



USRC Winter 2025 Hotel Investor Survey

Capitalization Rates Show Declines within both Limited- and Full-Service Sectors

COLUMBUS, OH, UNITED STATES, March 26, 2025 /EINPresswire.com/ -- The results of the Winter 2025 Hotel Investor Survey indicate some return to modest capitalization rate contraction, following an extended trend of generally higher rates. In our last survey as of Mid-Year 2024, limited-service hotels saw their first capitalization rate decline since Winter 2022. In the current survey, both limited-service and full-service hotels saw a 30-basis point decline in capitalization rates.

The capital markets remain quite volatile, as investor focus shifts between Fed direction, tariff/trade war impact, and overall economic growth prospects. Although Federal Reserve rate cuts are now less clear than previously perceived, the consensus continues to be for somewhat lower interest rates in 2025. Despite the volatility, the ten-year treasury remains relatively close to its level as of one year ago.

The ADR growth expectations now average 2.8% for limited-service hotels and 3.1% for full-service hotels, generally flat to last survey and near longer-term expectations. Former inflation fears are now mixed with generally lower expectations, and even some fear of economic slowdown.

Slower inflation expectations have helped the expense growth results, and the survey shows expense growth in year one slowing 10 – 20 basis points compared to Mid-Year 2024

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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