English (US)

STR DATA

Summer Surge Starts Early for US Hotels

Hotel Room Demand Reaches Highest Level in More Than a Year

A gas shortage due to the Colonial Pipeline hacking did not have a negative impact on hotel performance during the week, as signs had indicated it would. (Getty Images)

By Isaac Collazo
STR

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In what could be an early sign of the summer surge, demand for U.S. hotel rooms was at its highest level in more than a year during the week ending May 15.

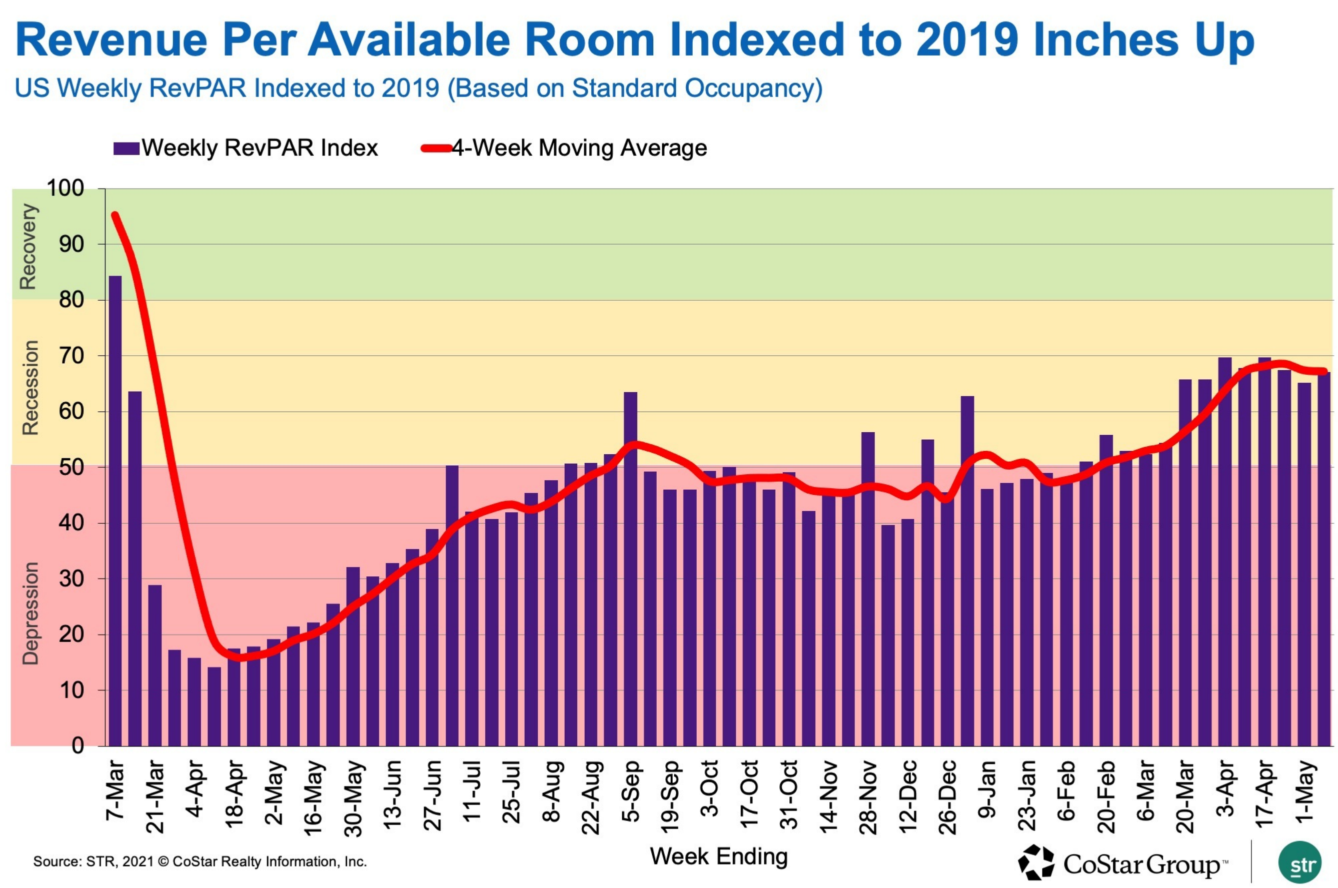
Hotels sold more than 22.4 million rooms — nearly 1 million more than the previous week, according to the latest Market Recovery Monitor report by STR, CoStar Group's hospitality analytics firm.

The largest weekly demand gains came in markets that tend to rely more heavily on business travel, including Houston, Chicago, Los Angeles, New York and Dallas. Despite this improvement, the New York and Chicago hotel markets sold less than half of the rooms they did during the same week in 2019. Dallas, Houston and Los Angeles are in a better position, selling 80% or more of the rooms sold during the same week in 2019.

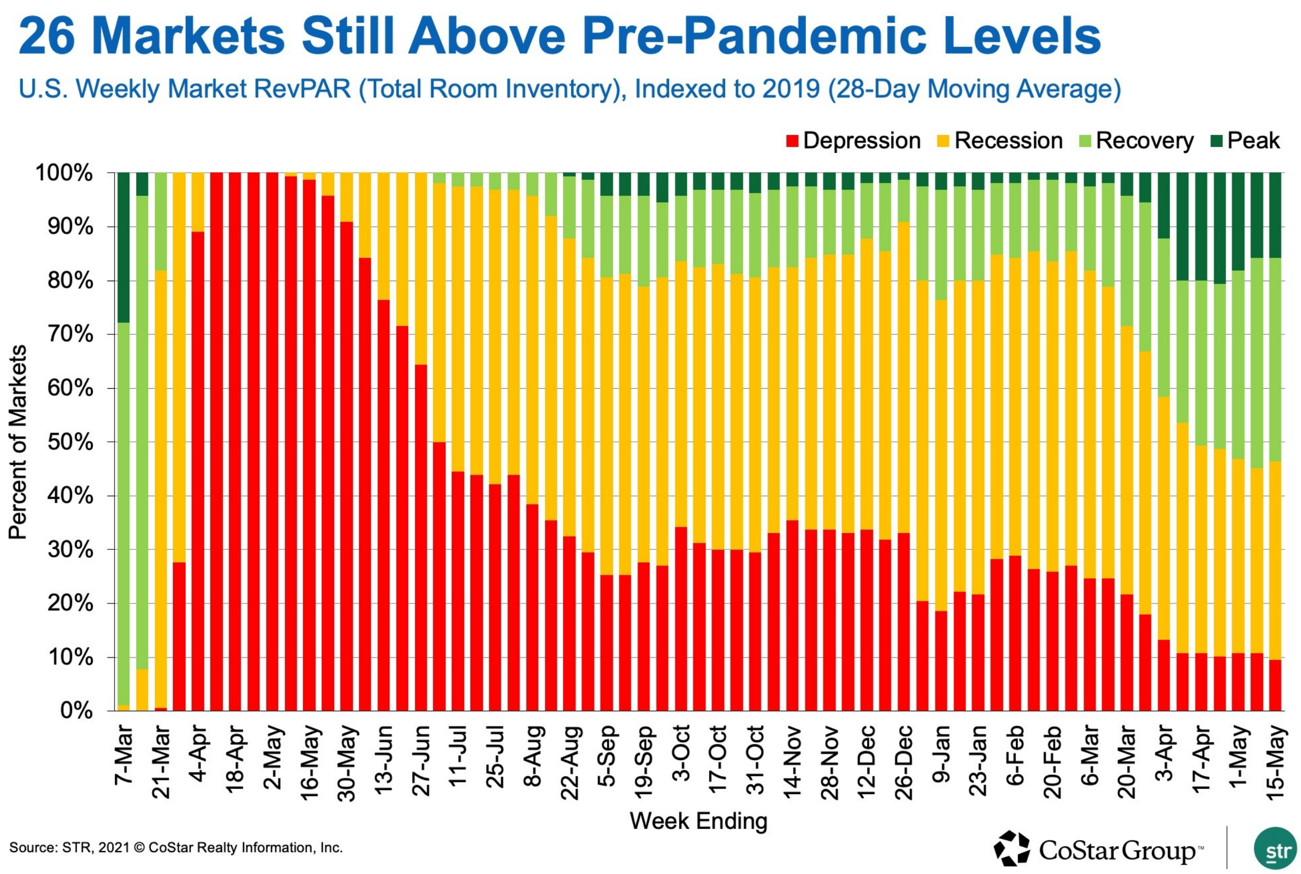
Hotel demand in thirteen states was 95% or better than the 2019 level, and 80% of all U.S. markets posted weekly demand gains.

STR's Market Recovery Monitor compares the latest weekly performance data against pre-pandemic 2019 levels to measure the hotel industry's recovery, placing U.S. markets in one of four categories — peak, recovery, recession or depression.

For the week ending May 15, the number of markets in the recovery or peak category — with revenue per available room at 80% of 2019 levels or better — fell slightly from 91 to 89. However, only 16 markets were in the depression category with RevPAR at 50% or less of 2019 levels — the lowest number recorded by STR's Market Recovery Monitor.



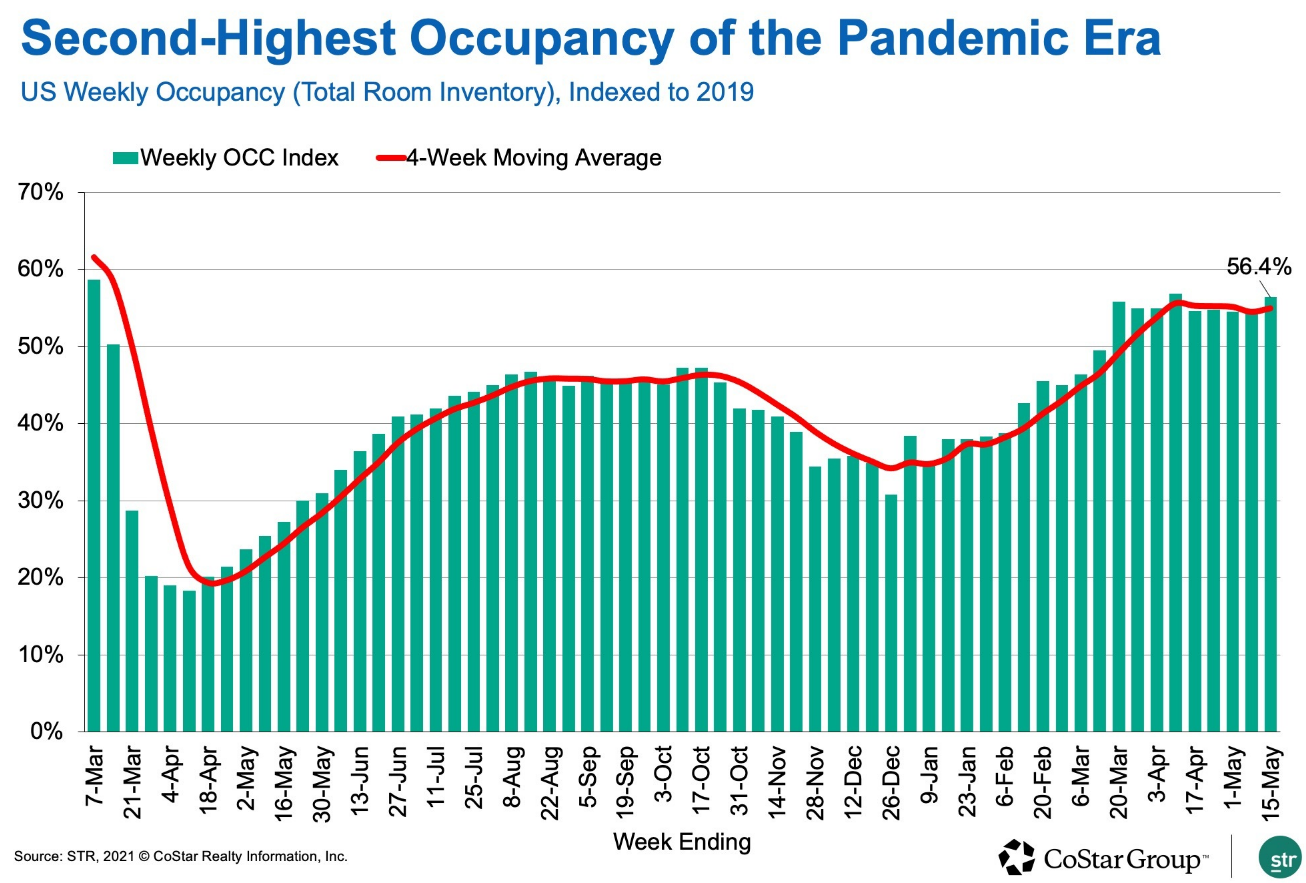
San Francisco's hotel market continues to have the lowest RevPAR indexed to 2019, followed by New York, Boston and Washington, D.C. RevPAR in these four markets remained under 30% of what it was in 2019. Overall, U.S. RevPAR — on a total room inventory basis, which accounts for temporarily closed hotels — was at 68% of 2019's level and its highest index of the past four weeks.



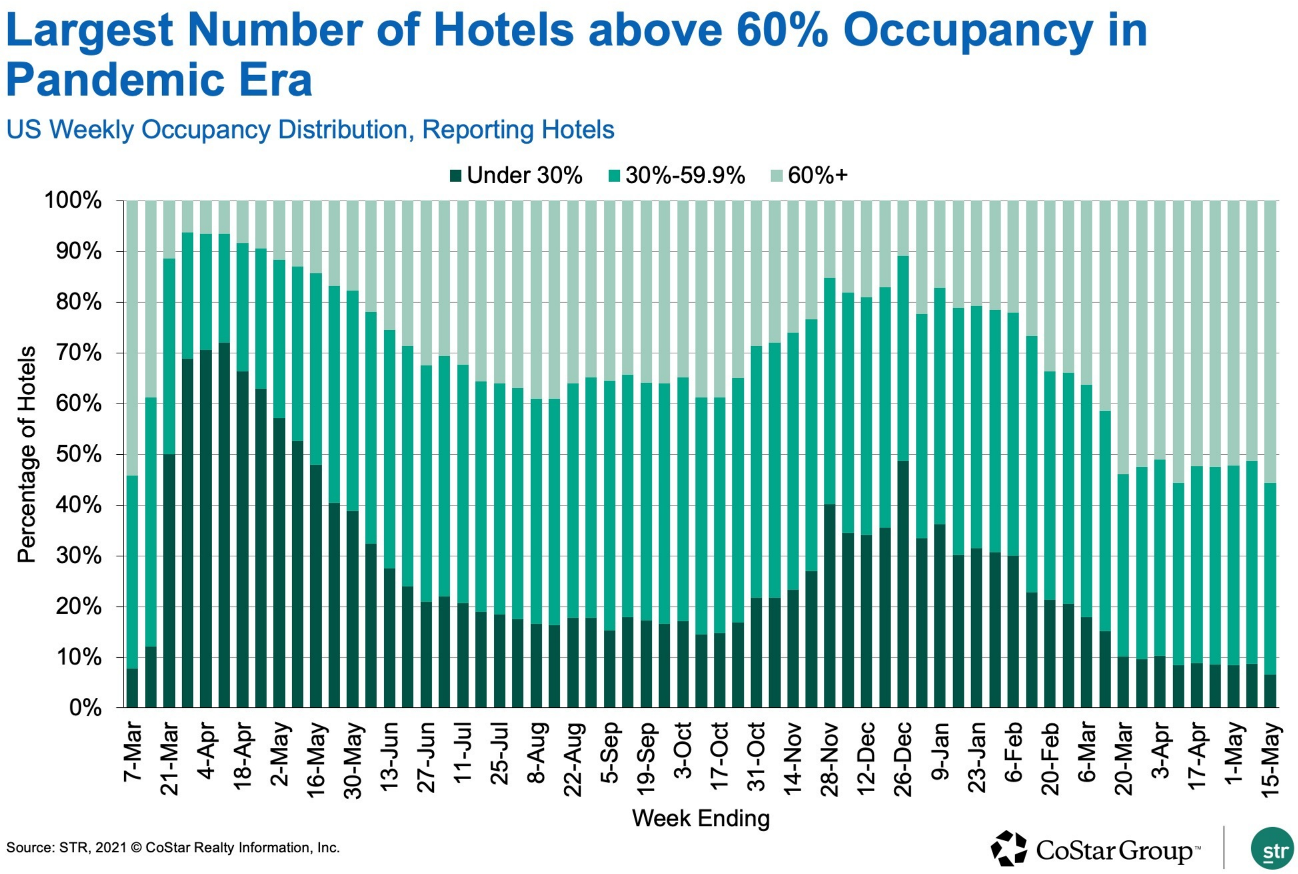
Weekly Performance Highlights

Gas shortages due to the hacking of the Colonial Pipeline did not have a negative impact on hotel performance, as demand, occupancy, average daily rate and revenue per available room — all key performance metrics — were at or near pandemic-era highs for the week.

Performance was strongest over the weekend, when 73.6% of U.S. hotel rooms were occupied — the highest occupancy level since Valentine's Day weekend in 2020. Overall, total occupancy for the week was 59.1% — the second-highest level of the past 62 weeks.



Across the U.S., 56% of hotels reported occupancy above 60% for the week, which is a new pandemic-era high. However, for urban hotels with 300 or more rooms, weekday occupancy remained low at around 31% for the week. Occupancy was up slightly week-over-week for business hotels in top 25 urban markets, but still relatively low at 45%. Seven markets — including San Francisco, New York, Washington, D.C., and Boston — reported weekday occupancy under 45%, on a total room inventory basis.



U.S. hotel ADR also reached a pandemic-era high of $114, up 2.8% week over week, which was the largest increase of the past eight weeks. That held true for the top 25 markets, where hotel ADR for the week reached the new high of $123, up 4.4% from the previous week.

Comparatively, ADR remains down about 15% from 2019 levels.

U.S. hotel RevPAR increased 7% week over week and reached a 62-week high of $64, on a total room inventory basis. Hotels in the top 25 markets grew RevPAR by 8% for the week — and by 14% over the weekend, when RevPAR topped $100 for the first time since the start of the pandemic.

Isaac Collazo is VP Analytics at STR.

This article represents an interpretation of data collected by CoStar's hospitality analytics firm, STR. Please feel free to contact an editor with any questions or concerns. For more analysis of STR data, visit the data insights blog on STR.com.

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