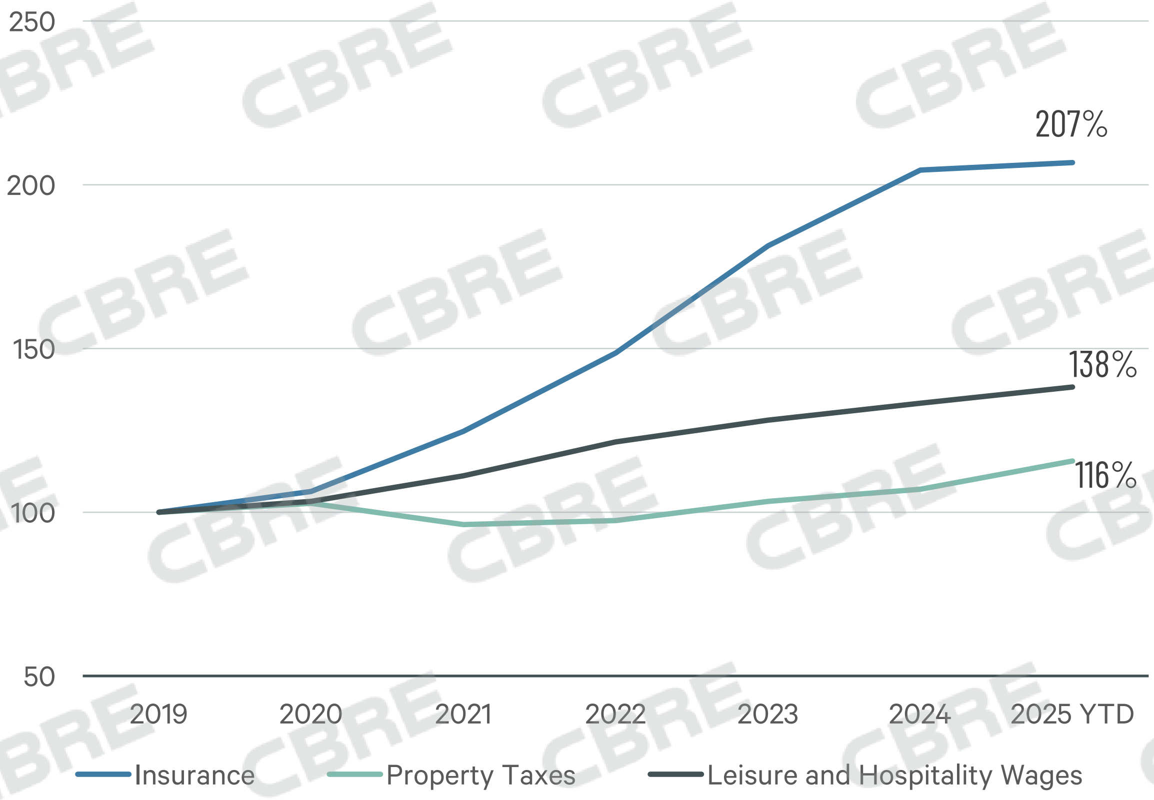


CBRE Hotels Research, *Trends® in the Hotel Industry* – Sample of 2,550 properties that provide monthly P&L data

Insurance costs are moderating, but wage and tax increases still outpace revenue growth

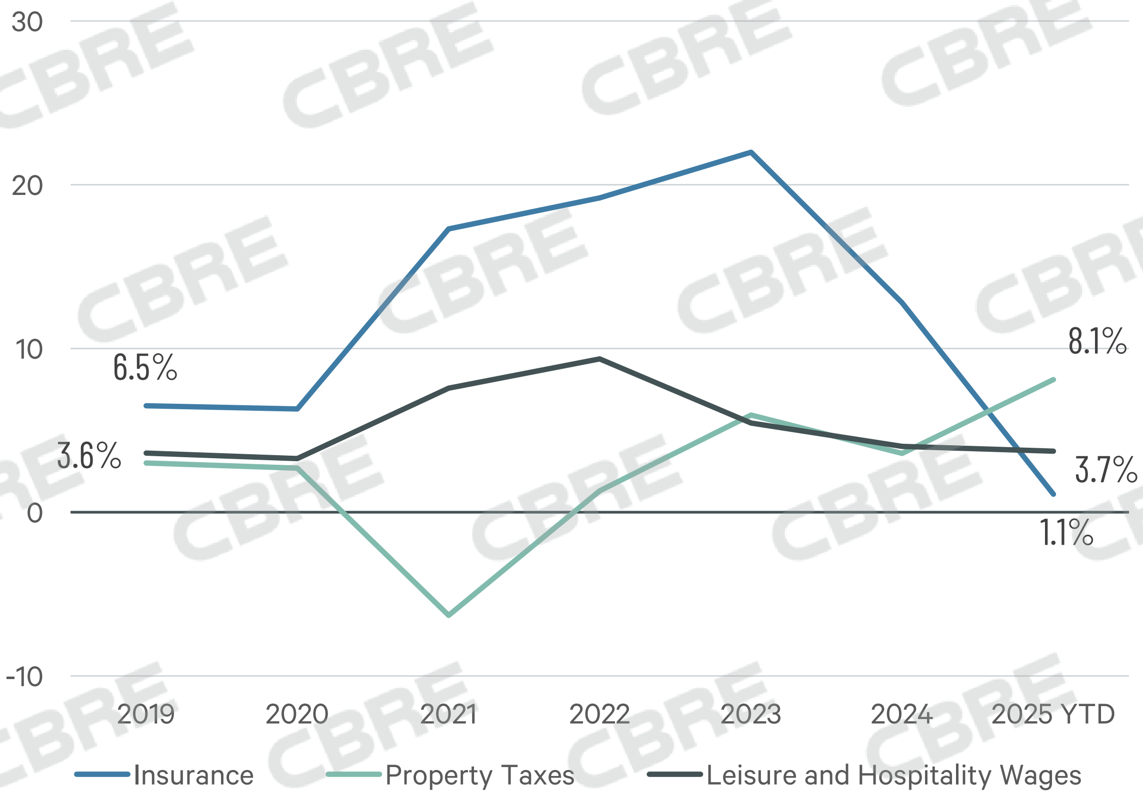
Hotel Property Taxes, Insurance and L&H Average Hourly Wage

Percent of 2019 (%)



Hotel Property Taxes, Insurance and L&H Average Hourly Wage Change

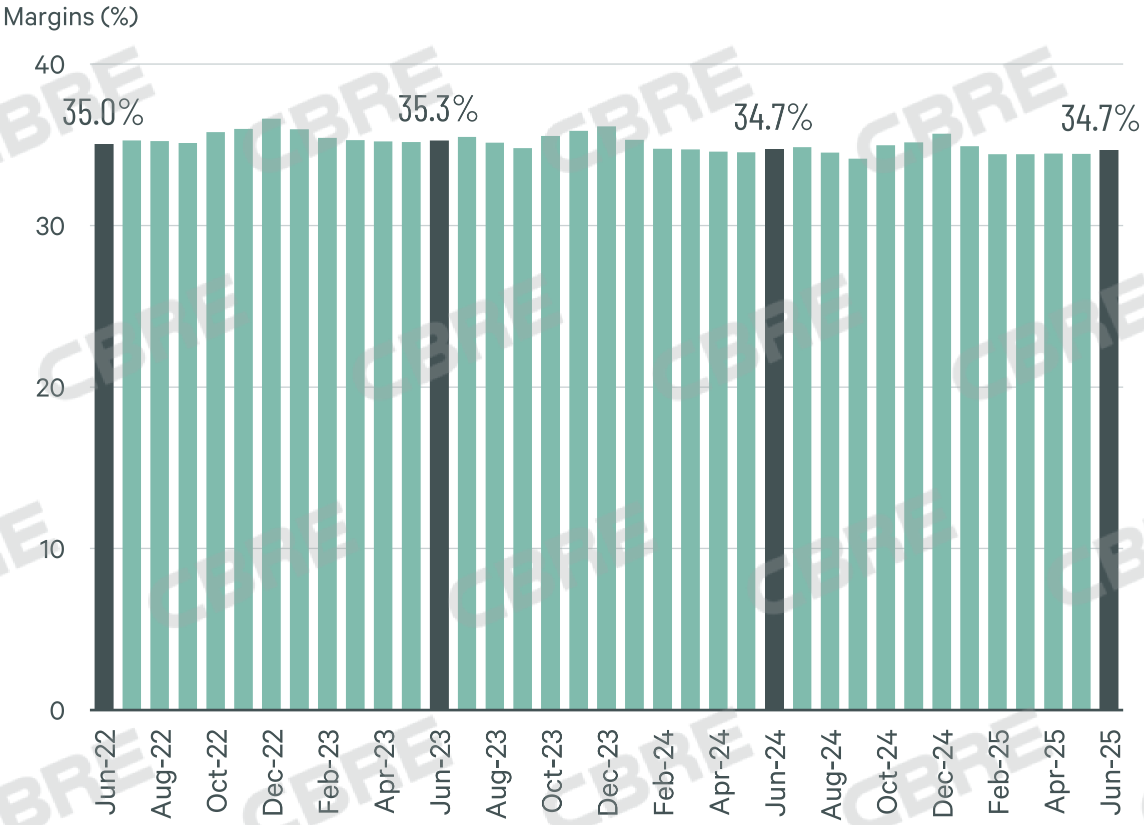
Y-o-Y Change (%)



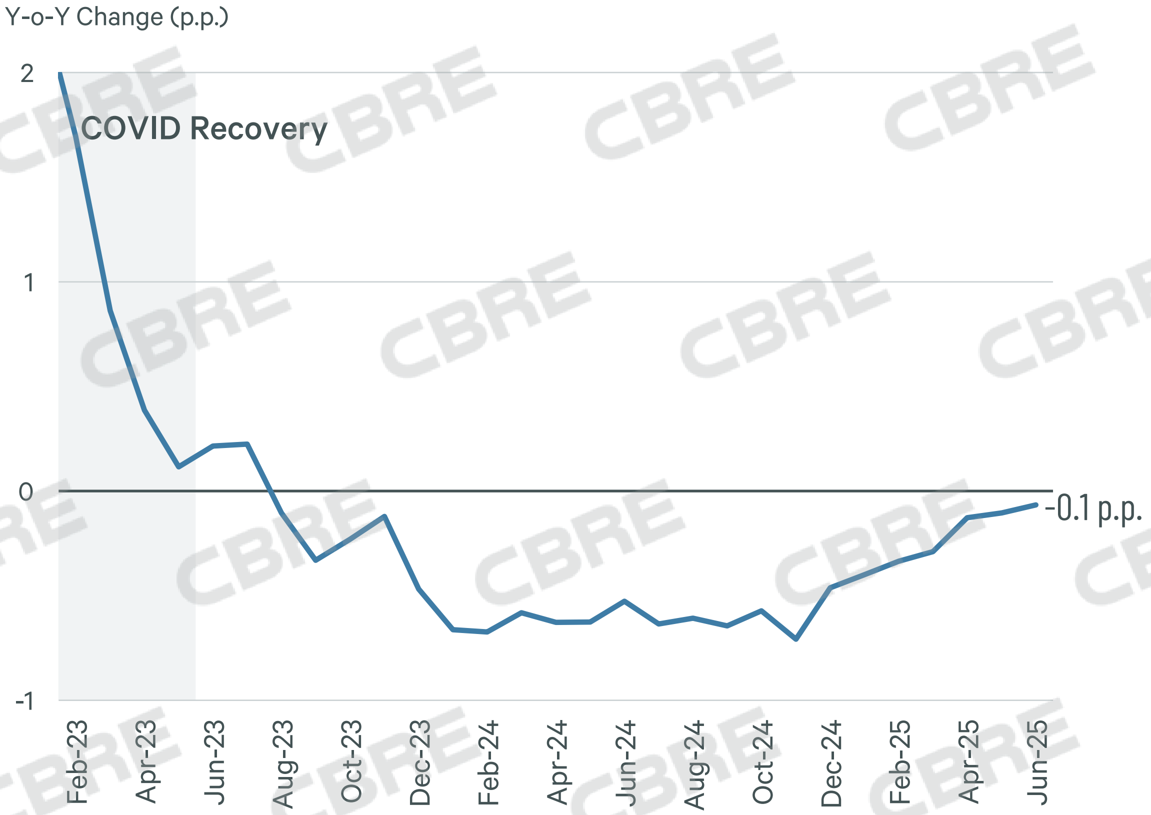
CBRE Hotels Research, *Trends® in the Hotel Industry* – Sample of 2,550 properties that provide monthly P&L data

Margins remain relatively flat but weaker revenues could impact H2 2025

GOP Margin TTM



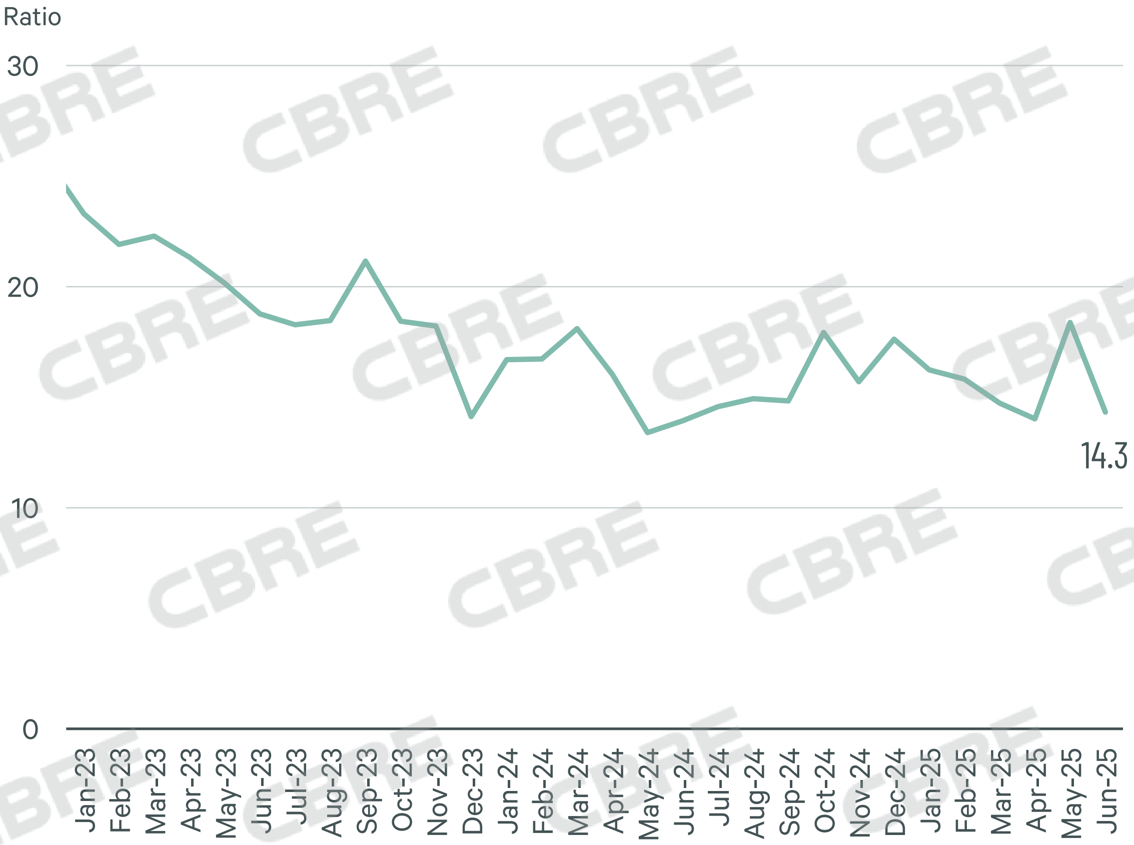
GOP Margin TTM Change



CBRE Hotels Research, *Trends® in the Hotel Industry* – Sample of 2,550 properties that provide monthly P&L data

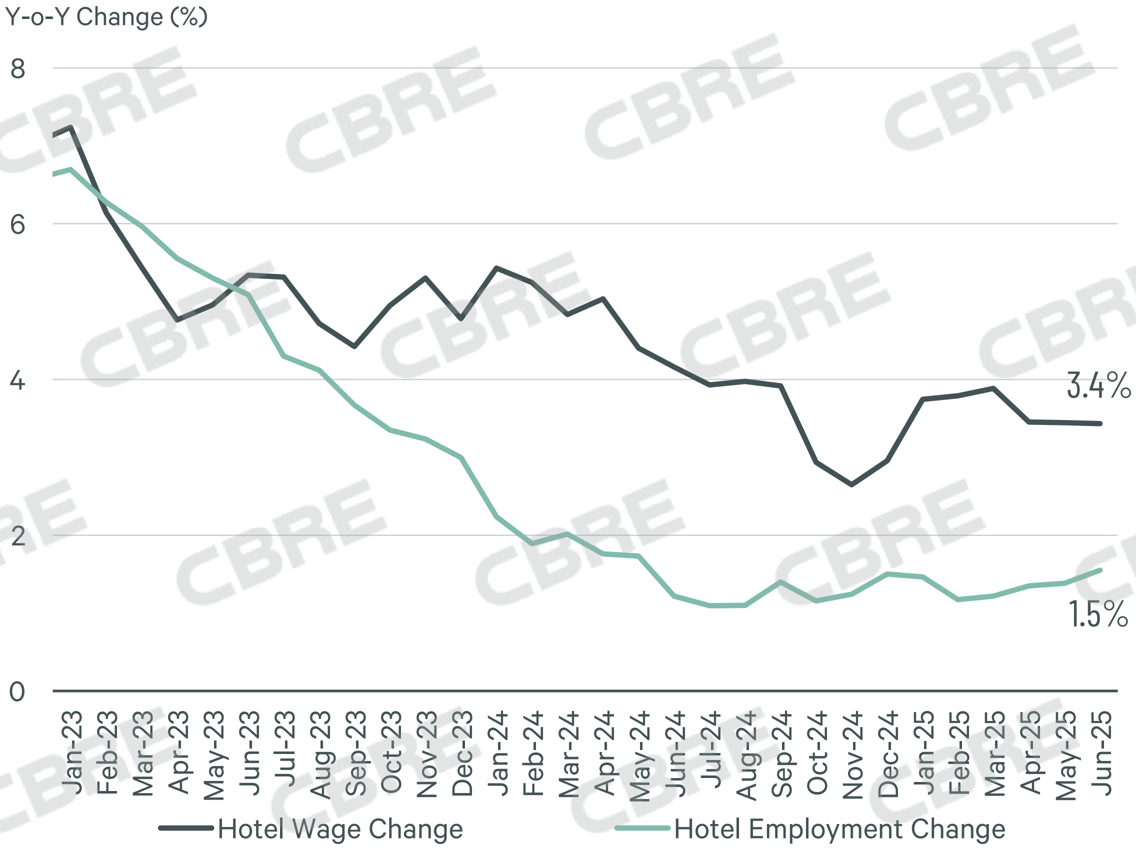
Job openings, wage growth, and hotel sector employment have remained relatively stable

Monthly Job Openings per Hotel



CBRE Hotels Research, BLS, CoStar

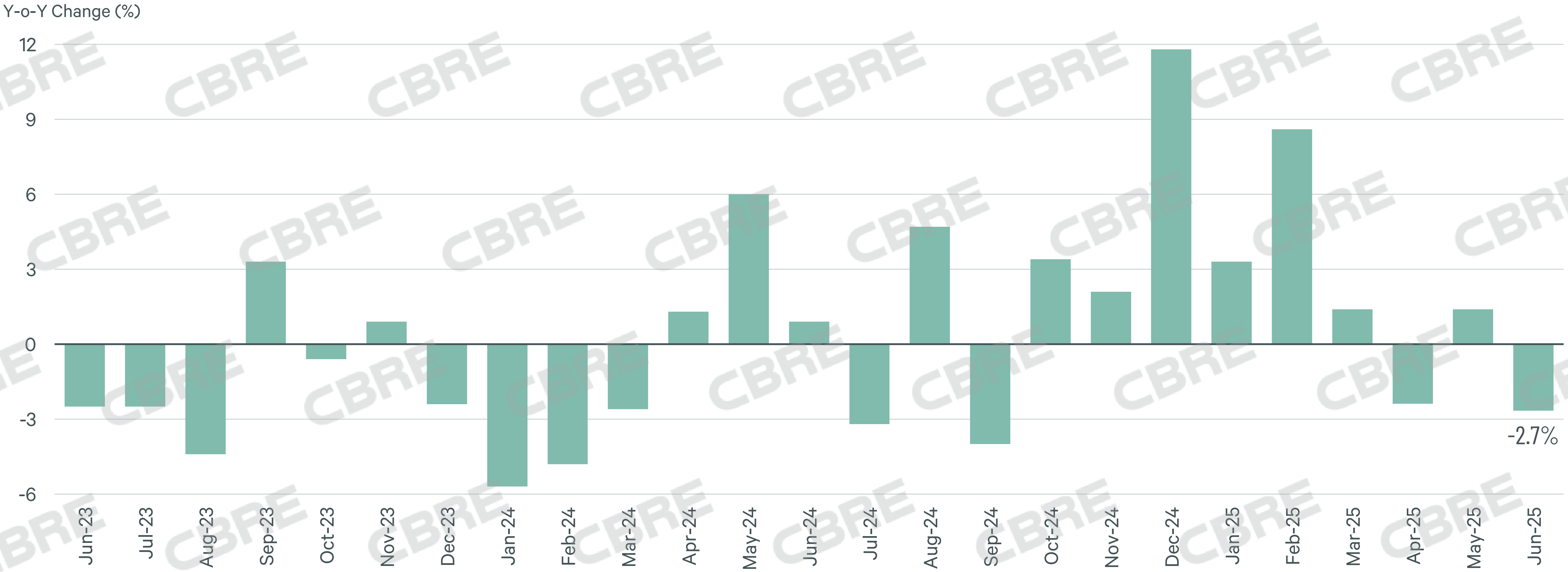
Leisure and Hospitality Wages Change



CBRE Hotels Research, BLS

GOP declined 2.7% in June as costs outpaced total revenue growth

Gross Operating Profit Change (Dollars Per Available Room)



CBRE Hotels Research, *Trends® in the Hotel Industry* – Sample of 2,550 properties that provide monthly P&L data

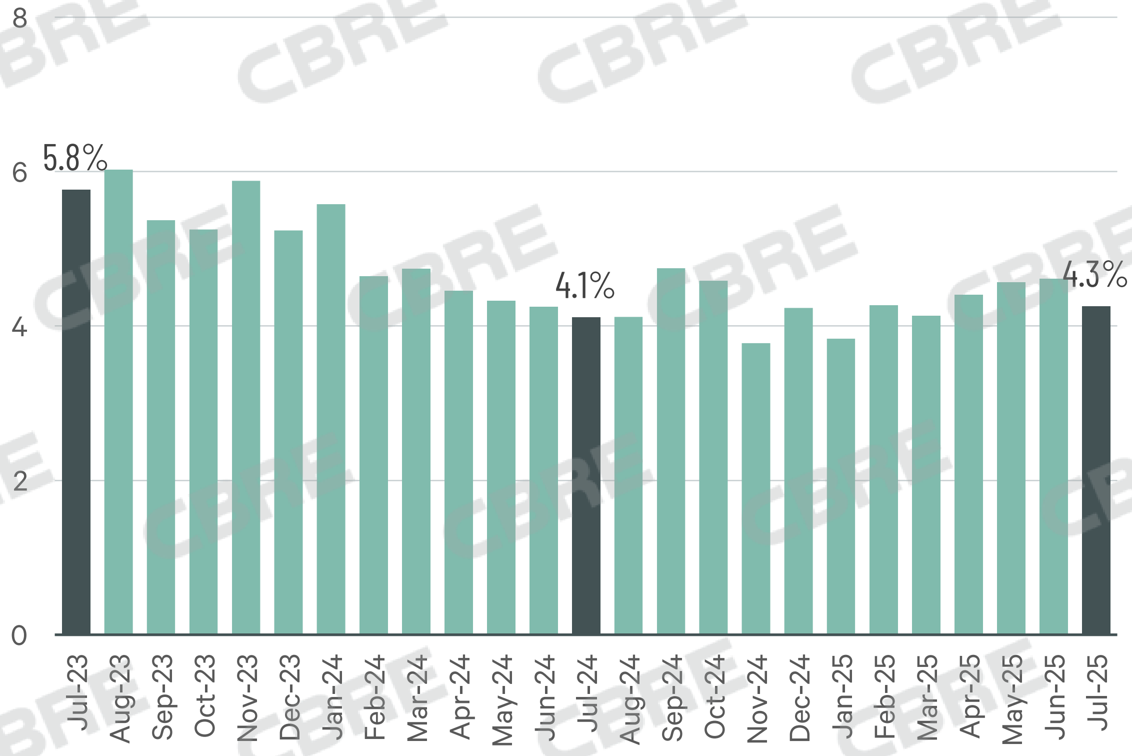
8

Supply Inputs

Construction hiring has cooled, though wages have seen a slight uptick

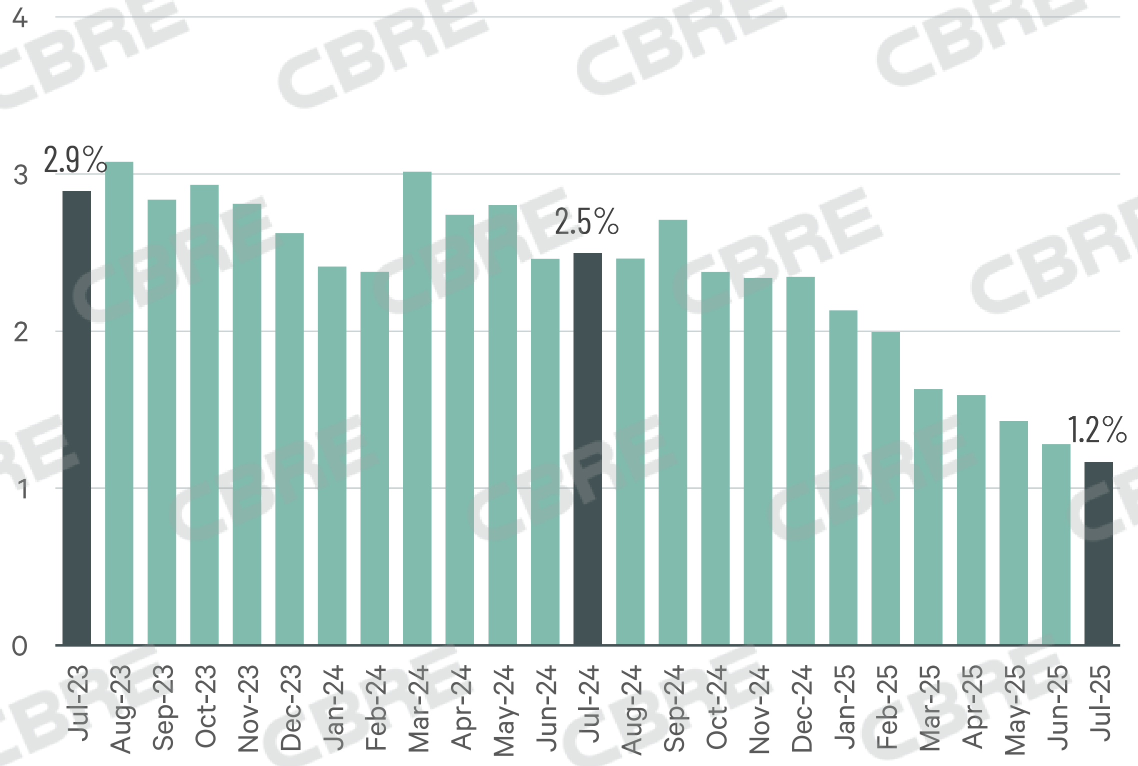
Constructions Wages

Y-o-Y Change (%)



Number of Construction Employees

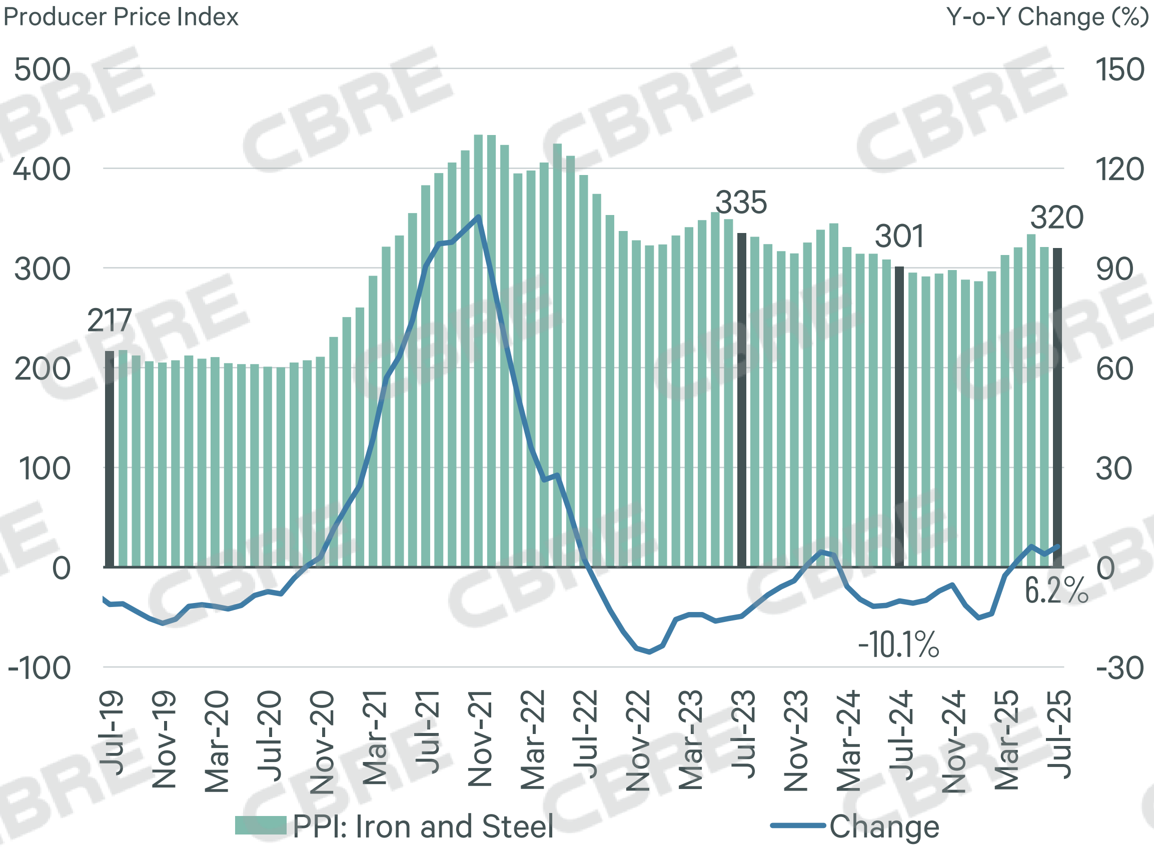
Y-o-Y Change (%)



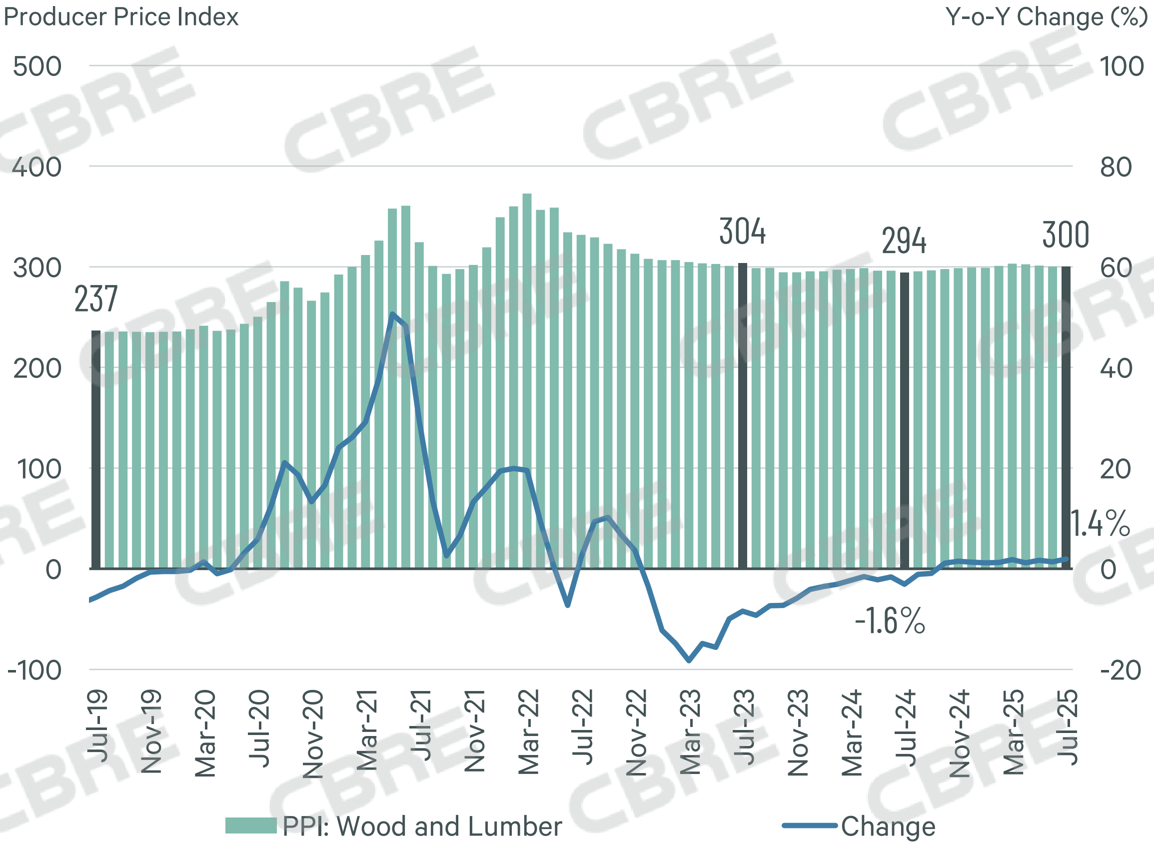
CBRE Hotels Research, BLS

Input costs are rising for the first time in years after tariff announcements

Iron and Steel



Lumber and Wood Products



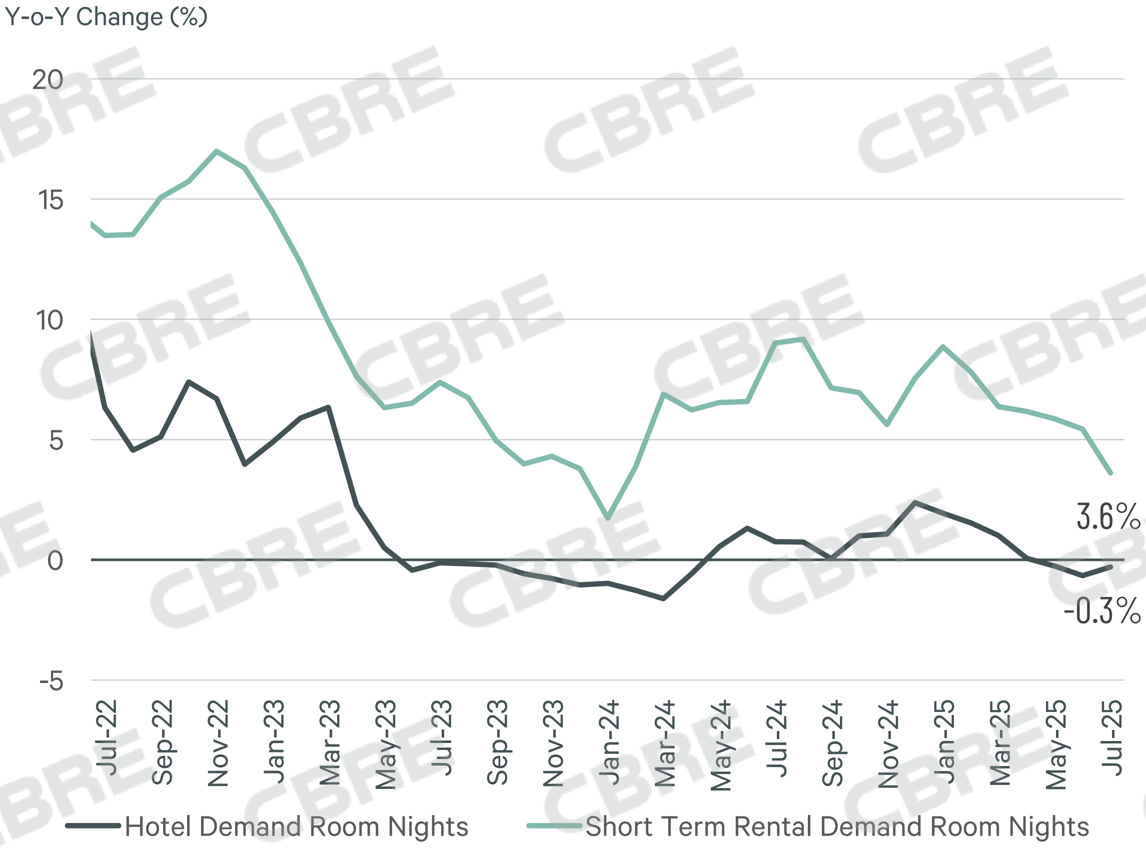
CBRE Hotels Research, BLS

9

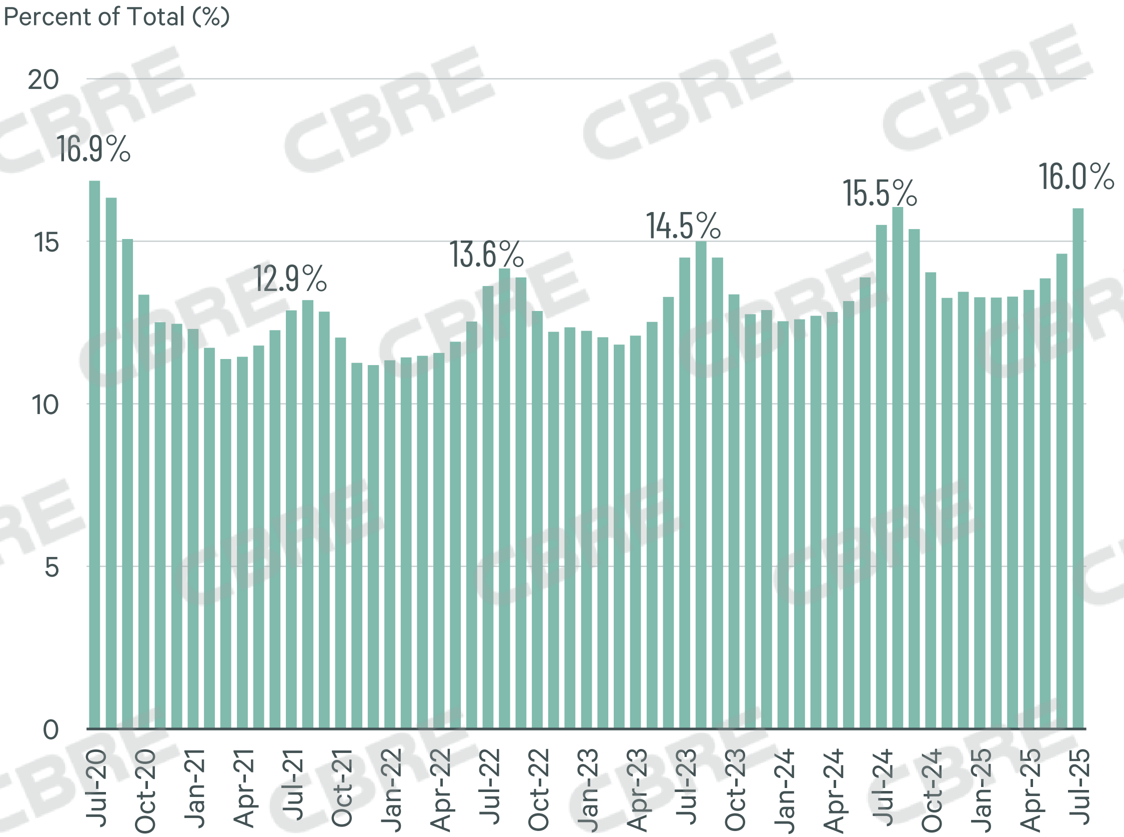
Short-term Rentals

Short-term rental market share is inching toward its peak pandemic high

T3M Hotels & STR Demand Change



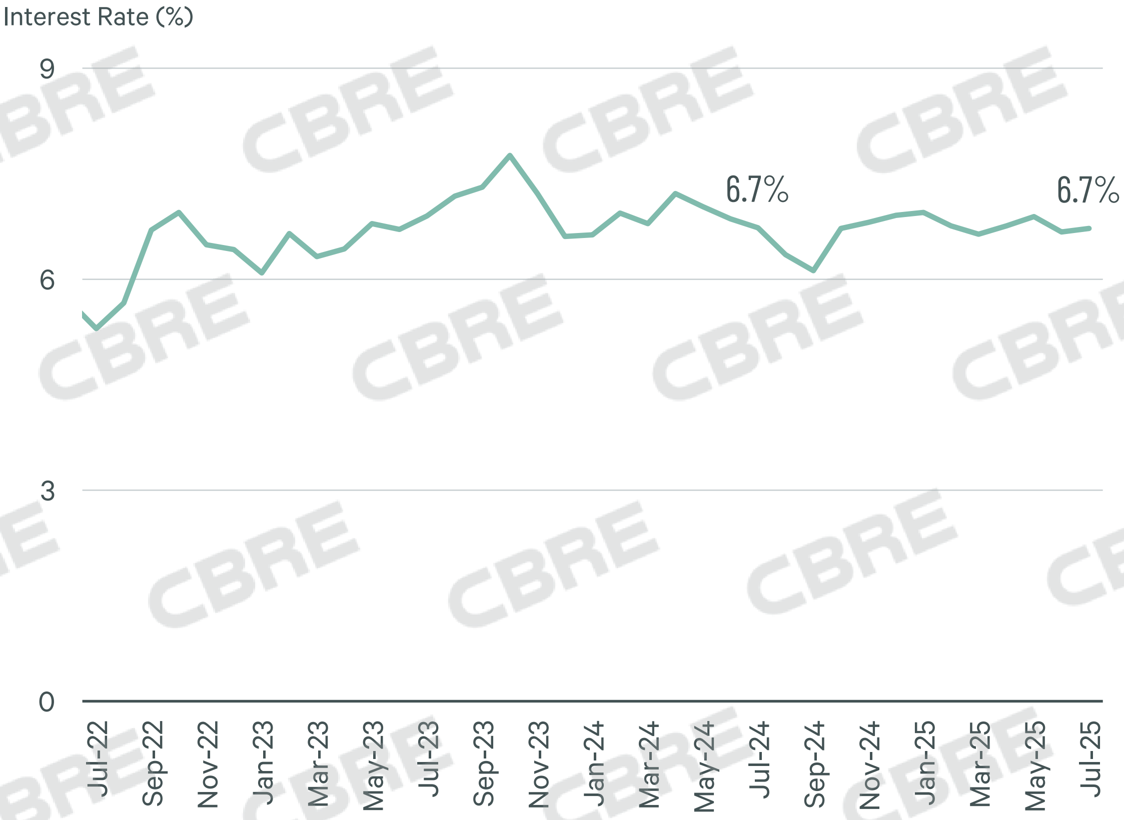
T3M STR Demand as a Percent of Total Hotel and STR Demand



CBRE Hotels Research, CoStar, AirDNA (Includes VRBO & Airbnb), February 2024 adjusted for leap year

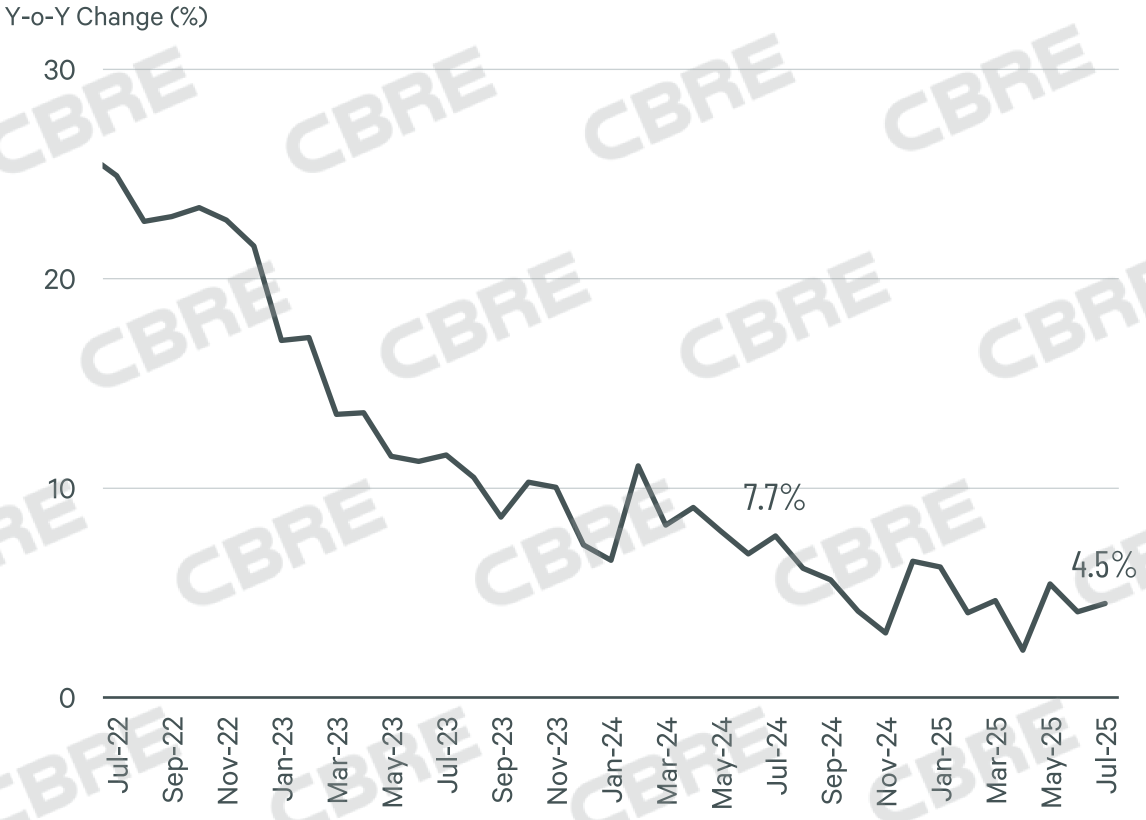
Higher interest rates and higher supply are leading to slower STR inventory growth

30 Year Fixed Mortgage Interest Rates



CBRE Hotels Research, Freddie Mac

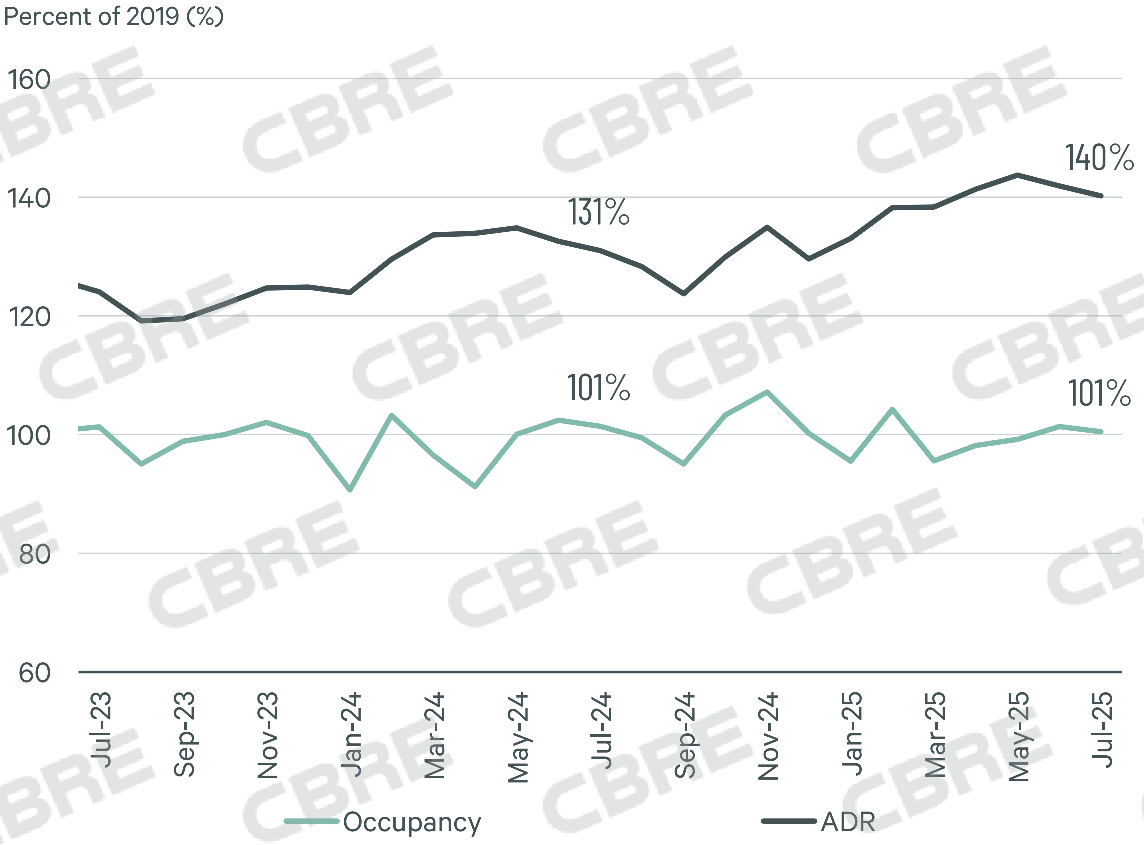
Short Term Rental Supply Change



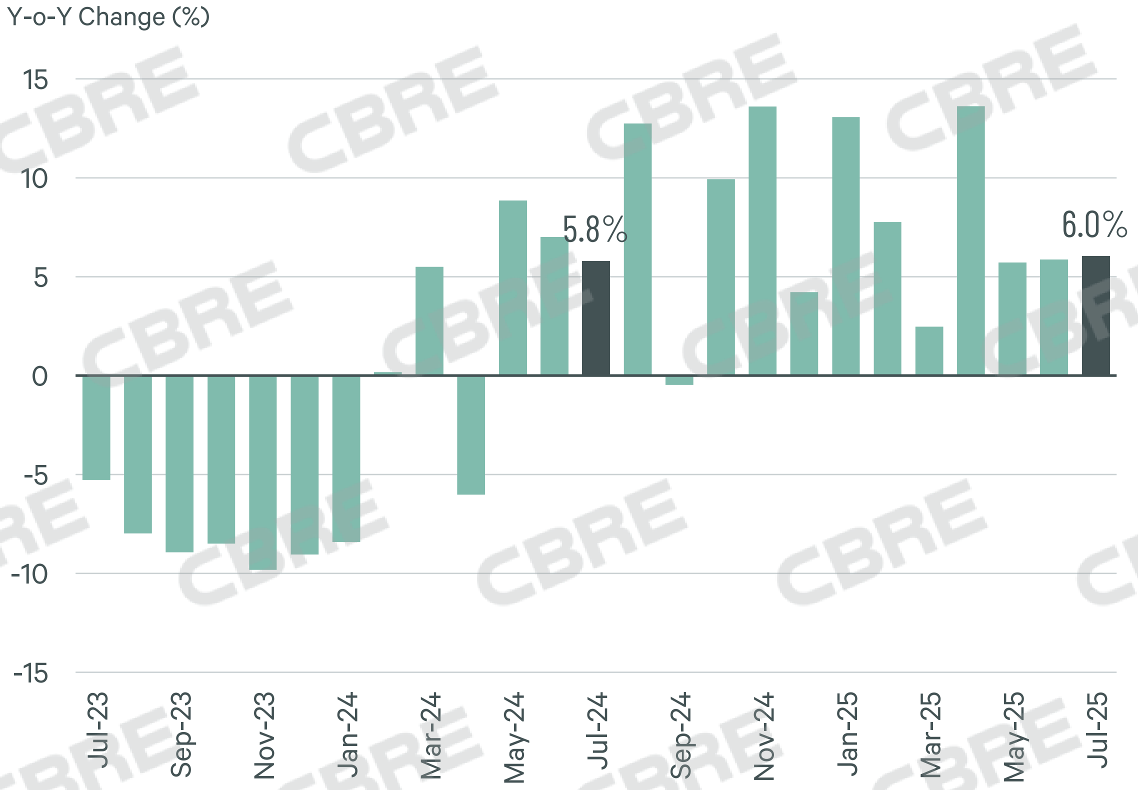
CBRE Hotels Research, AirDNA, February 2024 adjusted for leap year

Solid 6% RevPAR growth in July was supported by strong ADR increases and flat occupancy

Short-Term Rental: Occupancy and ADR Relative to 2019 (%)



Short-Term Rental: RevPAR Change

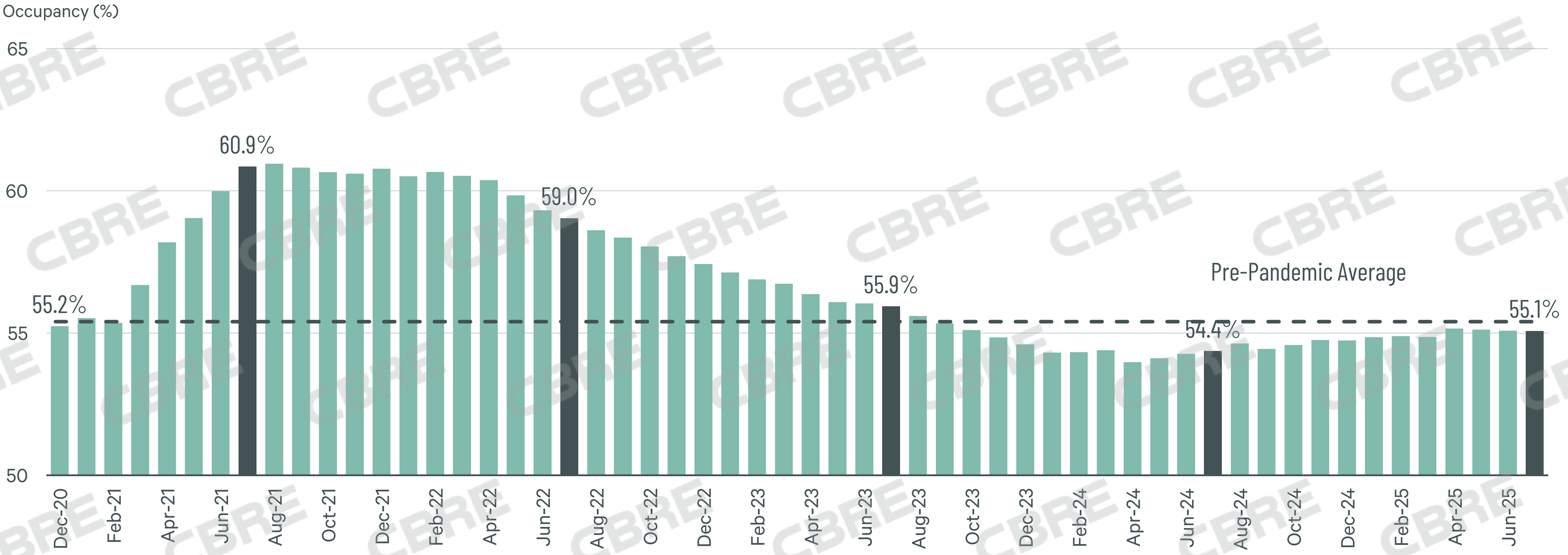


CBRE Hotels Research, AirDNA, February 2024 adjusted for leap year

Solid demand has nearly offset supply growth, driving STR occupancy close to full recovery

CBRE

TTM Average U.S. STR Occupancy Levels



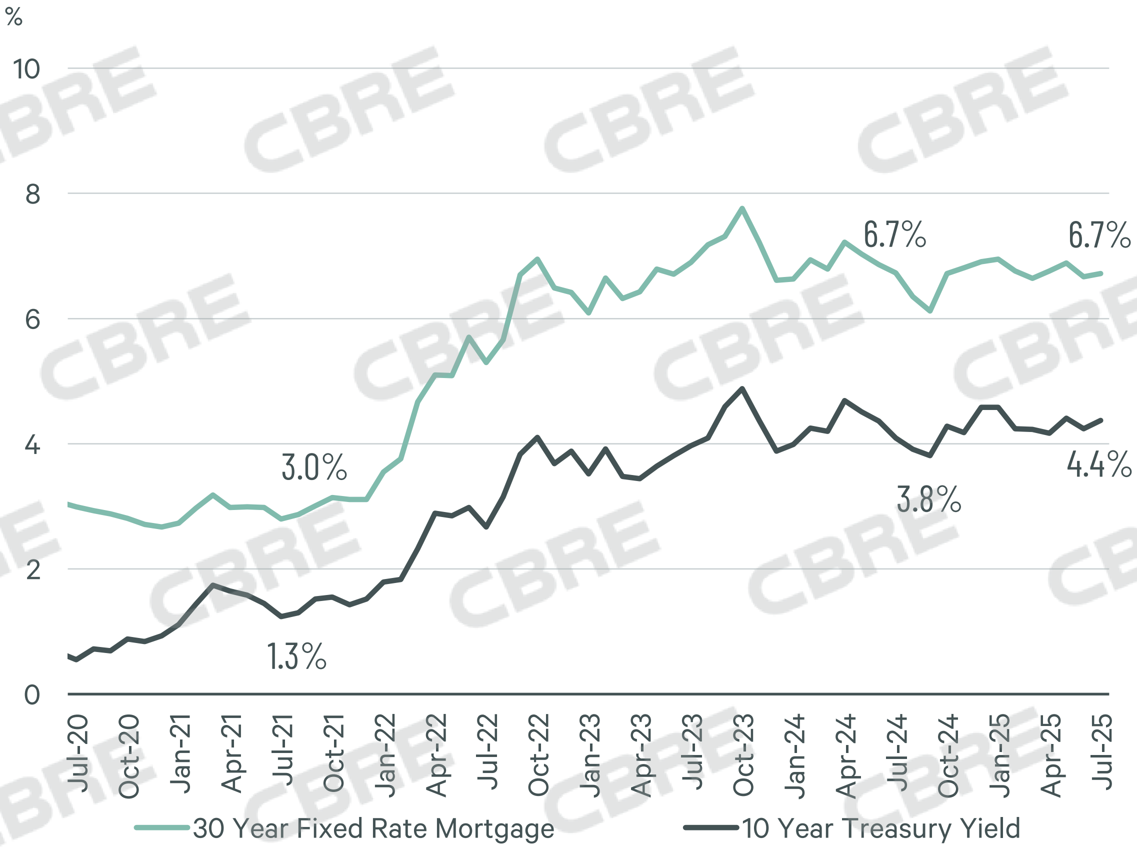
CBRE Hotels Research, AirDNA, February 2024 adjusted for leap year

10

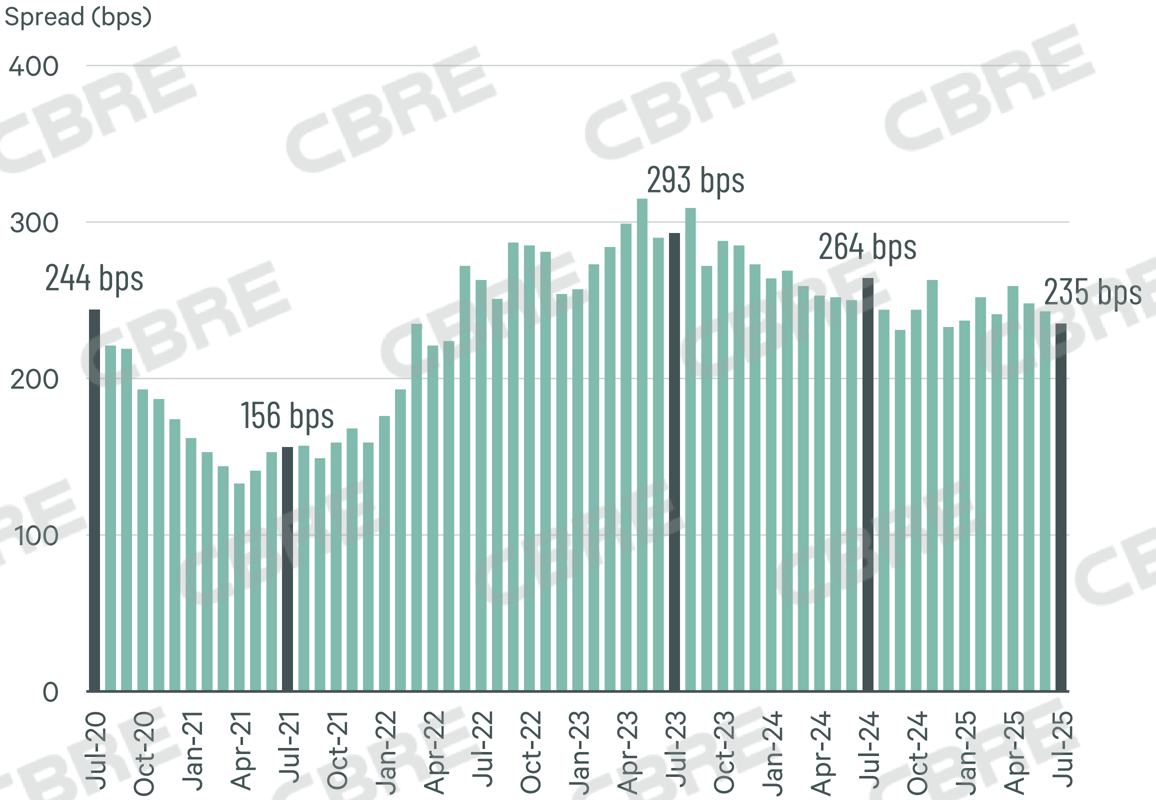
Capital Markets

Spreads narrowed slightly as rates remained relatively consistent with last year

Mortgage Interest Rates vs. 10-Year Treasury

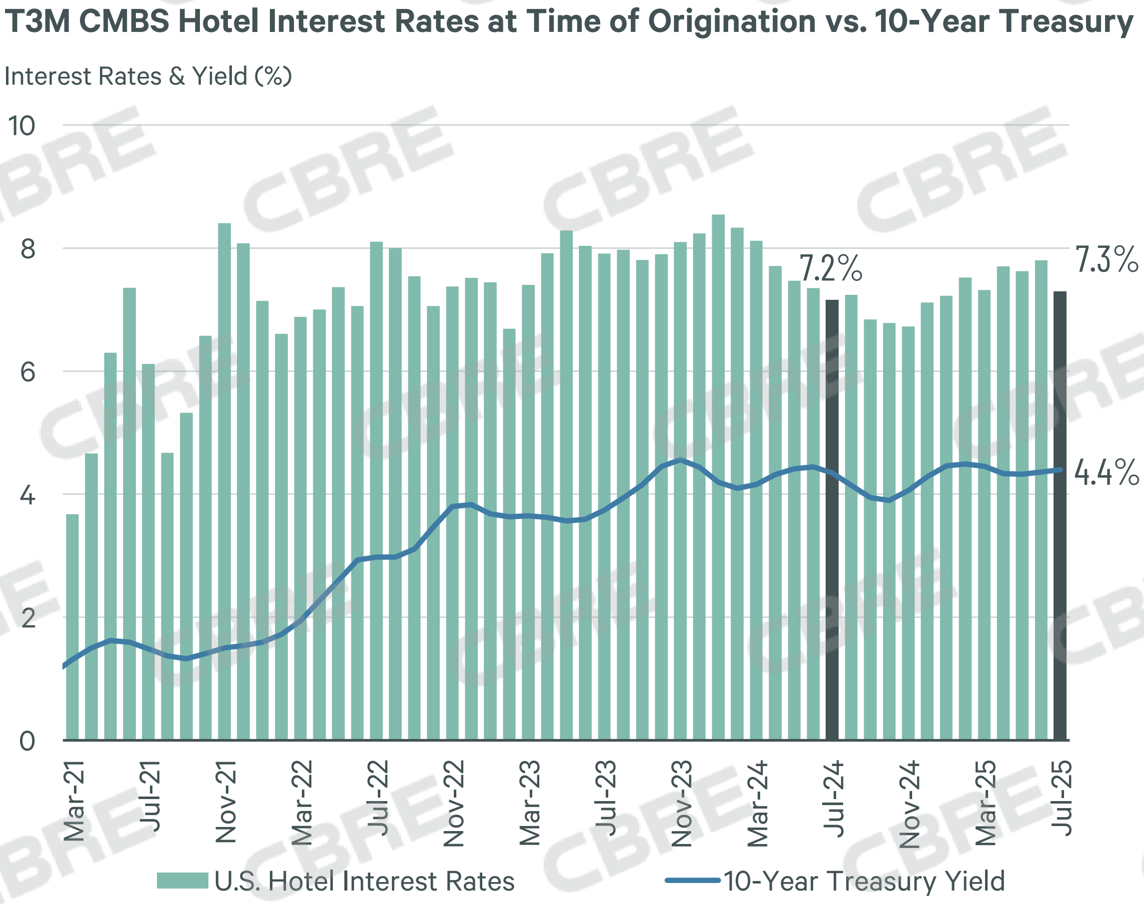


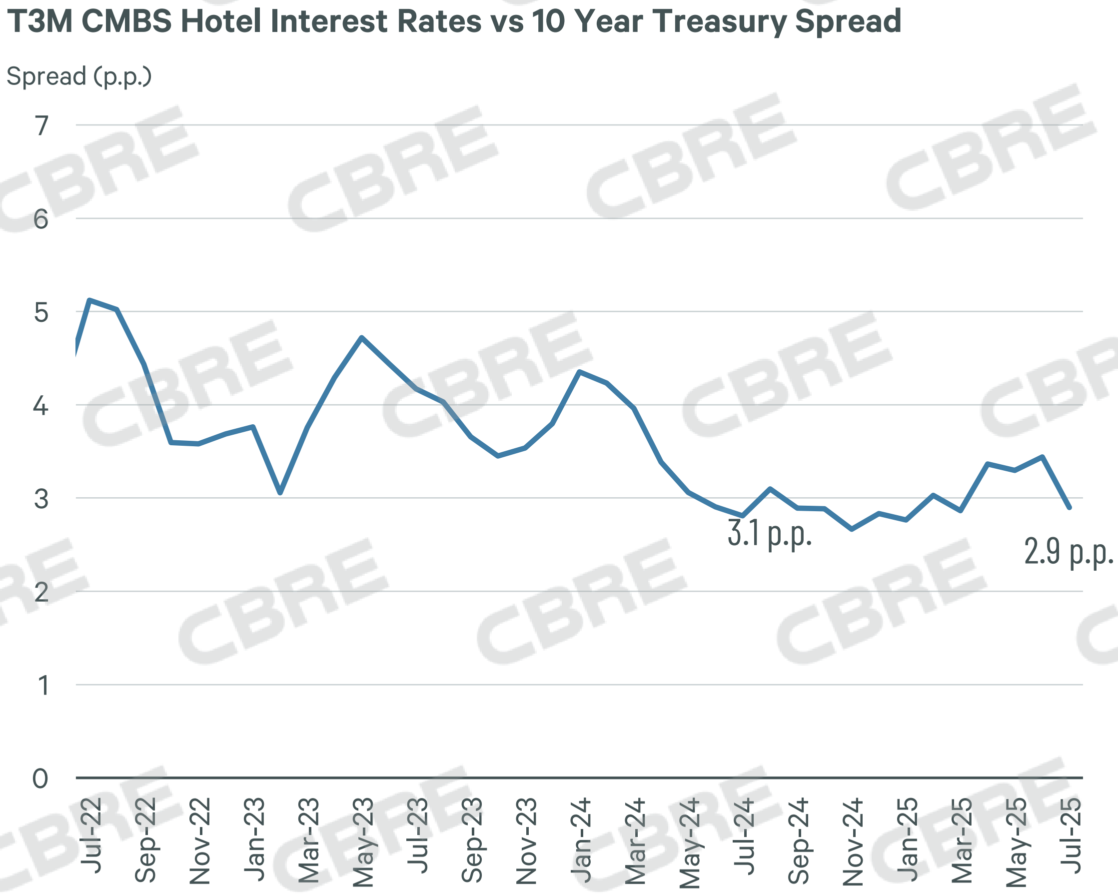
Spread between Mortgage Interest Rates vs. 10-Year Treasury



CBRE Hotels Research, Federal Reserve

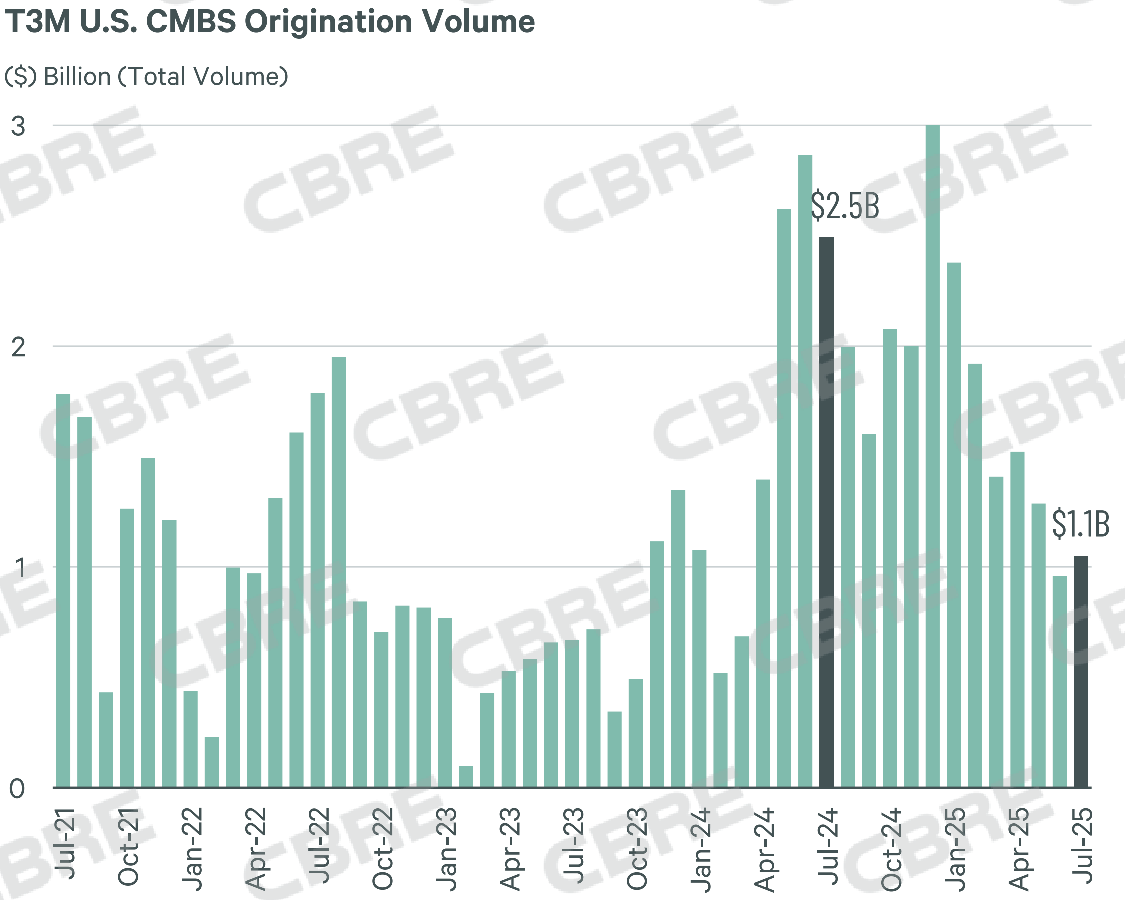
CMBS rates increased slightly as spreads have narrowed y/y

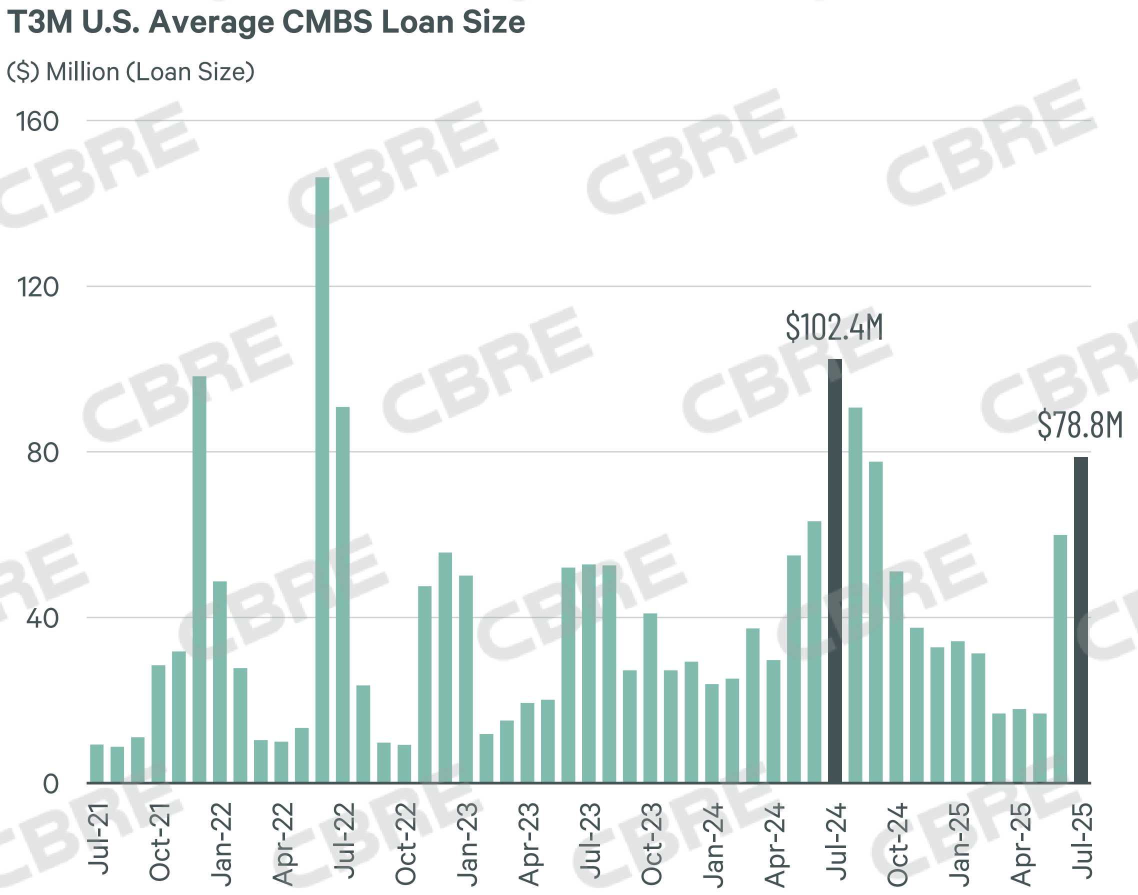




CBRE Hotels Research, CoStar, Federal Reserve

CMBS origination volumes were down in July as was average loan size

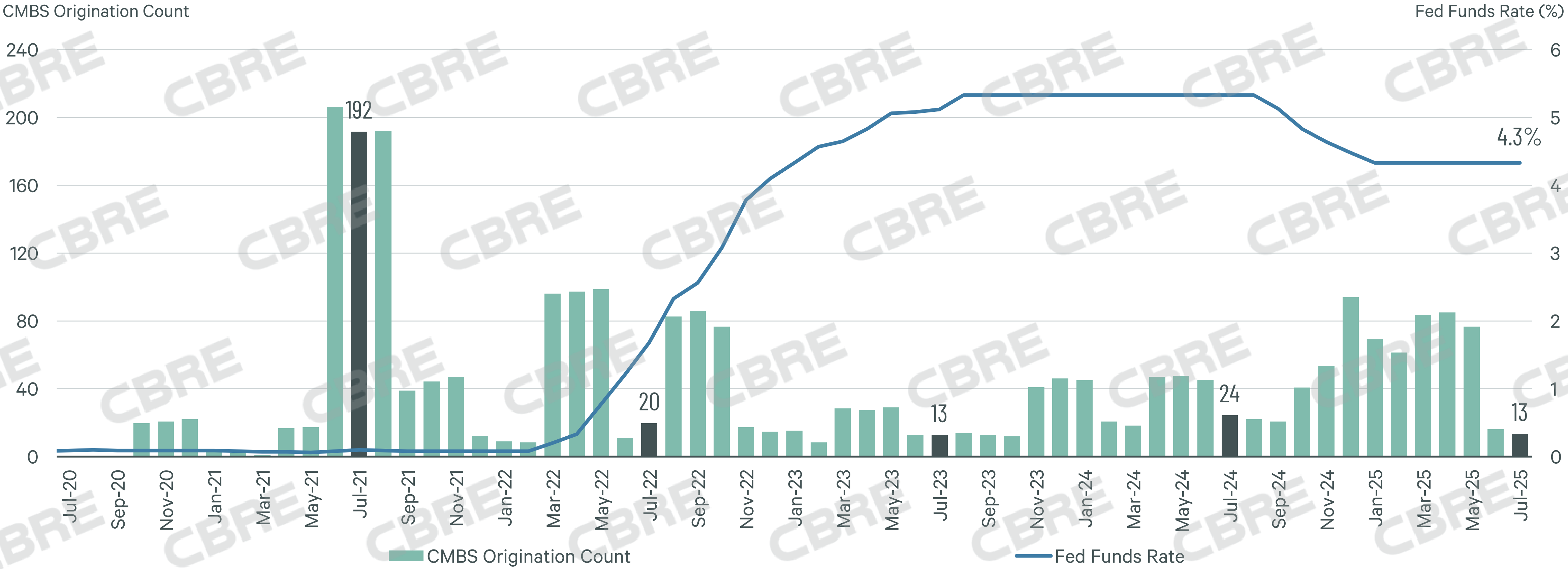




CBRE Hotels Research, CoStar

Loan originations fell in July, in line with smaller loan sizes and volumes

T3M U.S. CMBS Origination Count vs. Fed Funds Rate

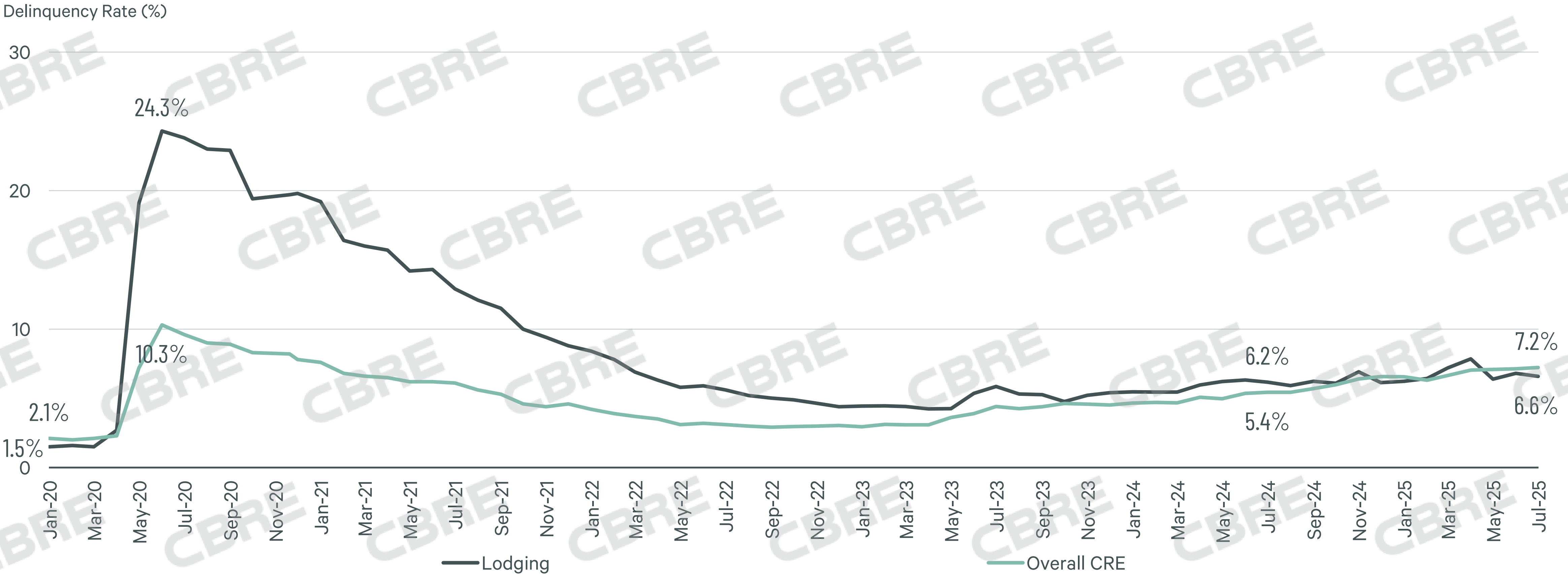


CBRE Hotels Research, CoStar, BEA

Lodging delinquencies were below overall CRE delinquencies in July

CBRE

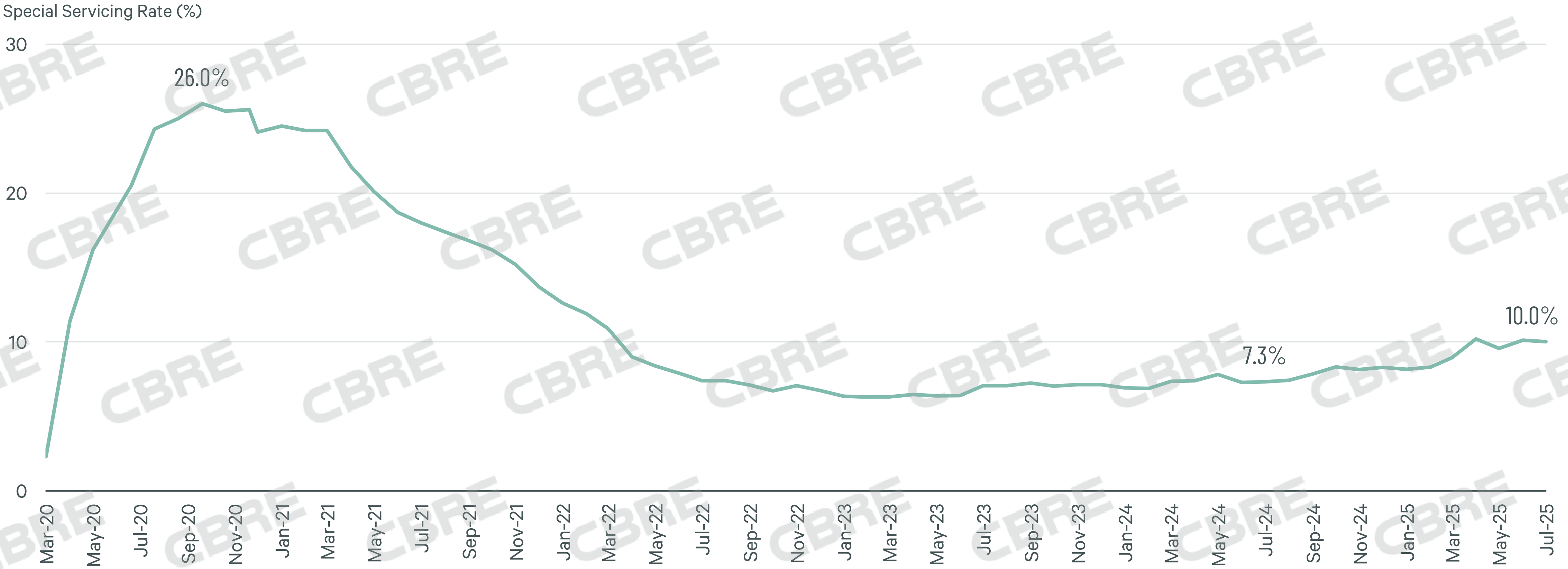
Lodging Delinquency Rate vs Overall Commercial Real Estate



CBRE Hotels Research, Trepp

Hotels in special servicing have increased by 270 bps since last year

Pre-/Post-COVID - Special Servicing Rate Lodging CMBS



CBRE Hotels Research, Trepp

Thank you

CBRE

HOTELS RESEARCH ANALYSTS

Will Webster

Research Manager
M +1 404 326 9288
will.webster@cbre.com

Christine Bang

Research Manager
M +1 917 543 9698
christine.bang@cbre.com

Hogan McDade

Sr. Research Data Analyst
hogan.mcdade@cbre.com

Elvin Paterter

Finance Analyst
elvin.paterter@cbre.com

HOTELS RESEARCH LEADER

Rachael Rothman, CFA

Head of Hotels Research
M +1 804 201 2004
rachael.rothman@cbre.com

CBRE HOTELS RESEARCH ECONOMIST

Michael Nhu

Sr Economist, Global Hotels Forecasting
T +65 63478863
michael.nhu@cbre.com

INFORMATION SERVICES

Robert Mandelbaum

Research Director
T +1 404 812 5187
robert.mandelbaum@cbre.com

CLIENT SERVICES

Celeste Santangelo

Director, Client Engagement
T +1 917 207 1857
celeste.santangelo@cbre.com

Scan for our publications and data products