

USRC Winter 2024 Hotel Investor Survey

Capital Markets Continue to Pressure Investment Rates

COLUMBUS, OHIO, UNITED STATES, April 5, 2024 /EINPresswire.com/ -- The results of the Winter 2024 Hotel Investor Survey indicate a continuation of the two-year trend toward higher capitalization rates. Although operating performance remains relatively strong, the overall cost of leverage/debt is a major headwind for the industry. Overall capitalization rates exceed levels seen during the uncertainty of the COVID pandemic.

The ADR growth expectations now average 3.5% 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 at the peak 18 months ago. This is consistent with national inflationary trends, which have come down significantly from their peak, but remain well above Federal Reserve targeted levels, leading to continued uncertainty in the capital markets.

On a positive note, ADR growth expectations now slightly exceed expense growth expectations, relieving some negative sentiment regarding possible NOI flowthrough/profitability issues expressed in recent surveys.

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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