



USRC Mid-Year 2023 Hotel Investor Survey

Continued Uptick in Hotel Capitalization Rates

COLUMBUS, OHIO, UNITED STATES, September 27, 2023 /EINPresswire.com/ -- The results of the [Mid-Year 2023 Hotel Investor Survey](#) indicate a continuation of the trend toward higher capitalization rates seen in the Winter 2023 survey. This trend reflects the upward pressure on investment rates seen across all real estate sectors, due to the higher cost of debt. At the same time, it could be argued that the hotel sector is seeing lower levels of capital market impact compared to other sectors, as underlying economic fundamentals in the industry remain relatively strong.

The ADR growth expectations currently average 3.9% for limited-service hotels and 4.1% for full-service hotels. While still above historically stabilized growth levels, the expectations are down significantly from 7.0% and 8.4% seen a year ago (Mid-Year 2022 survey). This is in part a return to more normalized growth following the post-pandemic recovery period; but, also is influenced by potentially lower inflationary pressures if the economy further slows, weakens, or contracts over the next year.

Also, there is currently little or no spread between ADR and expense growth expectations, which if correct, could place increased pressure on flow-through and profitability. In particular, respondents note increases in property taxes and insurance, as well as rising labor costs.

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".

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