

**STR DATA**

# Hotel Reopenings Have Impact on Pace of US Industry Recovery

## US Hotel Occupancy Hits 8-Week Low Amid Supply Gains



During the week ending May 8, hotels in the Florida Keys had the highest revenue per available room index to 2019 — reaching 142% of the 2019 level. (Getty Images)

By **Isaac Collazo**

STR

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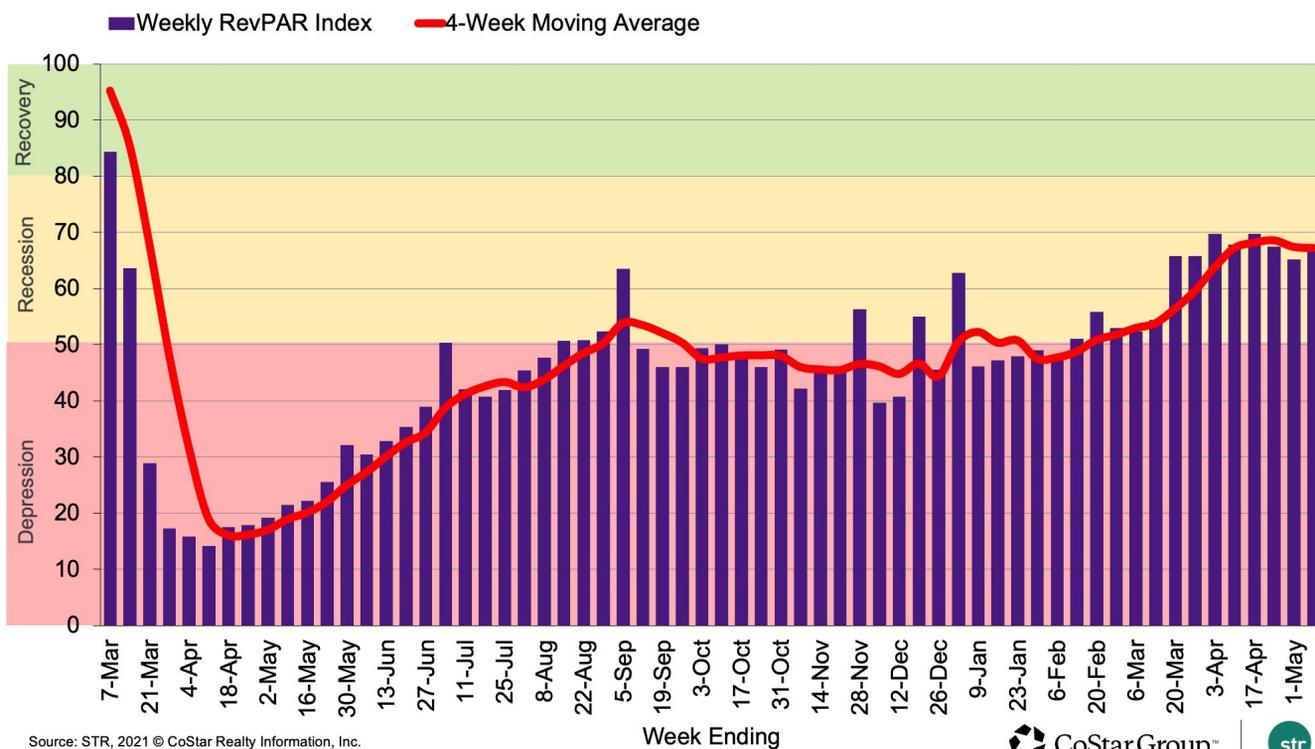
U.S. hotel revenue per available room, a key industry performance metric, inched closer to 2019 levels during [the week ending May 8](#), despite hotel occupancy falling to an eight-week low, partially due to more hotels reopening after temporary closures.

The weekly Market Recovery Monitor by STR, CoStar’s hospitality analytics firm, shows that U.S. hotel RevPAR for the week ending May 8 was 67% of the level reached during the same week in 2019, which for the purposes of measuring the recovery is considered pre-pandemic, normal hotel performance.

That RevPAR index to 2019 was up nearly two percentage points from the prior week, indicating that the recovery continues to move in the right direction.

## Revenue Per Available Room Indexed to 2019 Inches Up

US Weekly RevPAR Indexed to 2019 (Based on Standard Occupancy)



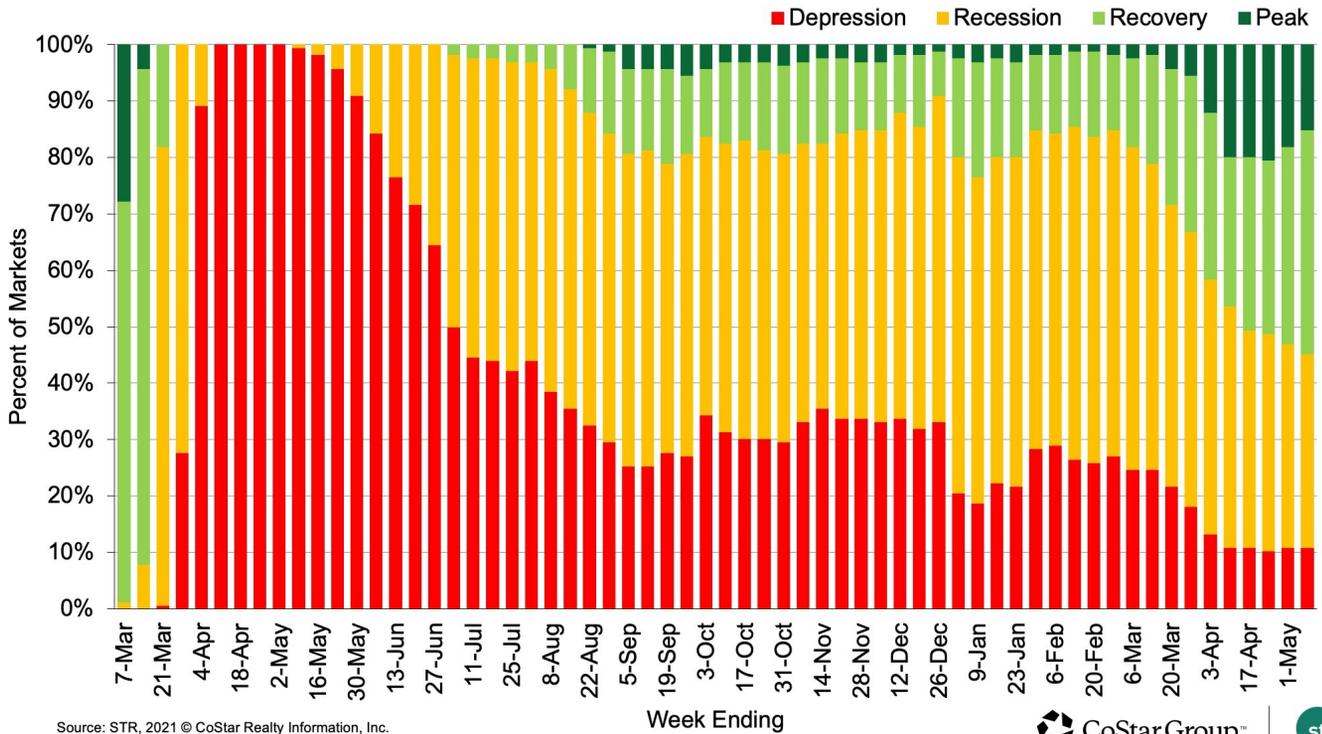
Ninety-one of 166 U.S. hotel markets (55%) posted RevPAR for the week that was 80% or more of the level achieved during the same week in 2019.

Twenty-five markets posted “peak” performance for the week with RevPAR higher than 2019 levels, though that number was down from the previous four weeks. Among those markets,

the Florida Keys had the highest RevPAR index to 2019 — reaching 142% of the 2019 level — followed closely behind by Gatlinburg/Pigeon Forge, Tennessee; and Sarasota, Florida.

## 55% of All US Markets in Peak or Recovery

US Weekly Market RevPAR Indexed to 2019—28-Day Moving Average (Based on Total Room Inventory)



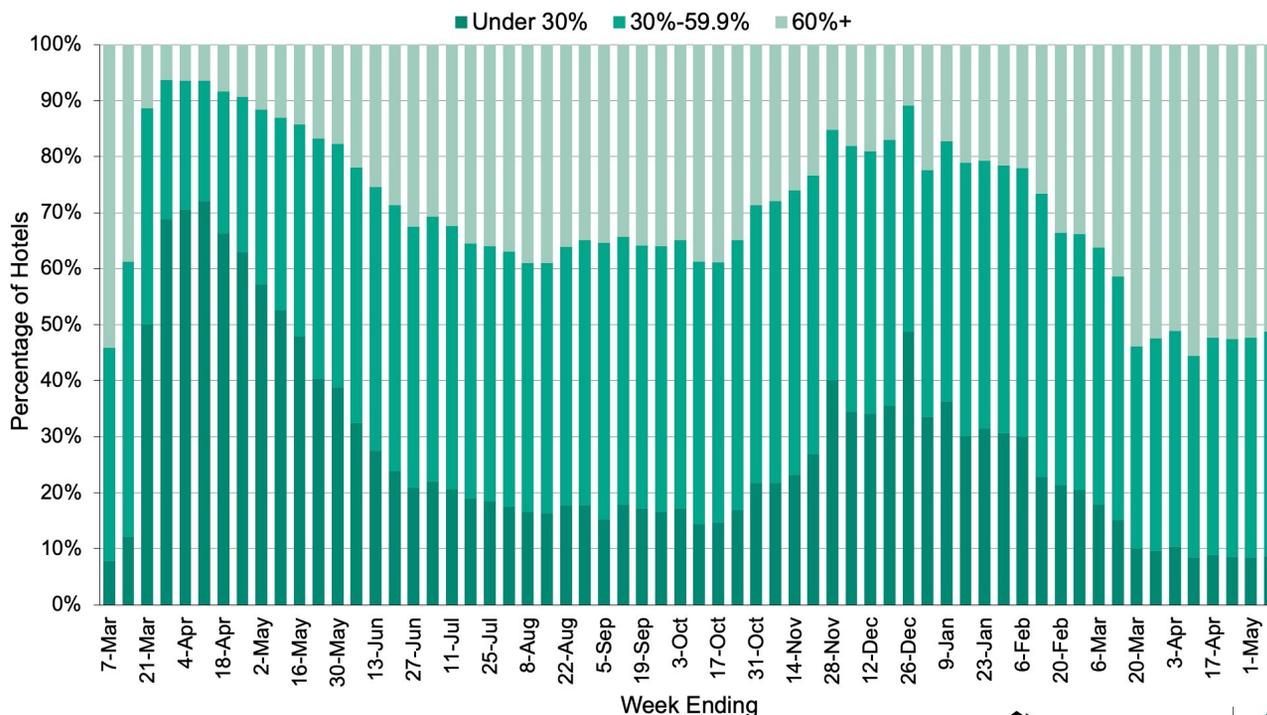
## Occupancy Doldrums

The week-over-week decline in hotel occupancy, however, represents a challenge to the pace of recovery.

For the week ending May 8, only 56.7% of U.S. hotel rooms were occupied. Accounting for temporarily closed hotels, using STR’s total room inventory methodology, that number was 54.1%. U.S. hotel occupancy hasn’t been that low since the week of March 20.

## Percentage of Hotels With Occupancy Above 60% Drops

US Weekly Occupancy Distribution—Reporting Hotels



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



However, room demand increased slightly during the week as the industry again sold more than 21 million rooms, continuing a trend that began in mid-March. That indicates that the drop in occupancy is not a result of fewer people in hotel rooms as it is more hotel rooms serving a similar number of guests.

U.S. hotel room supply increased 0.8% week over week, adding more than 284,000 rooms over the previous week — the largest weekly gain since the summer of 2020.

The largest hotel supply gains were in the New Jersey Shore market, where 28,000 rooms came online ahead of the summer season, and in Alaska. Among the top 25 U.S. markets by size, Washington, D.C., led with the addition of 14,000 rooms, followed by New York City. A number of hotel rooms also opened in the Chicago and San Francisco markets during the week.

Compared to 2019, large hotels have fewer rooms online — only 93% of the rooms available in 2019 are open today. Hotels in the other size categories have slightly more hotel rooms online than they did in 2019.

While supply gains played a role in this week's overall occupancy softness, there is also seasonality at play. Weekend demand was 96% of the level achieved during the same weekend in 2019.

Fewer hotels had occupancy above 60% for the week — 51% this week versus 52% in the previous two weeks. There was also a slight rise in the number of hotels with occupancy below 30%. The 3,039 hotels with under 30% occupancy was the highest of the past three weeks but far better than the 14,000 in that category at the beginning of the year.

U.S. hotel average daily rate advanced for a third straight week and by the largest amount in some time — up 1.1% to \$110, which was also the highest level since early April.

Rates increased more on weekdays than weekends, but weekends continued to command higher ADR overall, reaching \$125 — the best level since January 2020. Weekday ADR increased to \$102 and has been above \$100 in seven of the past eight weeks. Hotels in the top 25 markets advanced ADR slightly better than the U.S. hotel industry at large, with rates nearly 2% higher on weekdays.

## Demand Shifts

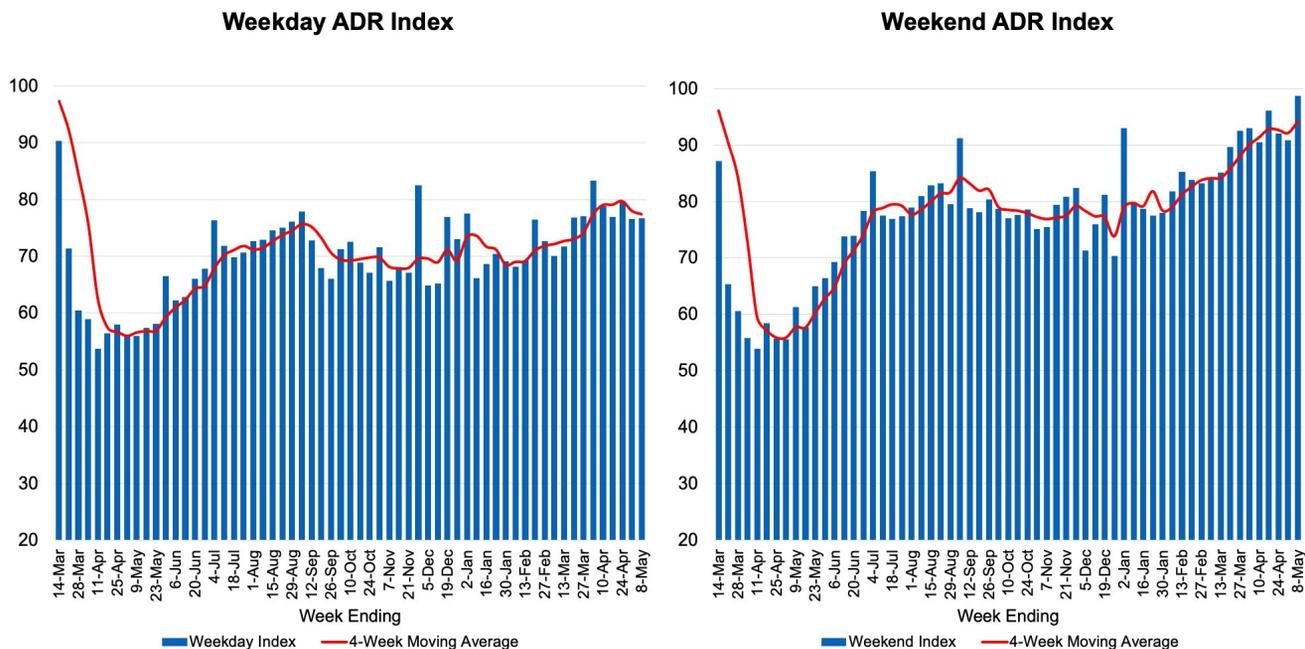
The slight increase in room demand for the week was driven by weekday guests. The weekly increase in rooms sold on weekdays was the highest its been over the past month, as more than 70% of all U.S. markets reported gains. Weekday occupancy increased to 52% for the week — or 50% factoring in temporarily closed hotels.

This trend held in the top 25 markets, which posted 50% hotel occupancy — 46% including temporarily closed hotels — after four weeks straight of declining weekday occupancy. Business hotels in urban markets also showed progress, with occupancy increasing to 43% after a decline the previous week.

However, weekend demand for hotel rooms fell week over week, with occupancy of 68% — the lowest of the past five weeks. Weekend occupancy had been at or above 70% since early April.

# Weekend Index to 2019 Highest Since Start of Pandemic

US Weekday and Weekend ADR Indexed to 2019



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



Indexed against 2019, demand for the week was at its highest level of the past three weeks, with U.S. hotels selling 83.7% of the rooms sold during the same week in 2019. However, the index for weekday demand fell to its lowest level since mid-March — selling only 78.3% of the rooms sold on weekdays during the same week in 2019. This indicates that the lack of business demand remains an issue for the industry.

*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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