



USRC Winter 2021 Hotel Investor Survey Released

Results Show Counter-Intuitive Opposite Movement of Capitalization Rates and Discount Rates

COLUMBUS, OH, UNITED STATES, May 10, 2021 /EINPresswire.com/ -- In the latest USRC Hotel Investor Survey, overall, capitalization rates increased modestly (10 bps for limited-service hotels and 30 bps for full-service hotels), while discount rates contracted (40 bps for limited-service hotels and 10 bps for full-service hotels.) The answer appears to be in investor's slowing growth expectations. While ADR growth expectation is still robust (4.9% - 5.5%), it is down significantly from the recovery growth expected six months ago (7.5% to 7.6%) in the midst of the summer surge of the pandemic. So while growth expectations during the upcoming recovery remain high, they are lower than that of the Mid-Year 2020 survey. Further, expense growth expectations have exploded, up from very modest levels last year to current levels of 4.2% to 4.3%, well above the CPI.

Investors appear to be considering likely increases in operating costs, due to labor shortages; and, in many jurisdictions, increases in taxes and insurance. The combined impact of slower ADR growth and increasing expenses brings down yield expectations, even as capitalization rates rise modestly.

The complete survey, including data on capitalization rates, discount rates, ADR and expense growth expectations, marketing time, and other data for both full-service and limited-service hotels can be ordered through the company's website at www.usrc.com, and clicking "Publications".

Peter P Hathaway
US Realty Consultants
+1 614-695-4438
[email us here](#)

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