

News

# Stronger-Than-Expected U.S. Hotel Demand Drives Updated Forecast

STR and Tourism Economics have upgraded projections for 2021, although they say full lodging-industry recovery won't come until late 2023.



by [Michael J. Shapiro](#)

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Based on stronger-than-expected demand in the first quarter of 2021, lodging-data provider [STR](#) and [Tourism Economics](#) have upgraded their U.S. hotel forecast. Still, the analysts caution that they don't believe the current uptick will affect their [previous timeline projections](#), which calls for demand to return to prepandemic levels in late 2023, and for revenue per available room to reach full recovery in 2024.

"The next stage of the U.S. travel recovery has commenced," said [Adam Sacks](#), president of Tourism Economics. "An effective vaccine rollout and generous fiscal stimulus will drive the fastest single-year economic expansion in nearly 40 years. Leisure-travel demand is gathering strength, with substantial recovery in sight for many markets. However, transient-business, group and international travel face continued headwinds, and a full recovery will take several years."

As STR previously reported in late March and early April, the surge in demand, while better than anticipated, has been almost entirely in the leisure segment, "although improving weekday occupancies indicate that some business travel is back in the marketplace," pointed out STR president [Amanda Hite](#). Meetings and events will return

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slowly, she reiterated.

"What remains furthest off from meaningful recovery is group business, but there is hope for upward movement in that segment as more events get back on the books," Hite said. "Until that point, big-box hotels and markets heavily reliant on conventions will continue to lag, keeping total industry recovery to 2019 levels in the distance."

The latest forecast projects 2021 occupancy will rise 53.3 percent, with a RevPAR of \$58.39. That's far better than 2020, but still 32 percent below the 2019 level.

**U.S. Forecast**

Key Performance Indicators  
2020 – 2021F – 2022F



Metric	2020 Actual	2021 Forecast	2022 Forecast
Occupancy *	41.6%	53.3%	60.1%
ADR	\$103.00	\$109.47	\$117.34
RevPAR *	\$42.88	\$58.39	\$70.57
RevPAR Compared to 2019	-50.1%	-32.0%	-17.9%

\*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

Source: STR. 2021 © CoStar Realty Information, Inc.

Upgraded forecast from STR and Tourism Economics. *Source: STR*

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