



USRC Mid-Year 2026 Hotel Investor Survey

Hotel Cap Rates Diverge by Sector

COLUMBUS, OH, UNITED STATES, October 1, 2026 /EINPresswire.com/ -- The Mid-Year 2026 Hotel Investor Survey shows a modest divergence in overall capitalization rates between hotel categories. The average rate for limited-service hotels declined 20 basis points to 8.7%, while the average for full-service hotels remained unchanged at 8.0%.

Beneath those headline capitalization rates, movements in other required returns were also mixed. Discount rates declined by 30 basis points for limited-service hotels to 11.3% but increased 20 basis points for full-service hotels to 10.4%. Residual capitalization rates followed a similar pattern, falling 20 basis points for limited-service hotels to 9.1% and rising 10 basis points for full-service hotels to 8.3%. Together, these differences suggest that investors continue to distinguish between hotel categories as broader investment liquidity improves, while financing and operating conditions remain uneven.

The operating outlook provides additional context for those uneven return requirements. Over the next 12 months, expense growth is expected to outpace ADR growth for both hotel categories. Although ADR growth expectations for limited- and full-service hotels increased slightly from the previous survey, they remain below anticipated expense growth. Expense growth expectations also rose slightly and now average 3.3% for both categories.

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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