

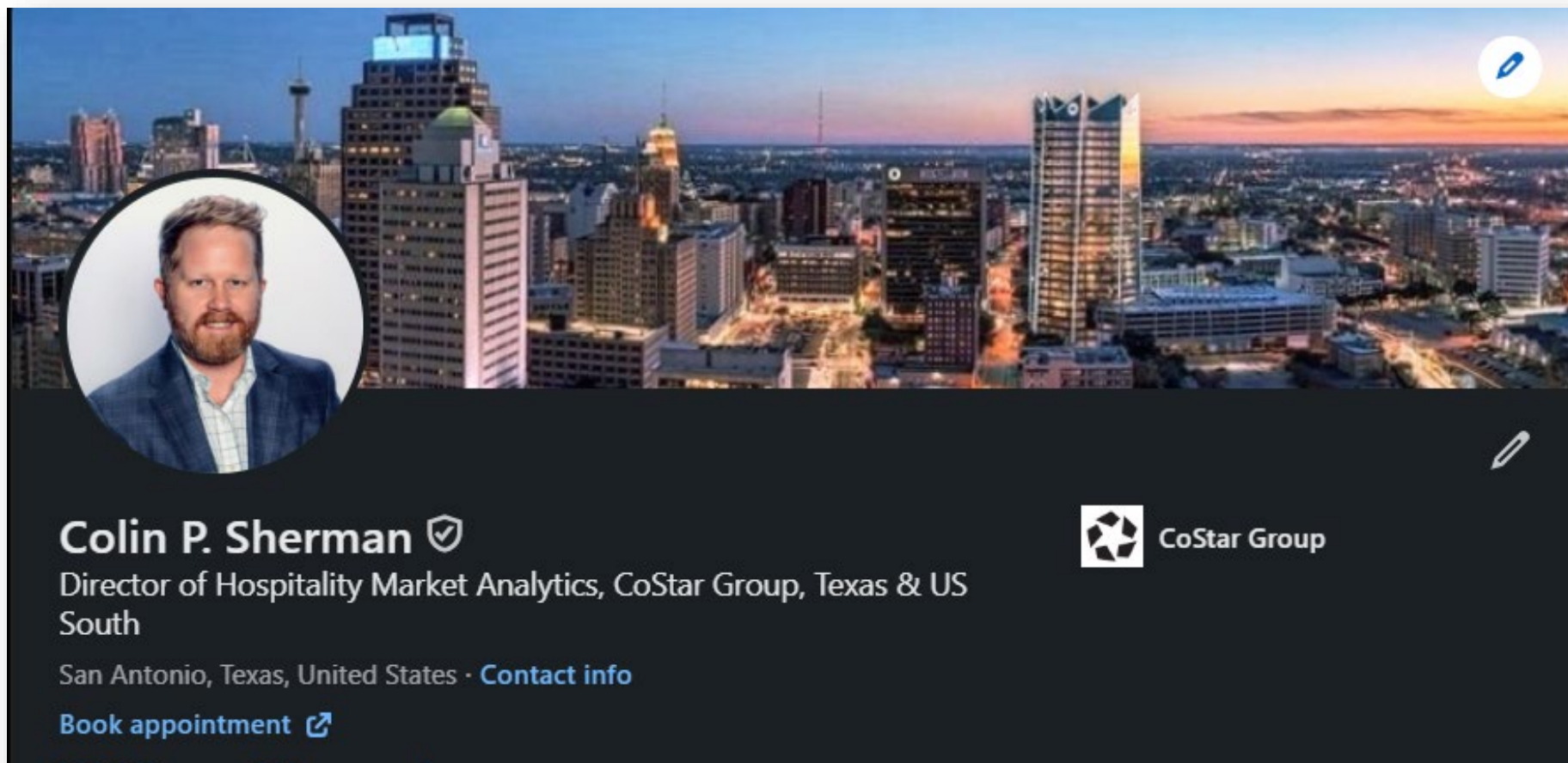


Hotel Industry Overview HANTX 2025

August 2025

Colin Sherman
Director, Hospitality Analytics, Texas & US South
csherman@costar.com





Follow Me!



U.S. Performance Overview



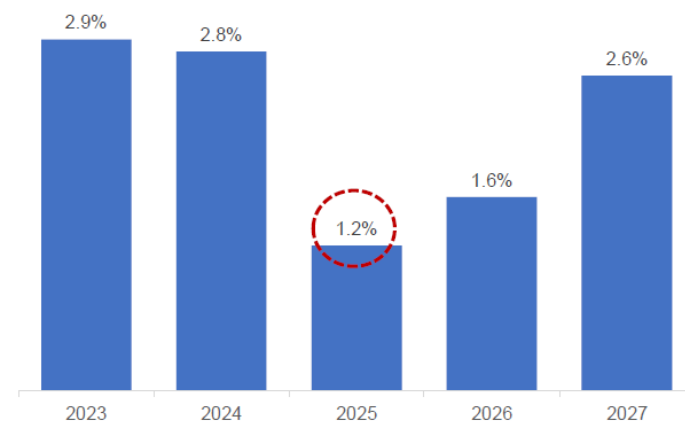
Country Economic Forecast | US

Ongoing uncertainty is suffocating the economy

- We cut our 2025 GDP growth forecast for the US by 0.4ppts to 2% to reflect the weaker start to the year, adjustments to our tariff assumptions, and the relentless policy uncertainty. We raised our forecast for the unemployment rate due to the large reduction in federal employment.
- Frontloading of tariffs, surging policy uncertainty, and poor weather hurt the US economy in Q1. Our subjective odds of a recession have therefore risen. The combination of these factors poses a threat to the economy from tariffs, worsening sentiment, and a potential recession.

Economic growth will slow markedly in 2025

US Real GDP
\$ annualized



Source: Oxford Economics

We've lowered our 2025 GDP growth forecast for the US by 0.8ppts.

Average annualized GDP growth this year will be 0.5%, leaving the economy vulnerable.

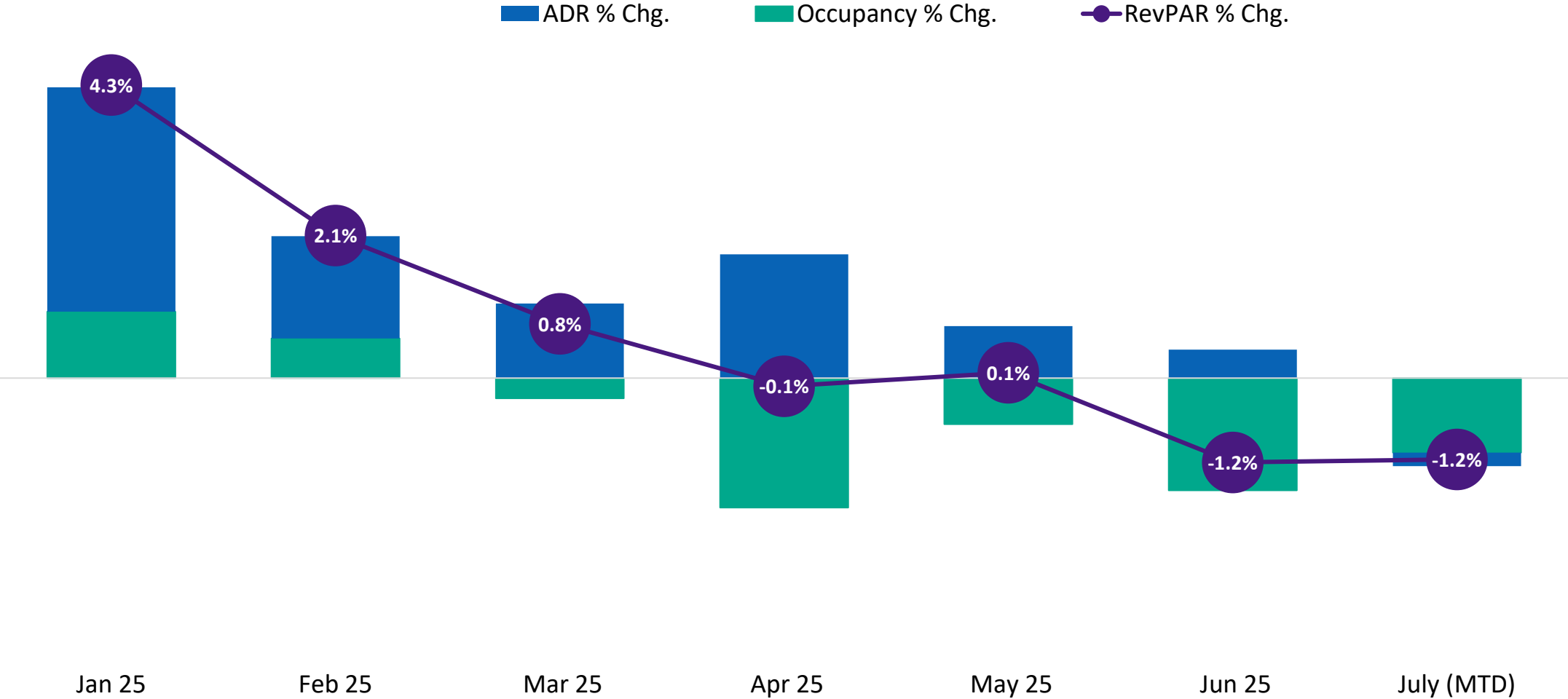
US RevPAR down YoY: Driven by industry demand woes and lowered rate growth in mid/low tier properties

US forecast YoY percentages, Occupancy level value

	2024 (actual)	2025 (forecast)	2026 (forecast)
Supply (YoY)	+0.5%	+0.8%	+0.8%
Demand (YoY)	+0.5%	-0.1%	+0.6%
Occupancy	63.0%	62.5%	62.3%
ADR (YoY)	+1.8%	+0.8%	+1.0%
RevPAR (YoY)	+1.9%	-0.1%	+0.8%

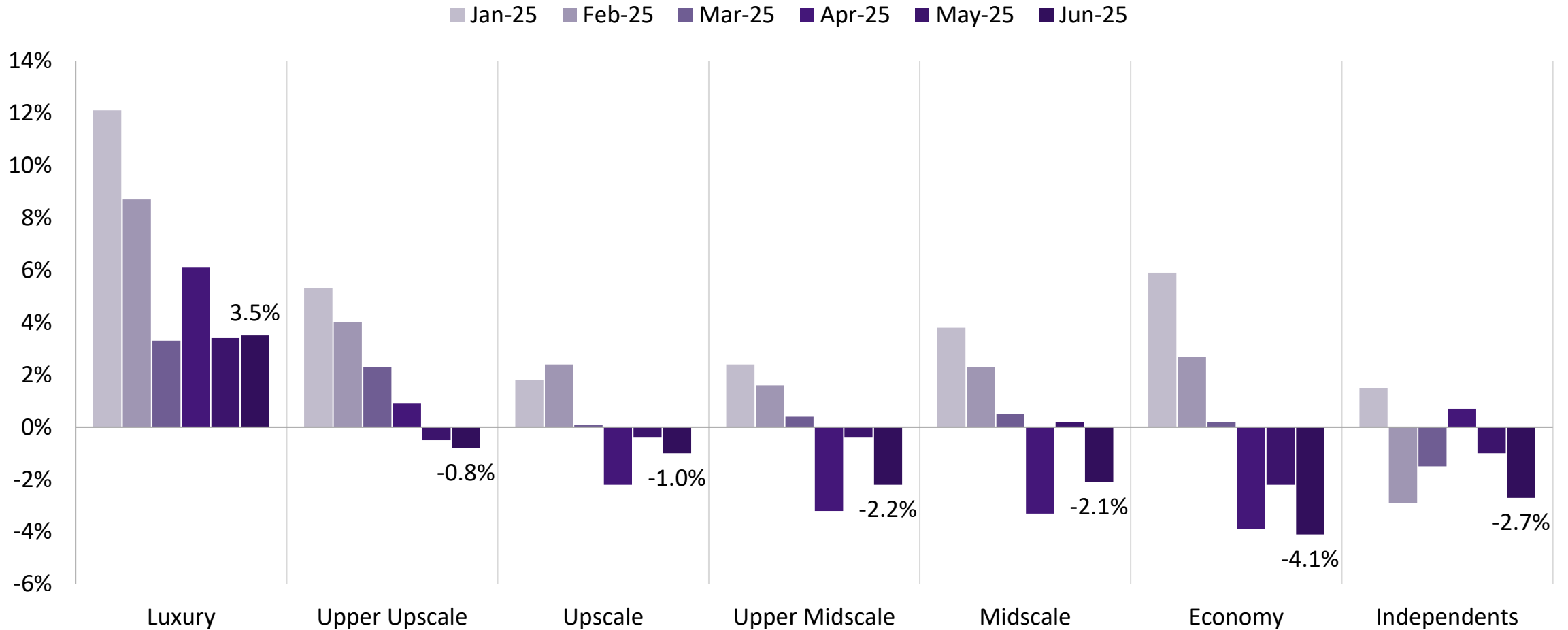
U.S. RevPAR: Meandering around 1%

U.S. RevPAR % change, YOY, June 2025, July Preliminary



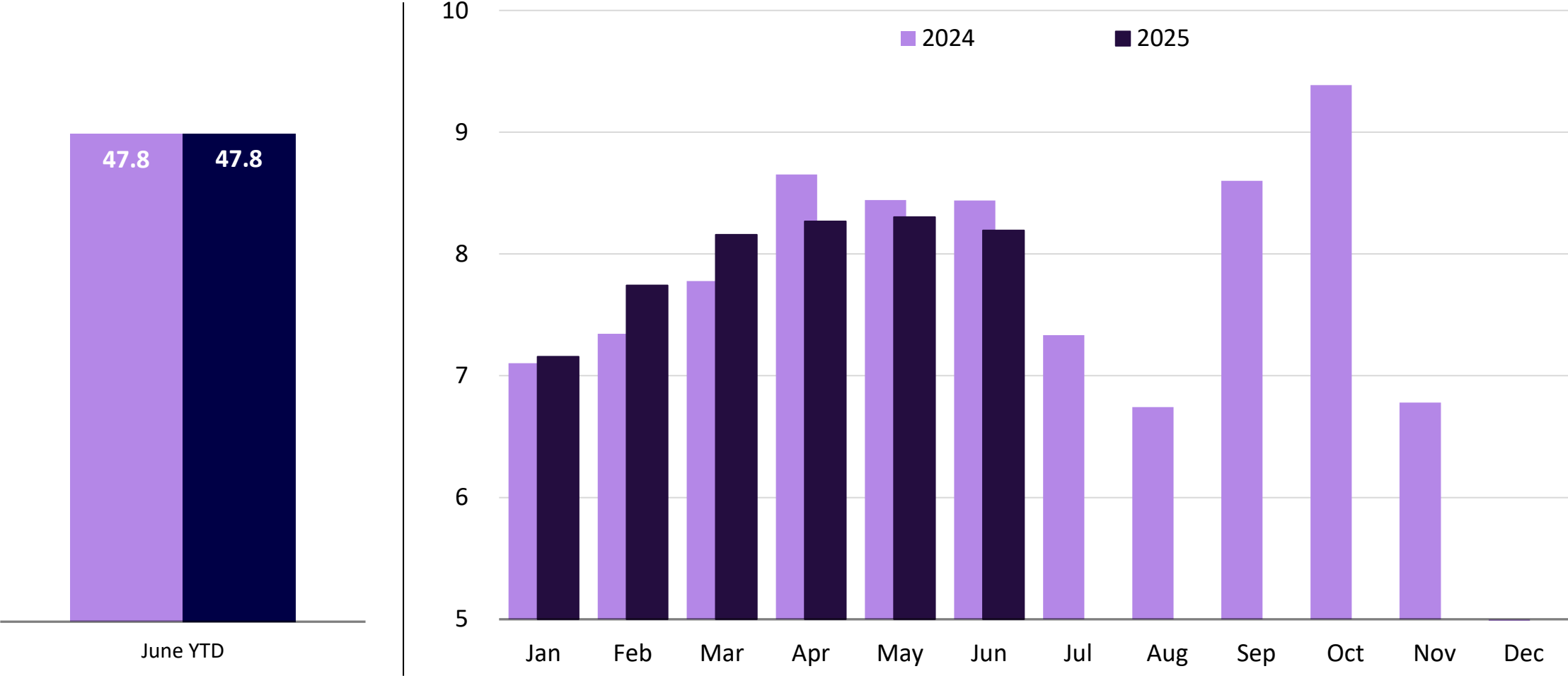
Unstoppable Luxury performance

U.S., RevPAR, YoY % change by chain scale



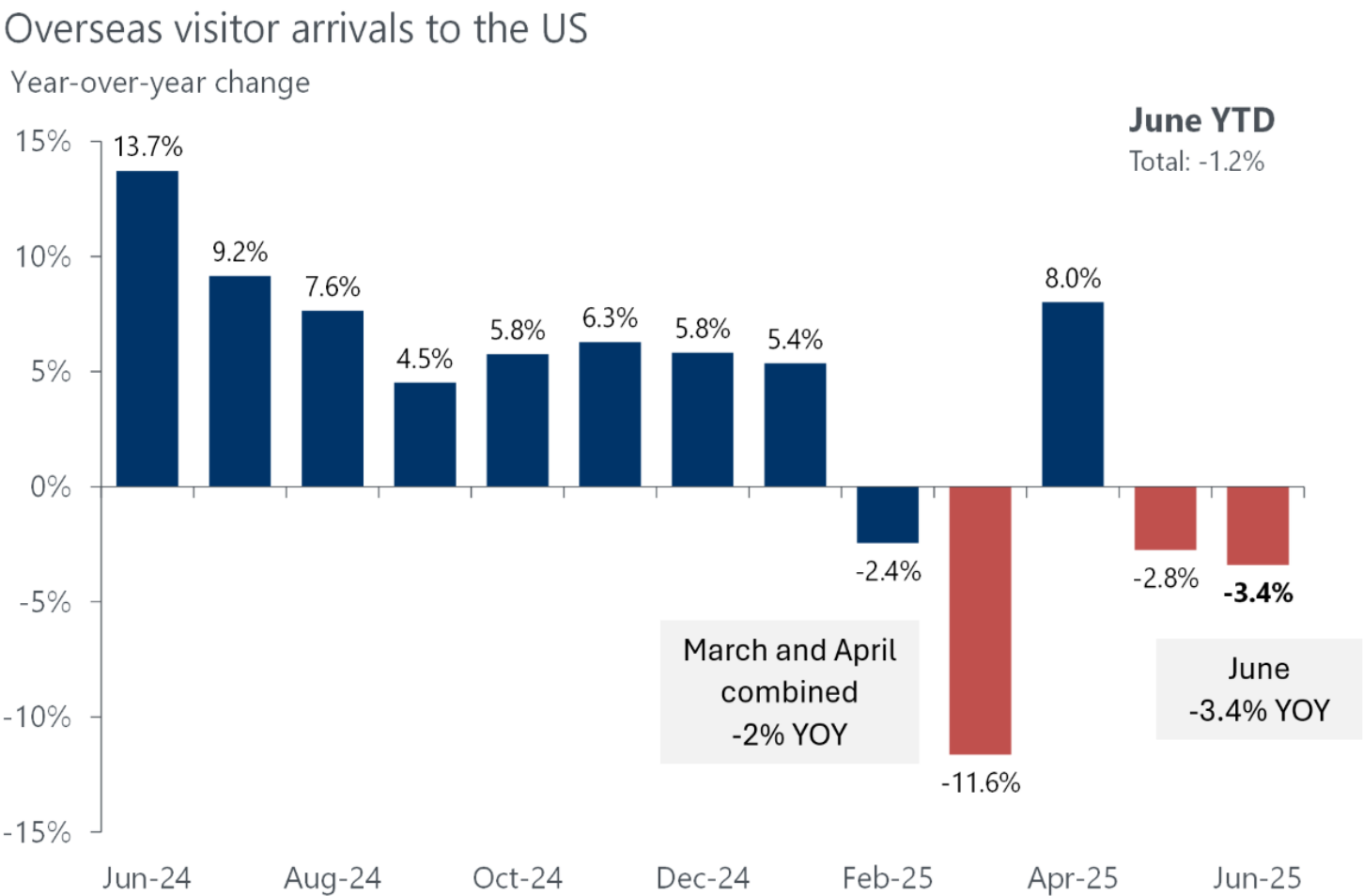
Group slowdown in past three months after a strong start

U.S. Luxury and Upper Upscale classes, Group room demand (in millions)



Inbound travel down, outbound still growing

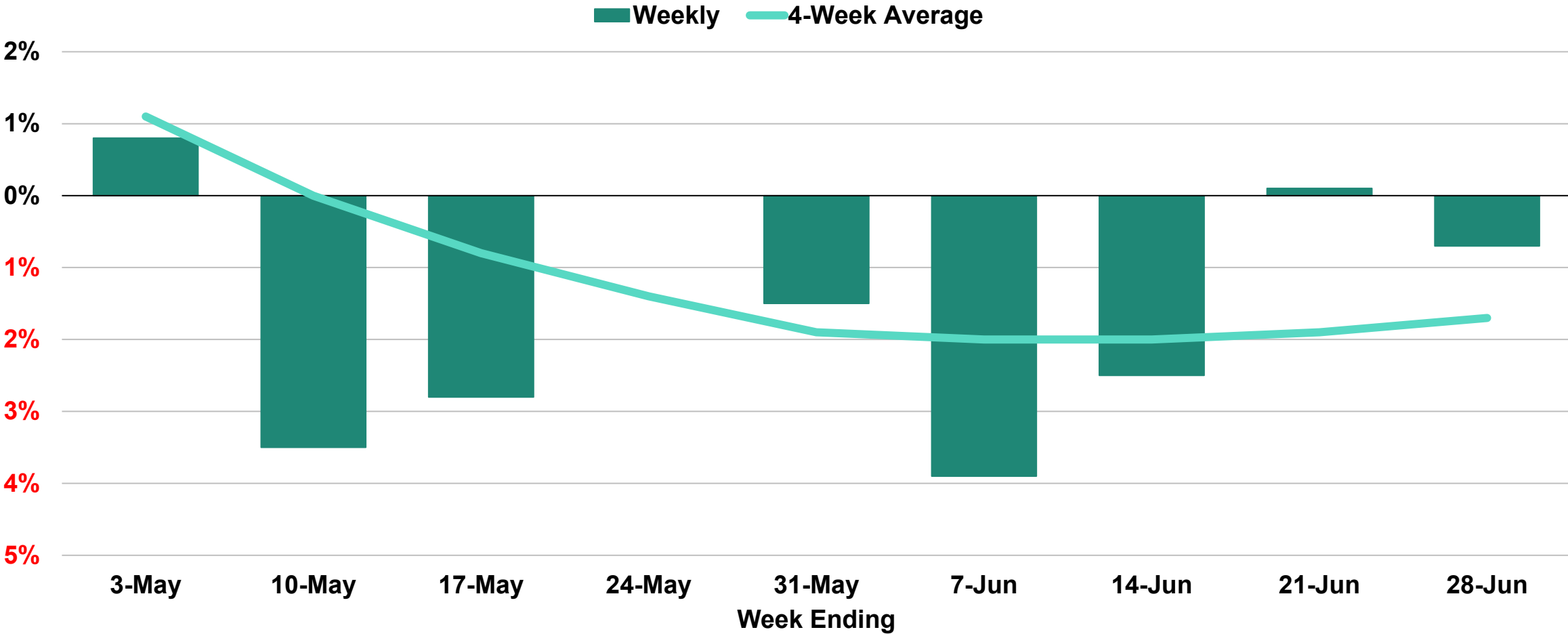
U.S. Consumer Confidence, June 2025



June TSA screenings down every week except one

U.S. airport passenger security screening

Southwest down – love field – double dig (-)
DFW – (neg since April)

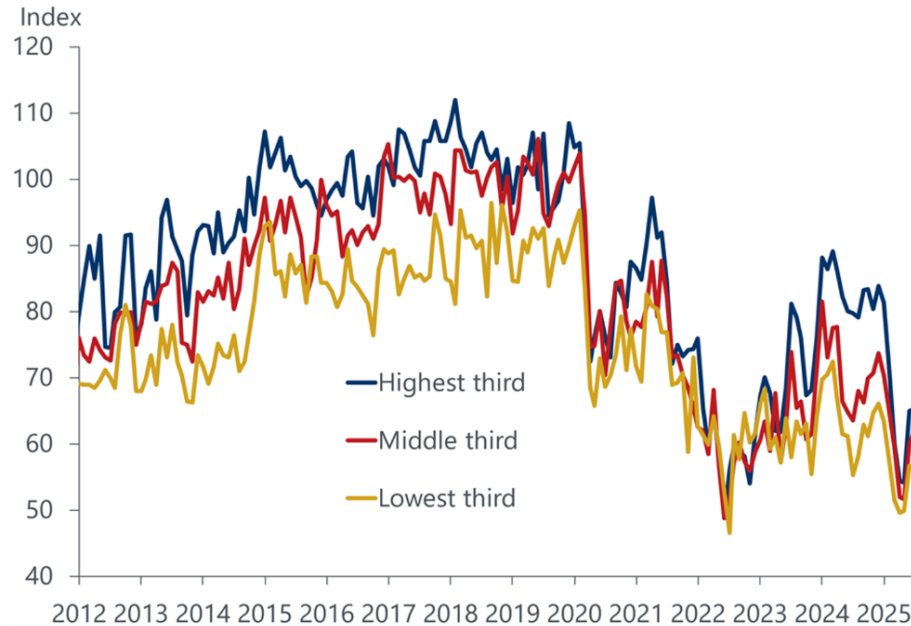


Though confidence rebounded in May

U.S. Consumer Confidence, June 2025

Consumer sentiment improves for first time this year

US: Consumer sentiment by income bracket



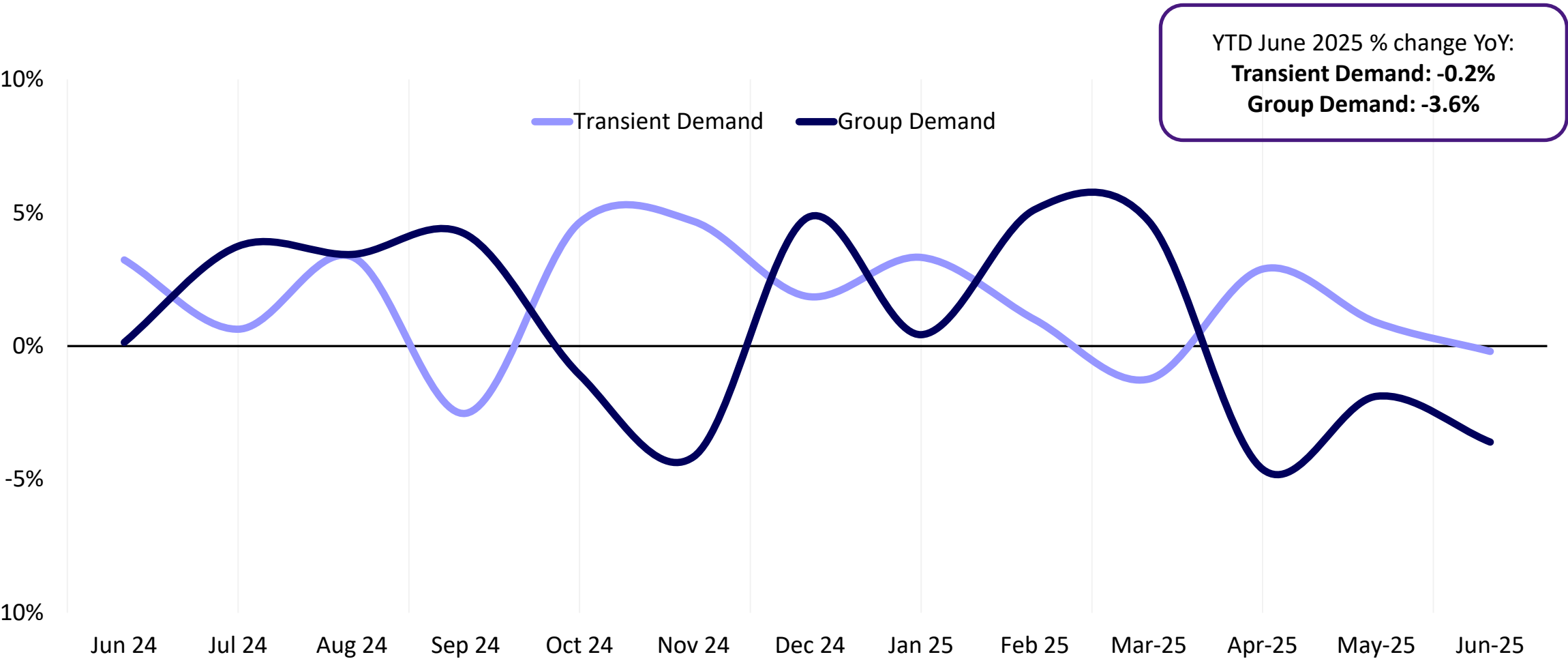
High income households show the most positive sentiment

Source: Oxford Economics/Haver Analytics, From: US: Consumer sentiment rises again, but will face headwinds



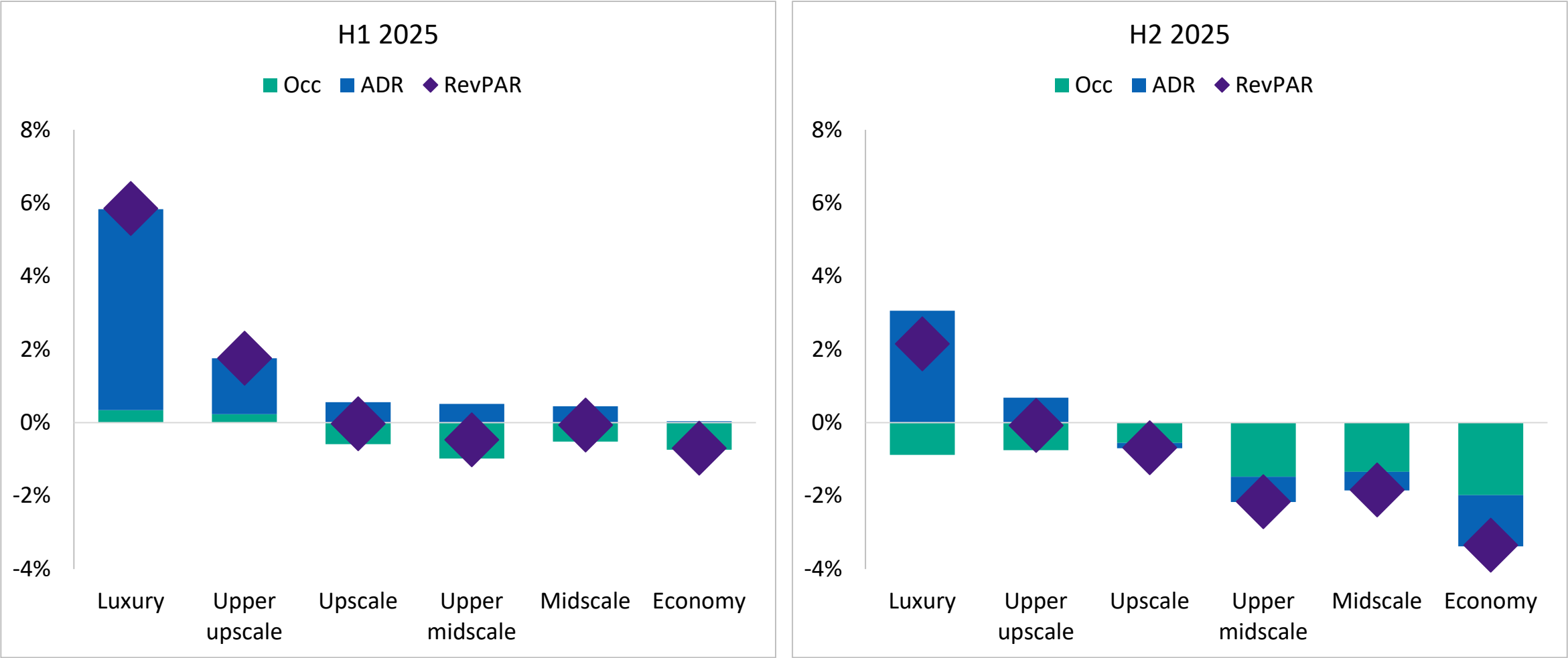
Group down, Transient slightly up

U.S., Luxury & Upper Upscale classes, demand % change YoY



Second half of 2025: Goal is mitigating declines

U.S. chain scales 2025 forecast, Annual KPI growth %



Take-aways

- Hotel performance retreated in June
- Lots of factors reflecting this slowdown along with general uncertainty
 - Strong international outbound,
 - Alternative accommodation shift,
 - TSA stats
- Consumers continue to surprise however they are showing more caution
- Markets are at different stages of recovery - those slower to recover doing better while the one who recovered sooner softened
- July looking a lot like June 😞



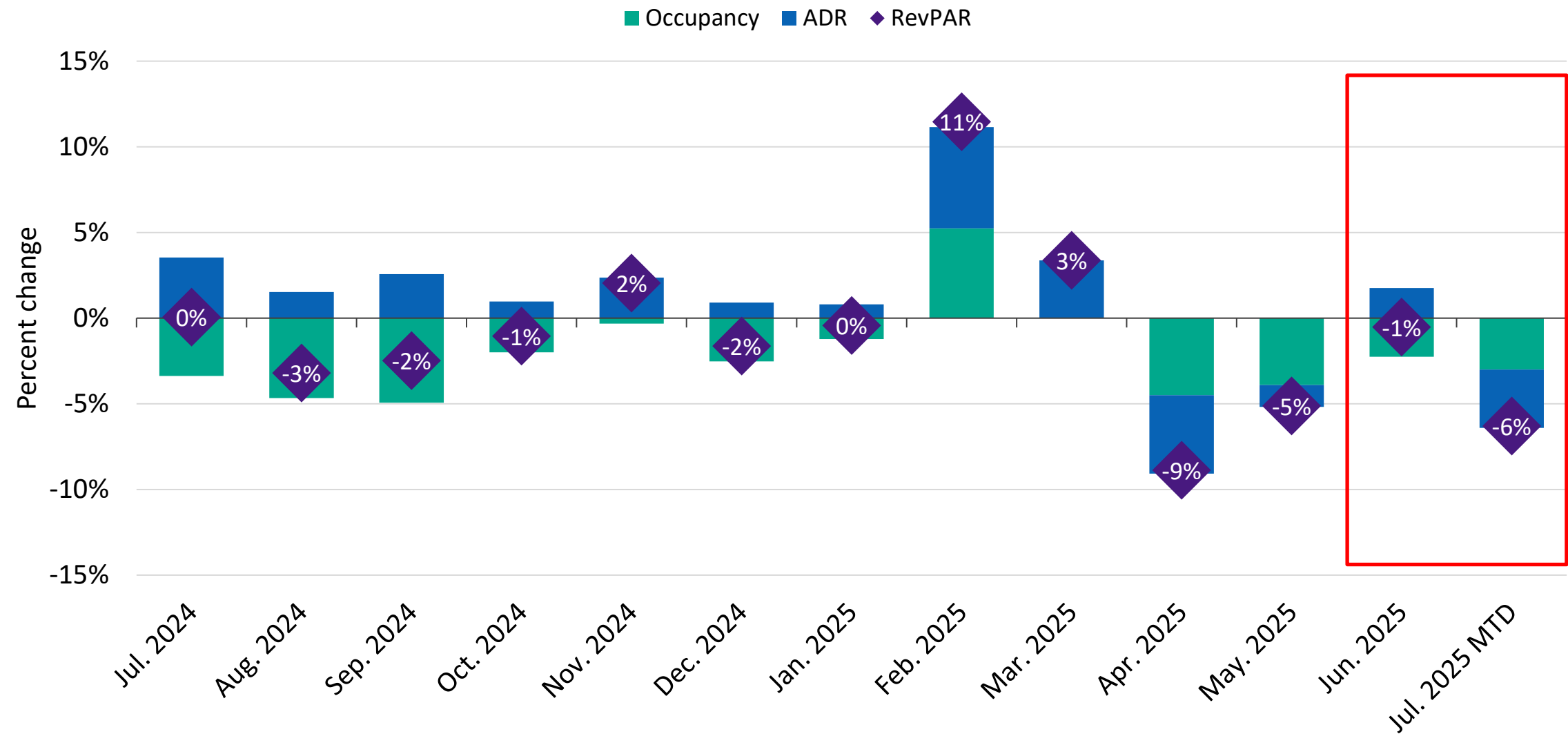
Dallas Market Performance



Source: 2025 STR, LLC / STR Global, Ltd. trading as "STR". © CoStar Group. Any reprint, use or republication of all or a part of this presentation without the prior written approval of STR is strictly prohibited. Any such reproduction shall specifically credit STR as the source. This presentation is based on data collected by STR. The information in the presentation should not be construed as investment, tax, accounting or legal advice.

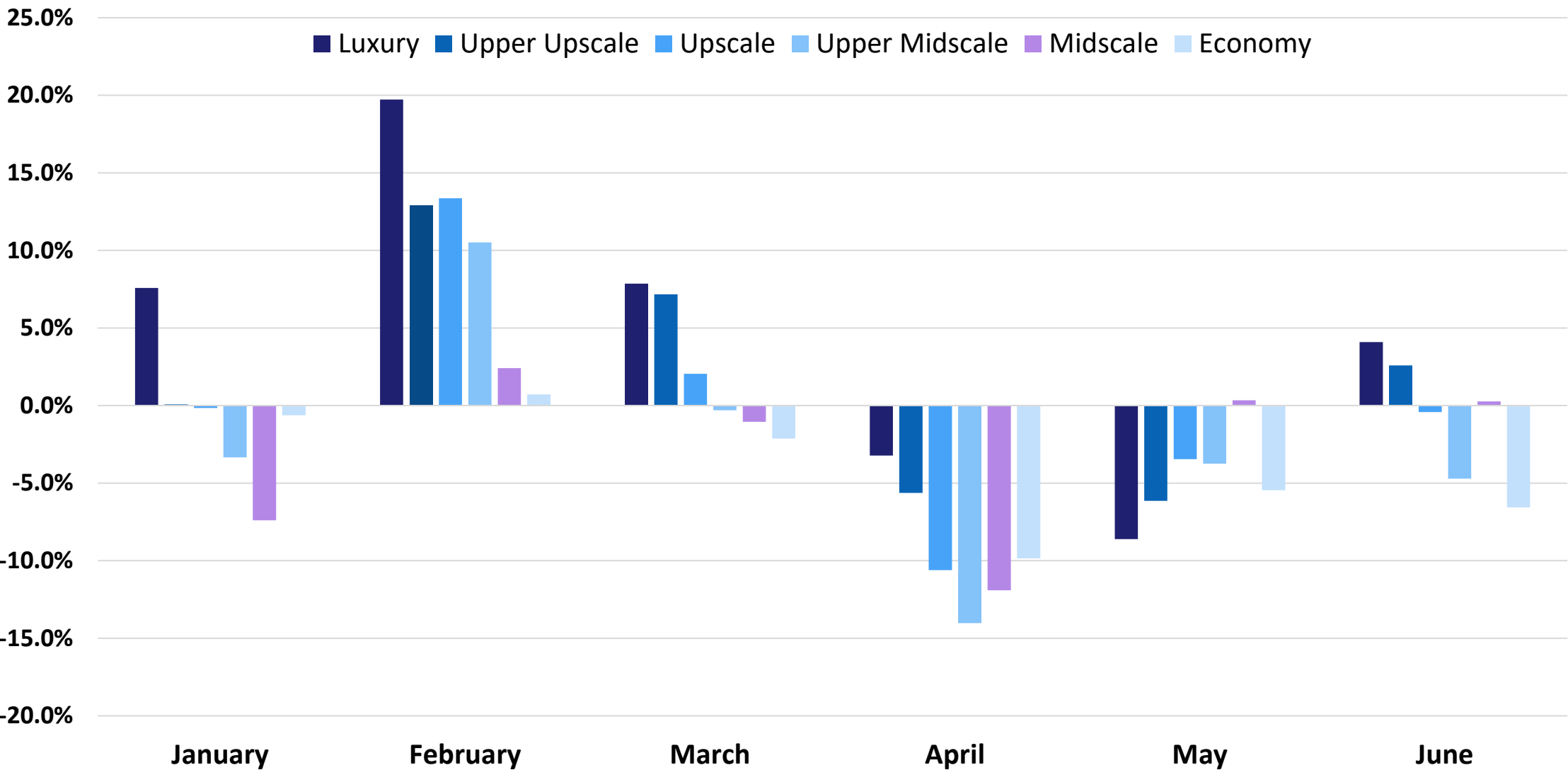
RevPAR growth flat through June

Dallas, June 2025, % change, YoY,



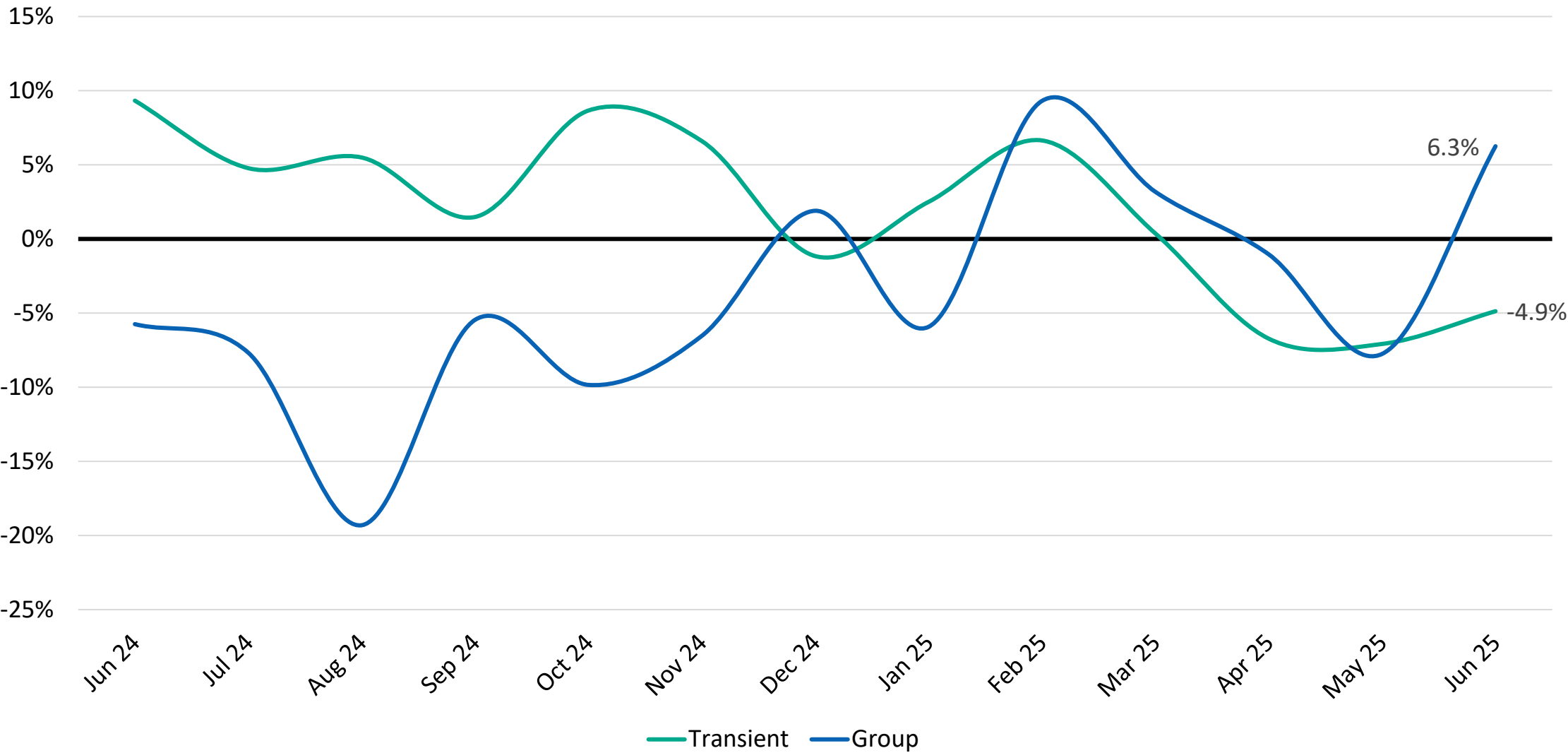
RevPAR shifted in all classes but showed lower results among midscale

Dallas, June 2025, % change, YoY



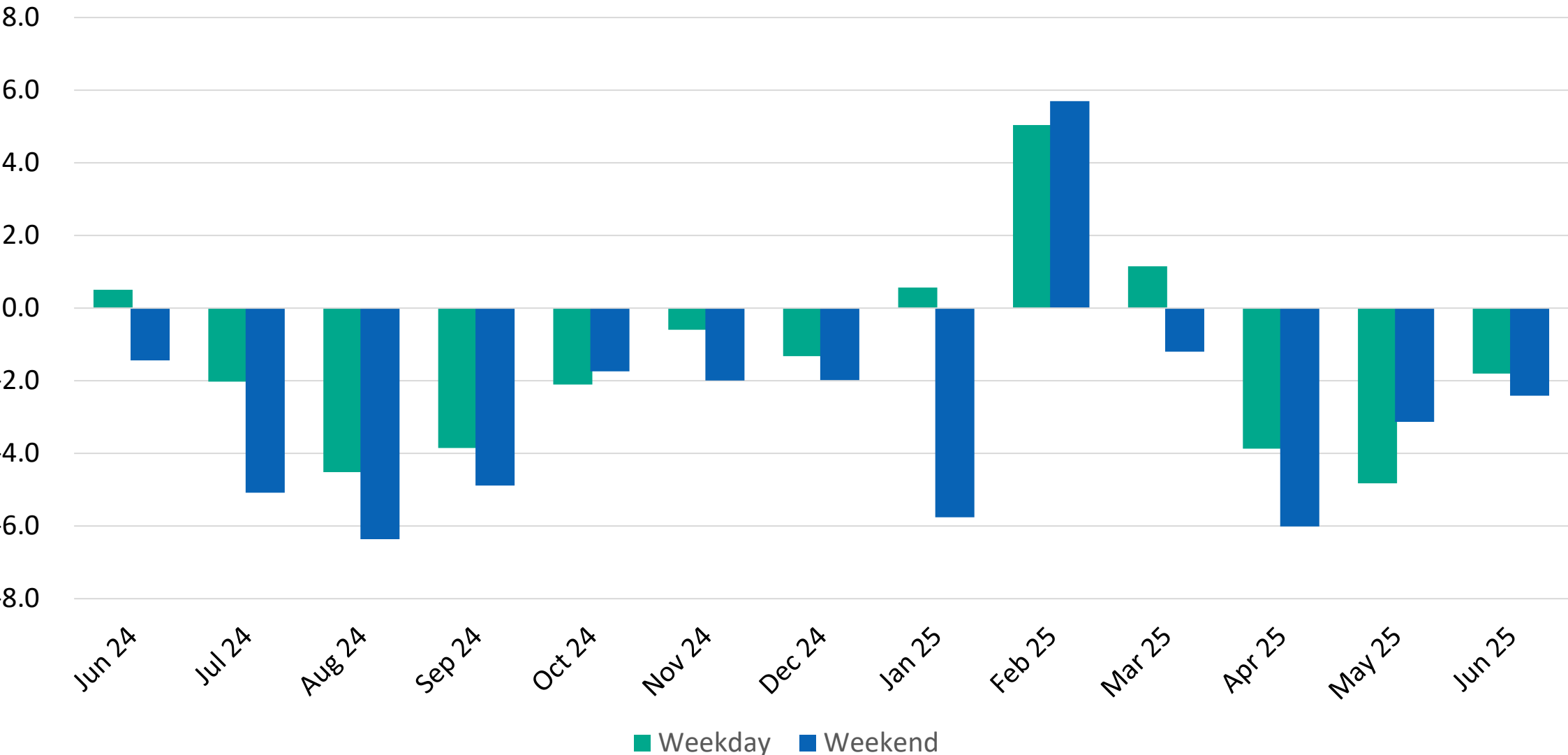
Group demand showing solid results, transient underperforming

Percent change, June 2025, YoY, Luxury and Upper Upscale



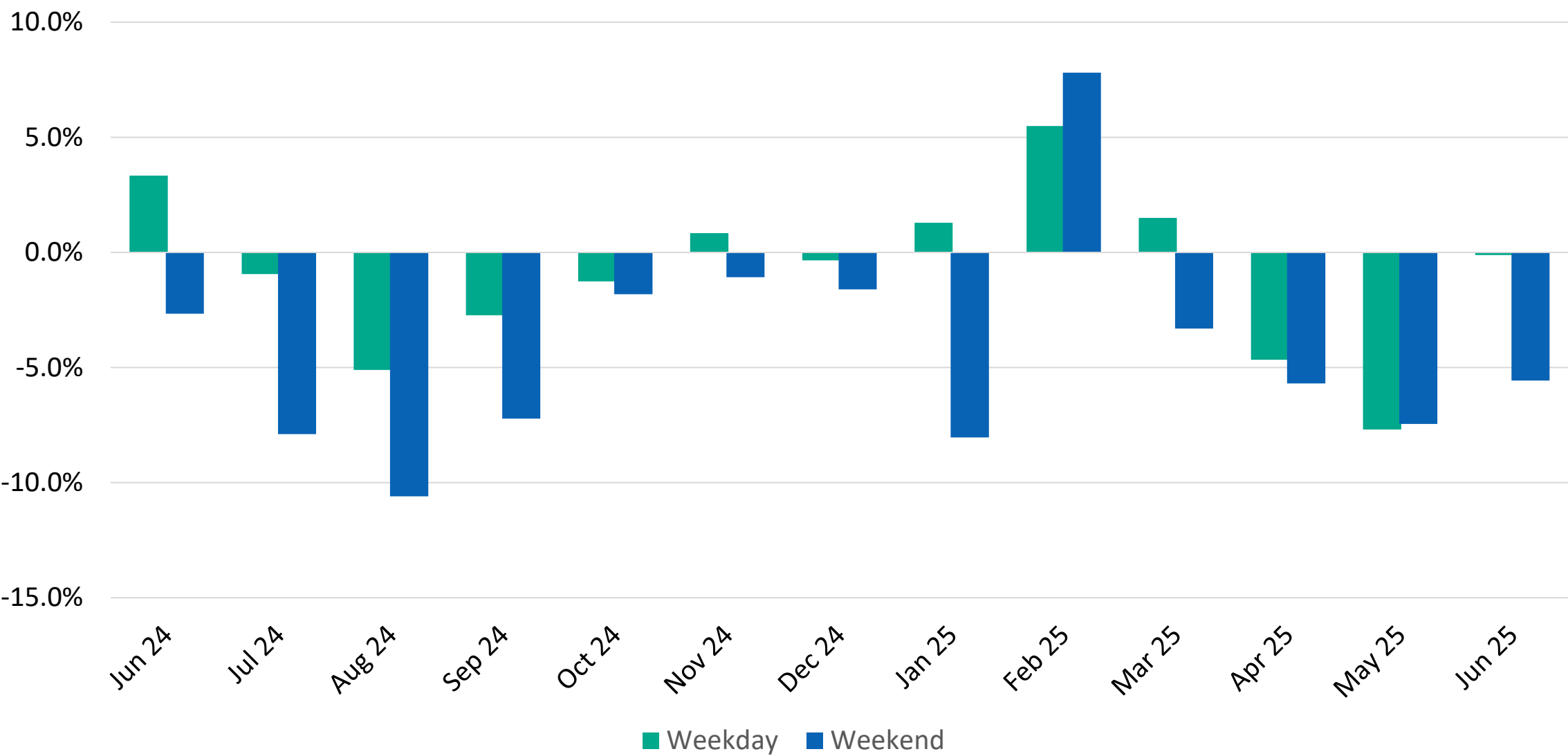
Both weekday and weekend occupancy showing soft summer results

Weekday vs. Weekend, June 2025, % change, YoY



Among upper-tier hotels, weekday occupancy showed a return in June

Weekday vs. Weekend, Luxury and Upper-tier class, July MTD, % change, YoY



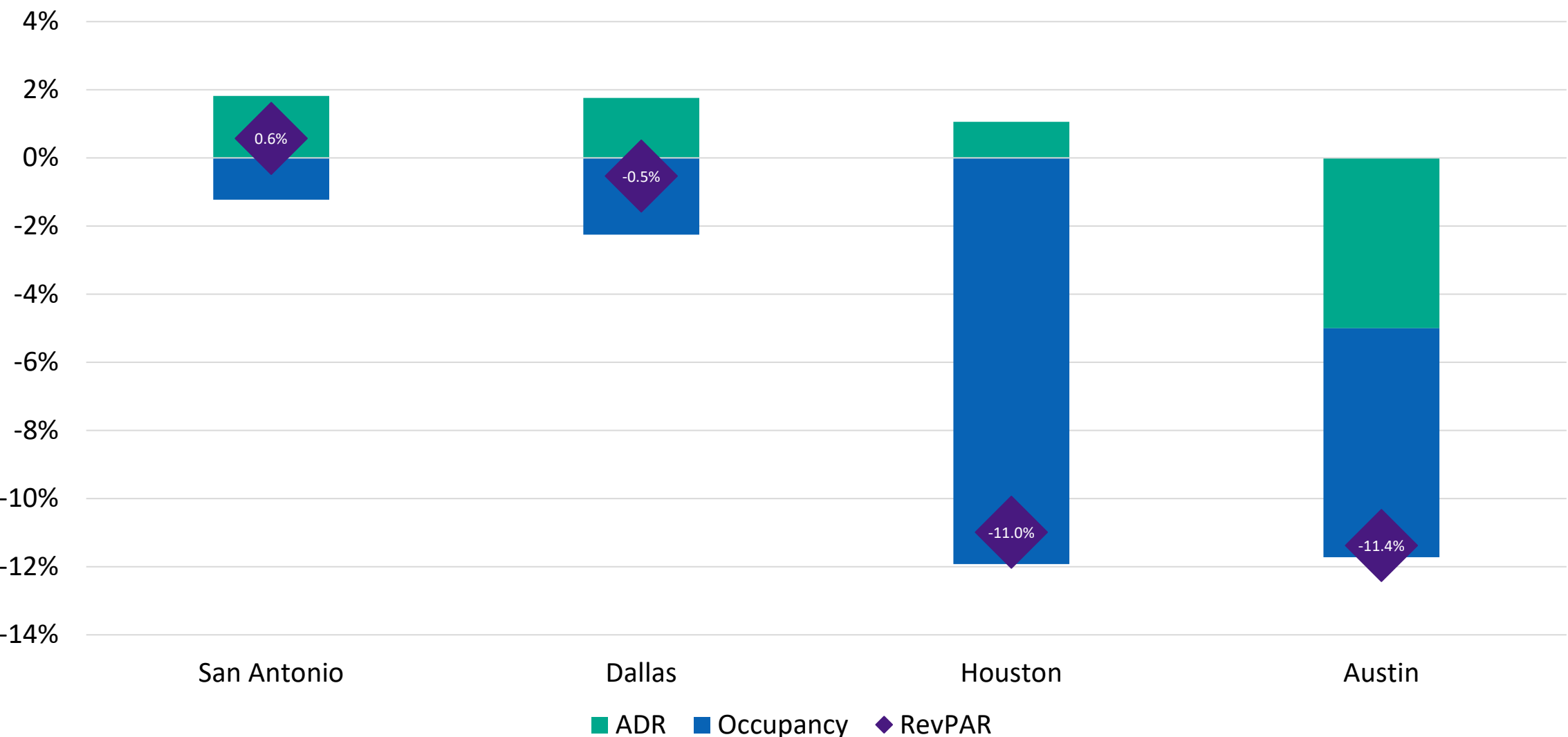


Market comparisons



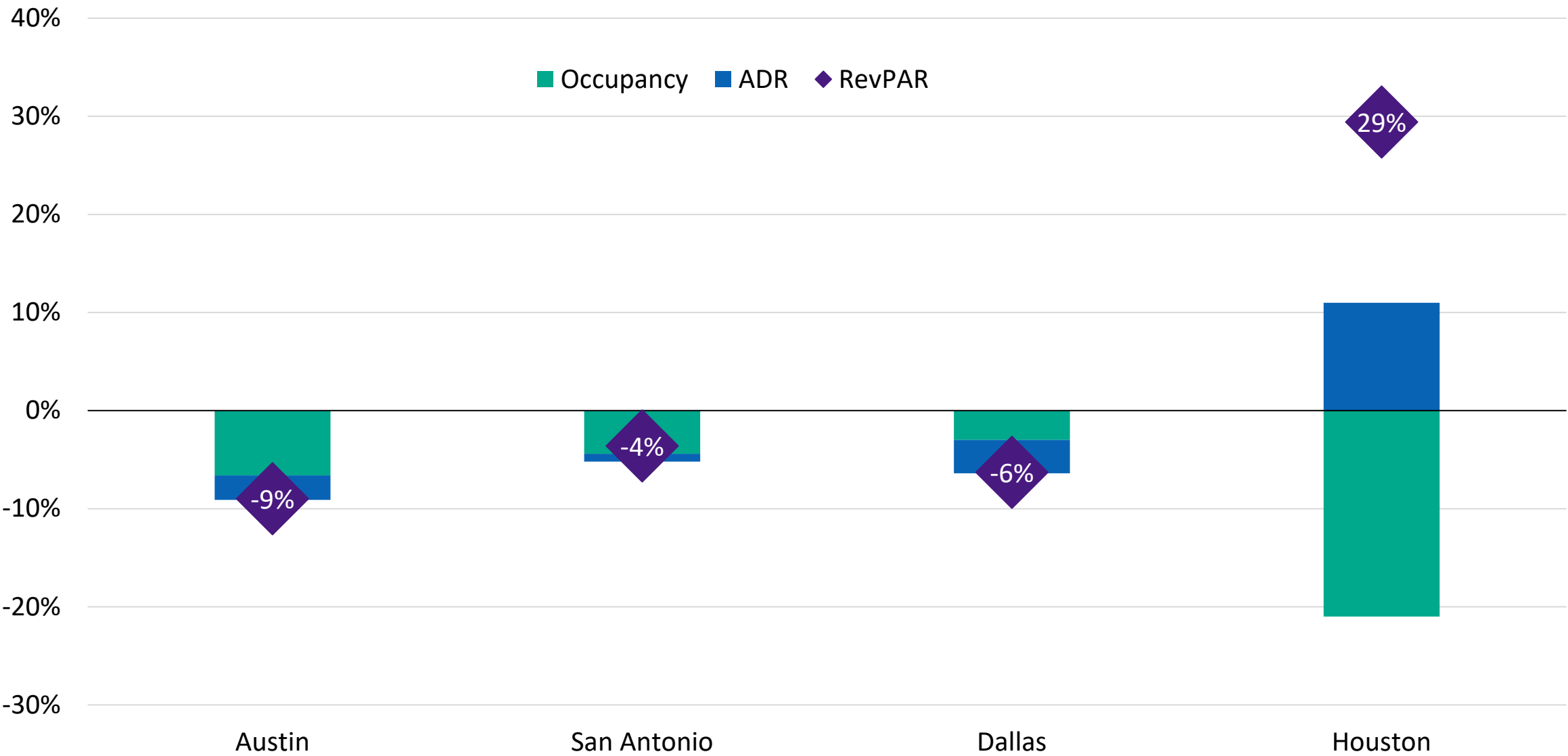
Most Texas metros continue to maintain pricing strength

Percent change, June 2025, YoY % change



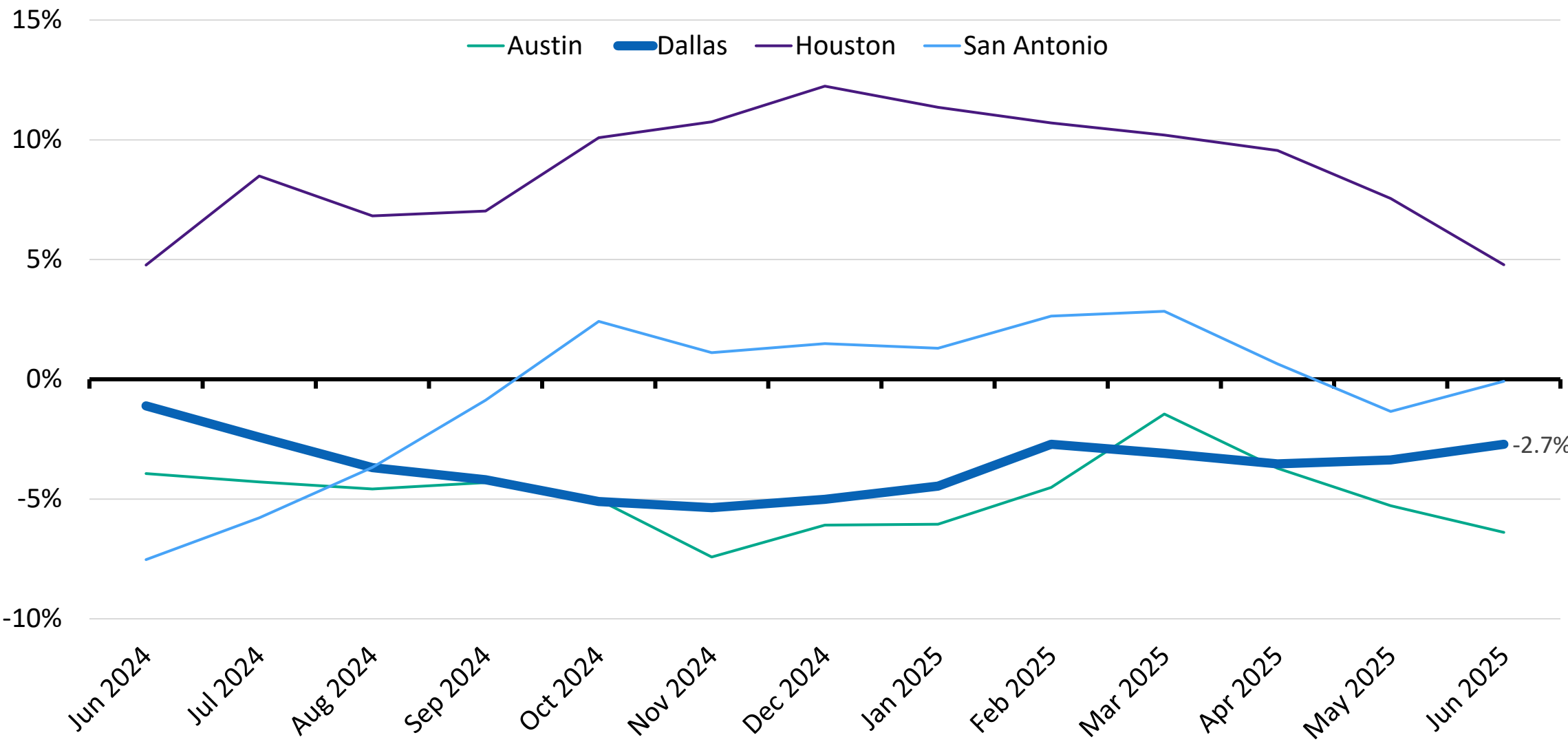
July preliminary data shows flat results, except for Houston...

Percent change, July MTD 2025



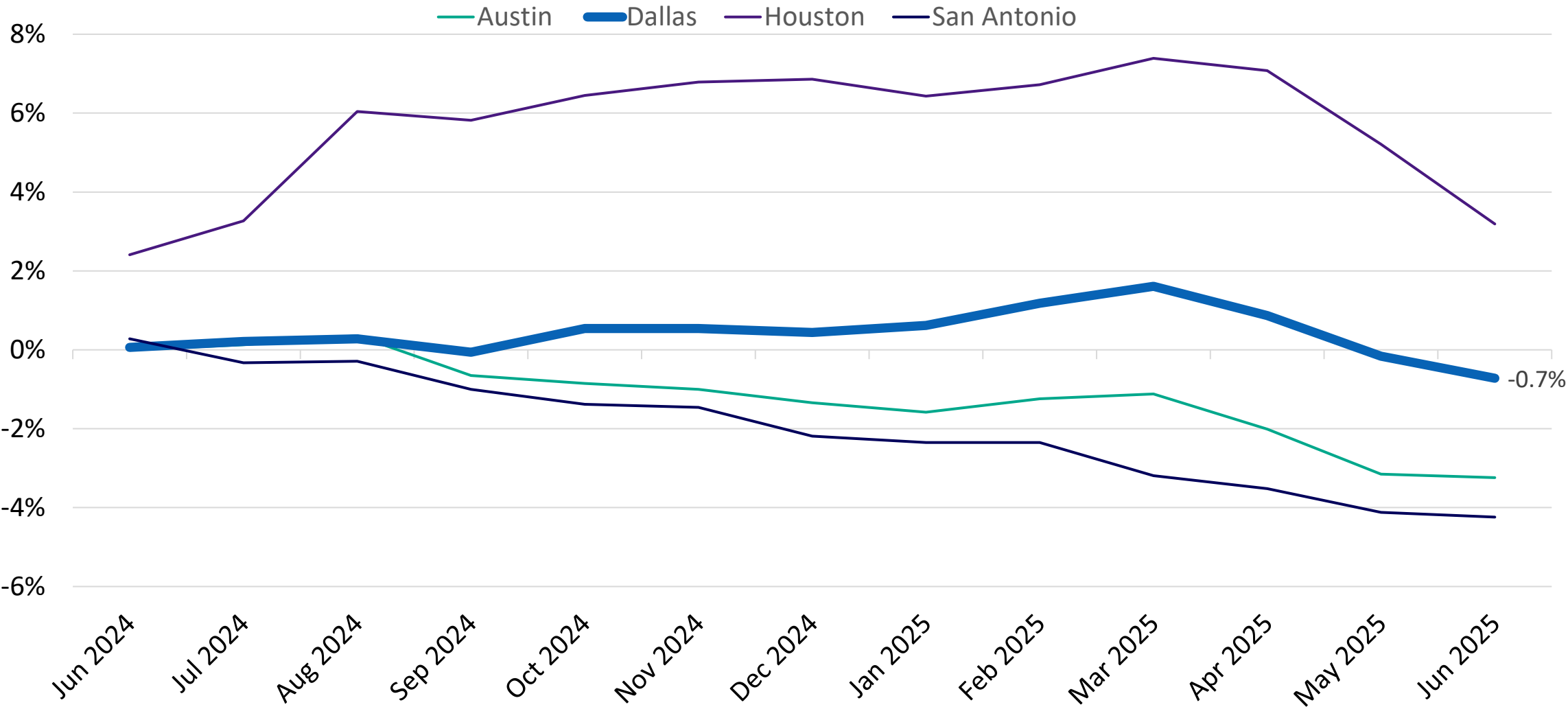
Group Occupancy

Percent change, June 2025, YoY



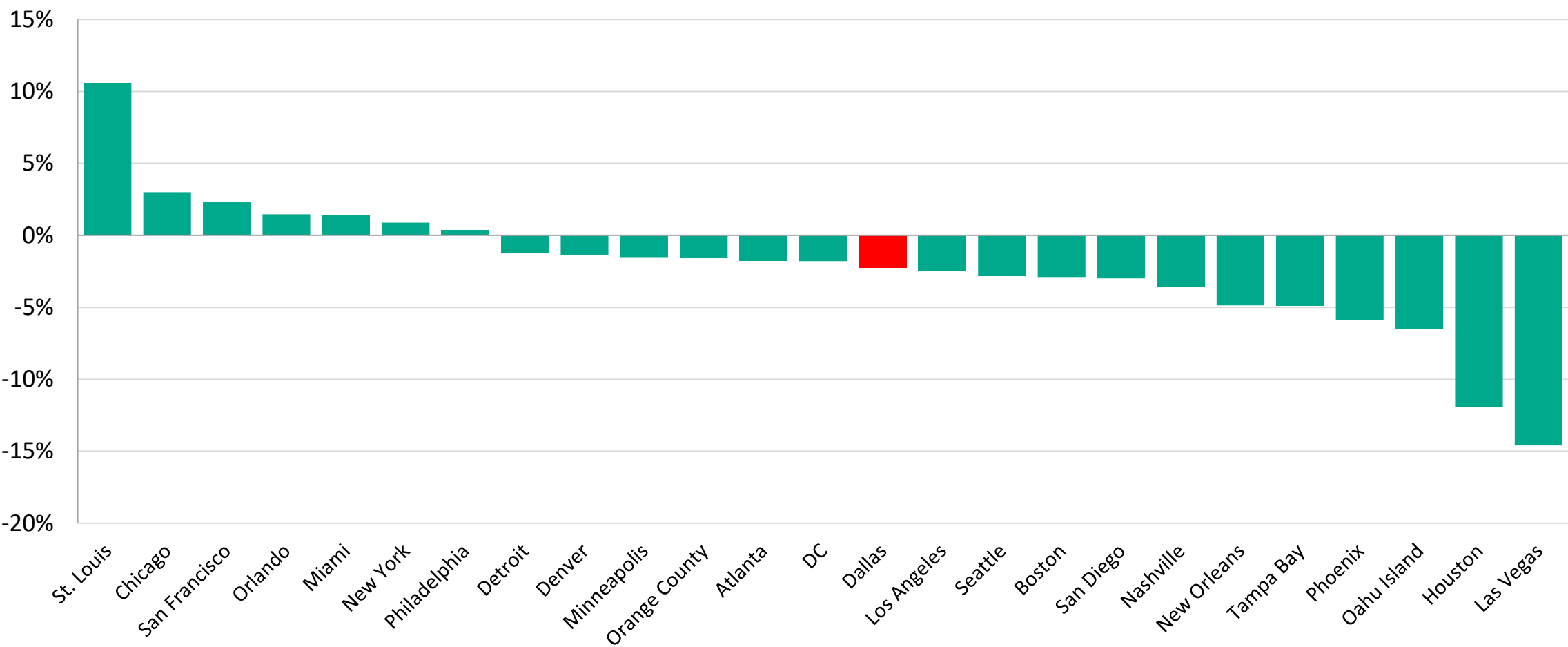
Transient Occupancy

Percent change, June 2025, YoY



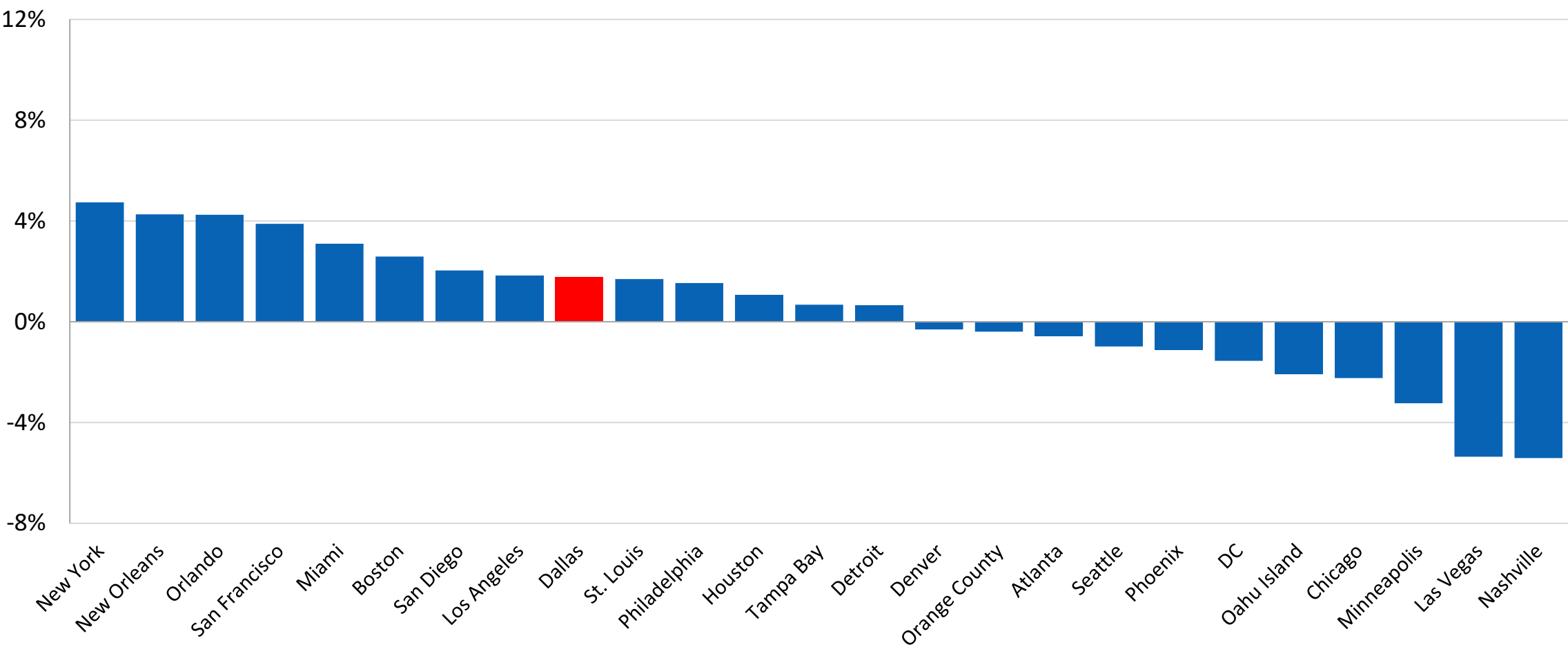
St. Louis #1 again; Houston LY comp, Vegas calendar and int'l visitor woes

Top 25 Markets, June 2025 Occupancy, YoY % change



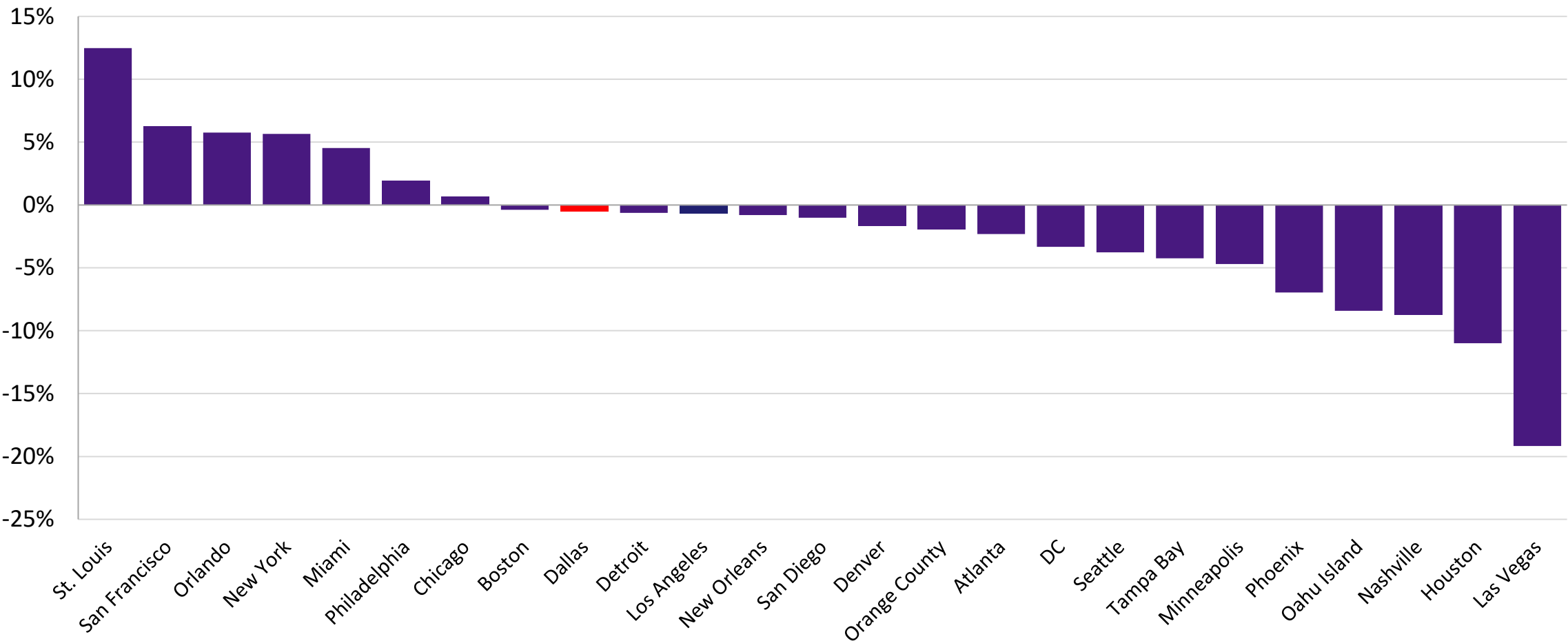
ADR reveals a slightly different story

Top 25 Markets, June 2025 ADR, YoY % change

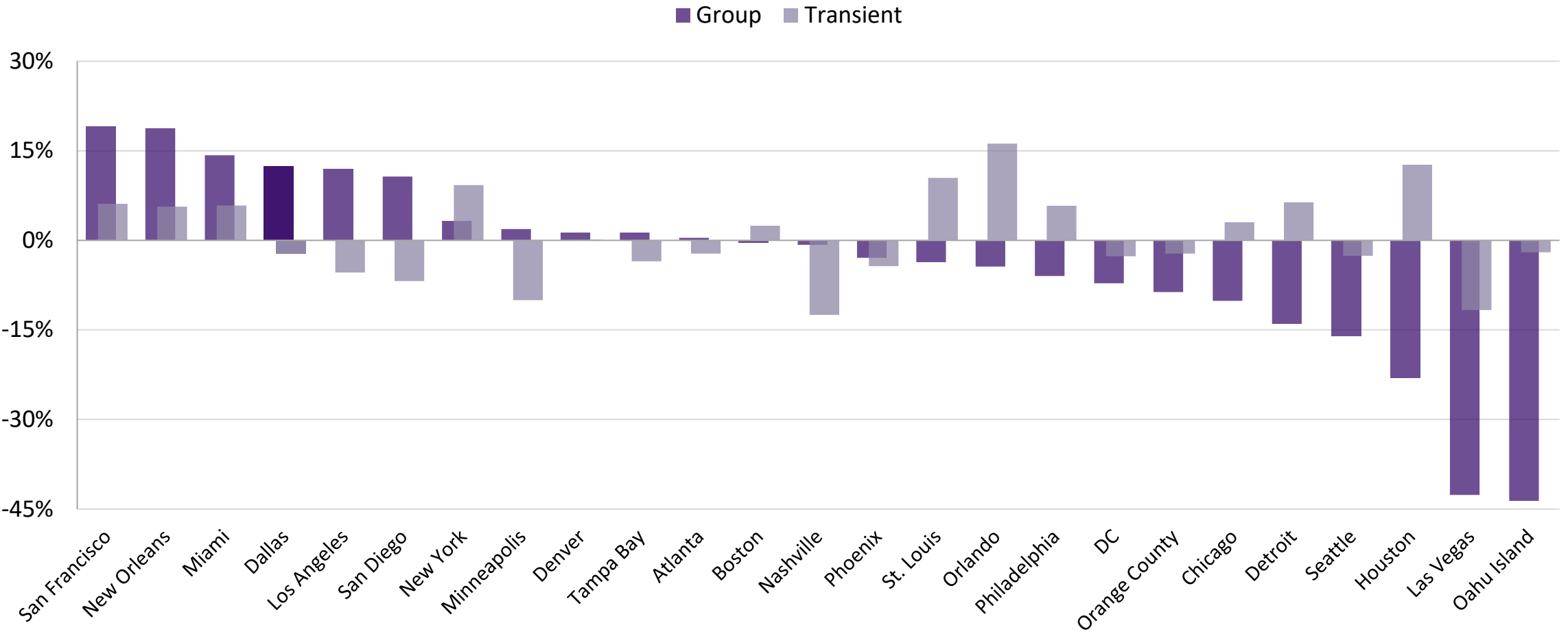


RevPAR lowered through June

Top 25 Markets, June 2025 RevPAR, YoY % change

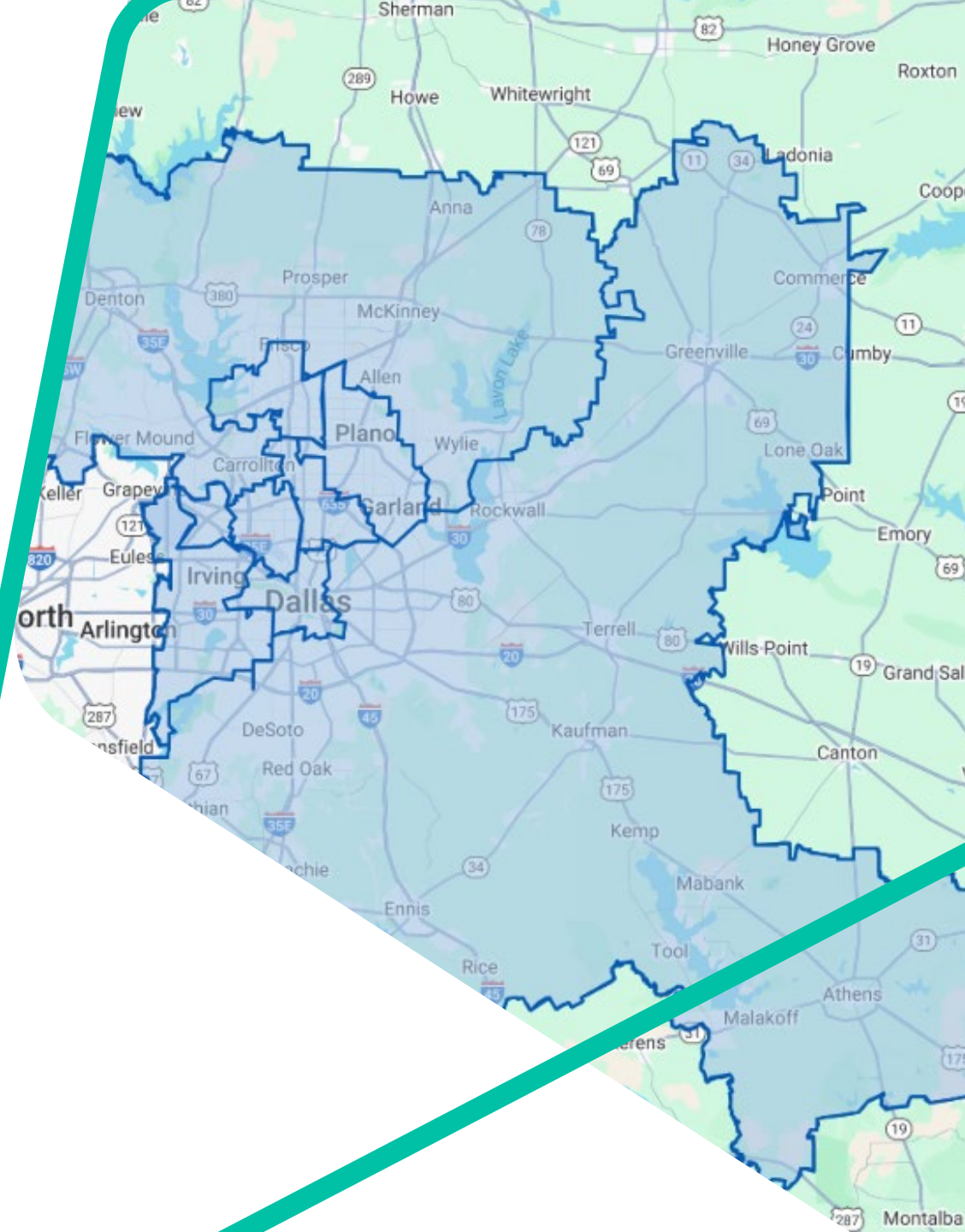


Top 25 Markets, Luxury & Upper Upscale classes, Group/Transient RevPAR YoY % change, June 2025





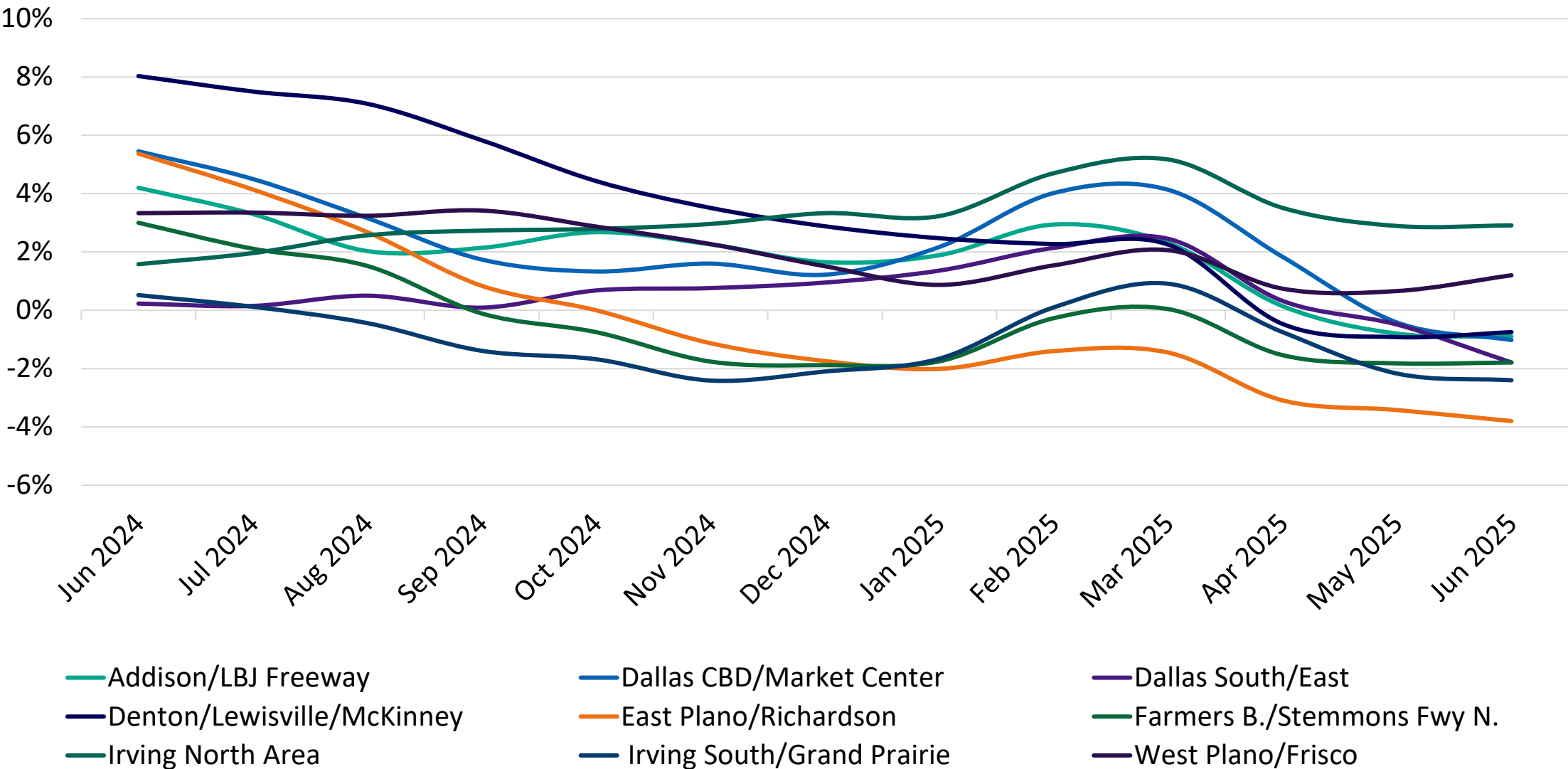
Submarket Performance



Source: 2025 STR, LLC / STR Global, Ltd. trading as "STR". © CoStar Group. Any reprint, use or republication of all or a part of this presentation without the prior written approval of STR is strictly prohibited. Any such reproduction shall specifically credit STR as the source. This presentation is based on data collected by STR. The information in the presentation should not be construed as investment, tax, accounting or legal advice.

Dallas Submarket RevPAR General Trend Analysis

Percent change, June 2024 –June 2025, TTM, YoY, R12



Submarket KPI's

Percent change, June 2025, TTM, YoY, R12





U.S. Hotel Pipeline



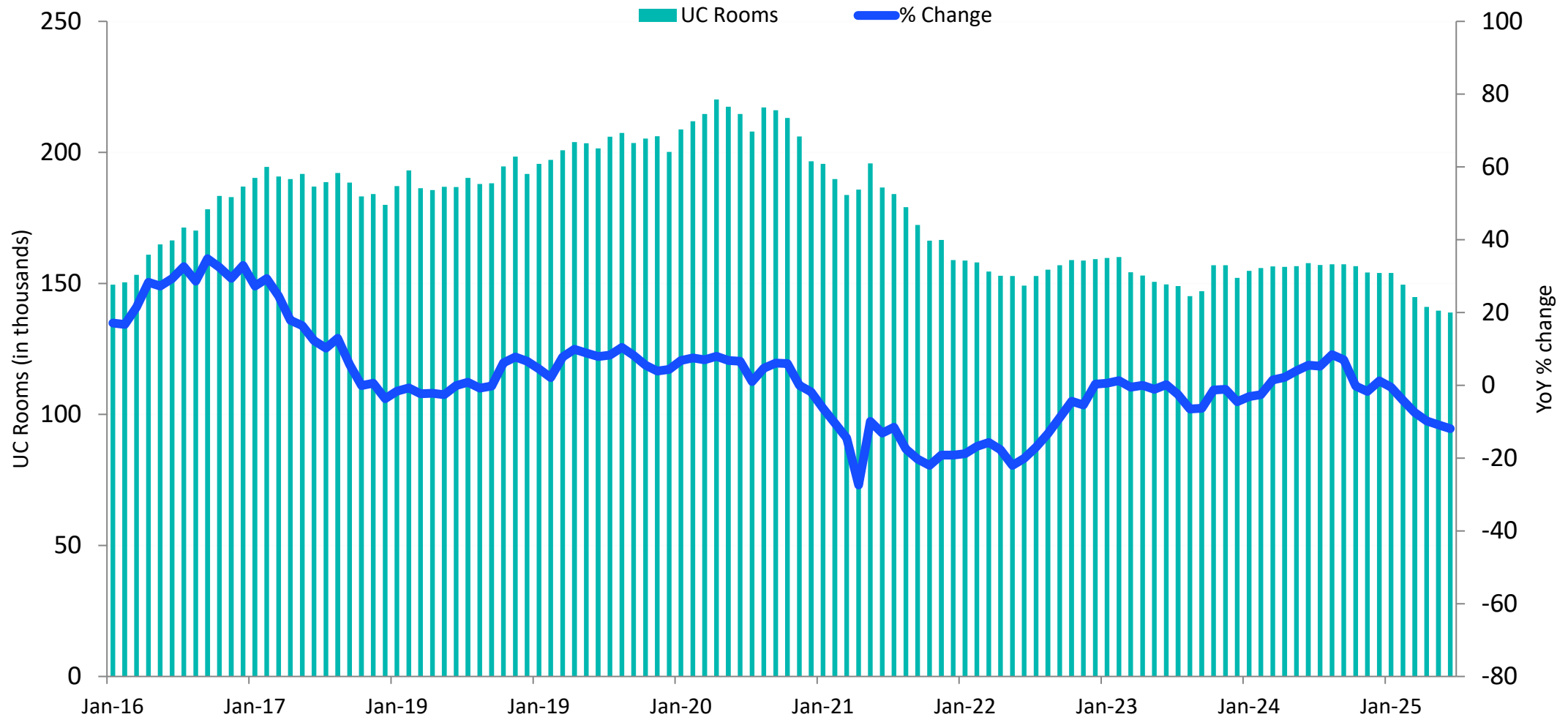
Construction decelerating; final planning flat; planning still positive

U.S., Pipeline rooms by phase (in thousands), June 2025 and 2024

Phase	2025	2024	% Change
In Construction	138.9	157.7	-11.9%
Final Planning	266.3	266.6	-0.1%
Planning	349.8	333.8	4.8%
Under Contract	755.0	758.2	-0.4%

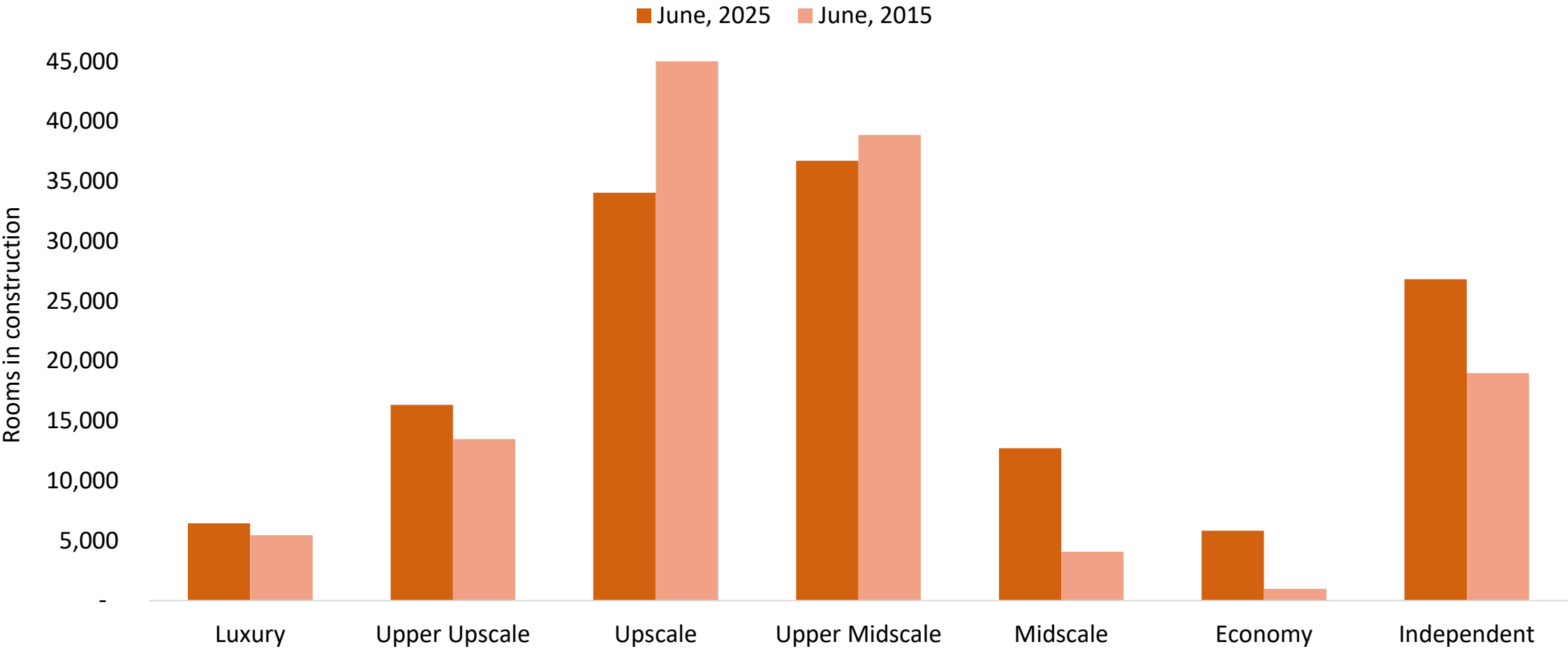
Rooms in construction (139K) declined for ninth consecutive month

U.S., rooms in construction (in thousands) and % change from prior year, Jan 2016 – June 2025



Select-service still dominates but not as much as it did ten years ago

U.S., rooms in construction by chain scale, June 2025 compared to June 2015



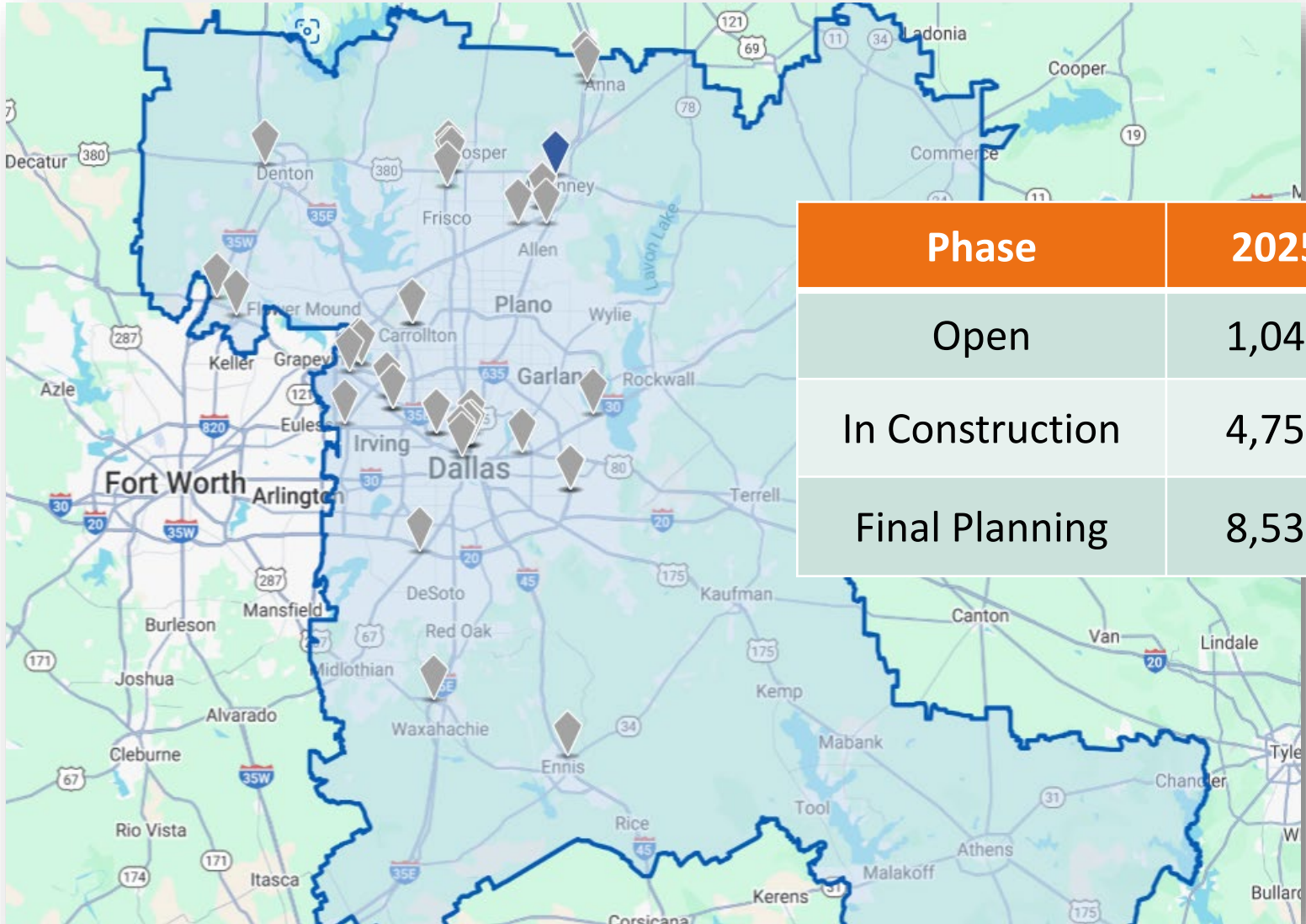


Dallas Hotel Pipeline



Dallas Pipeline

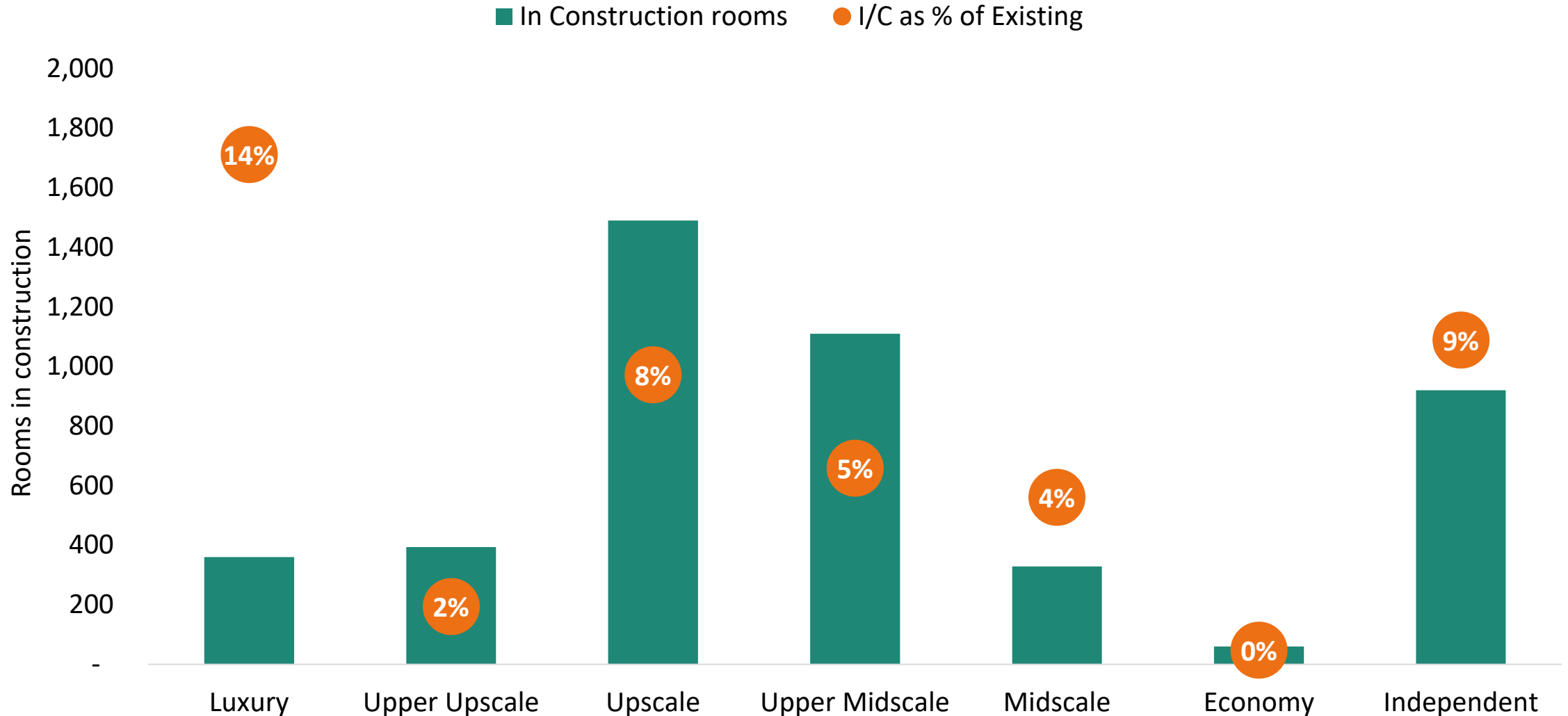
Rooms in thousands by phase, June 2025 and 2024



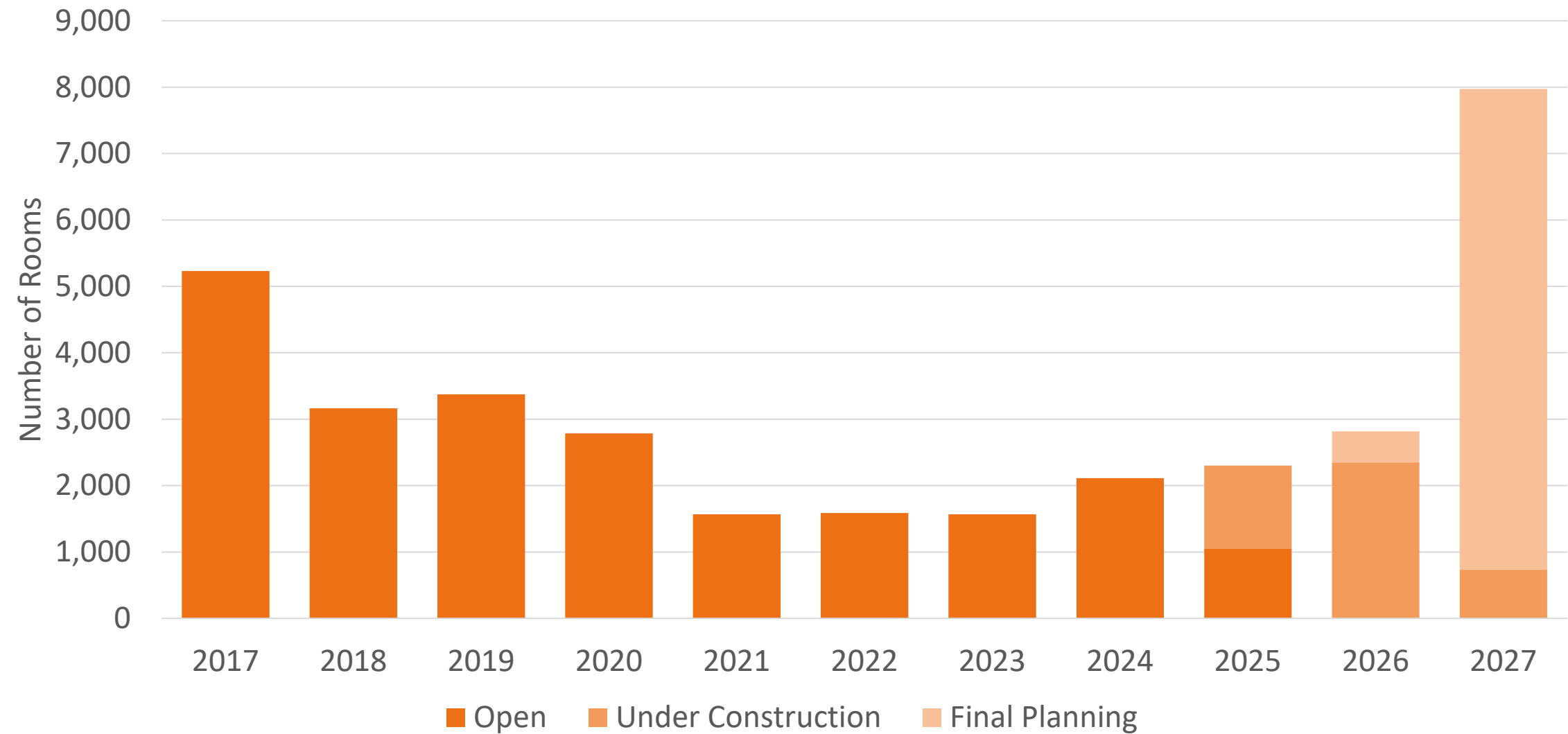
Phase	2025	2024	% Change
Open	1,045	1,269	-17%
In Construction	4,759	4,688	+1.5%
Final Planning	8,538	-	-

Select-service continues to dominate the Dallas pipeline

U.S., rooms in construction by chain scale, June 2025

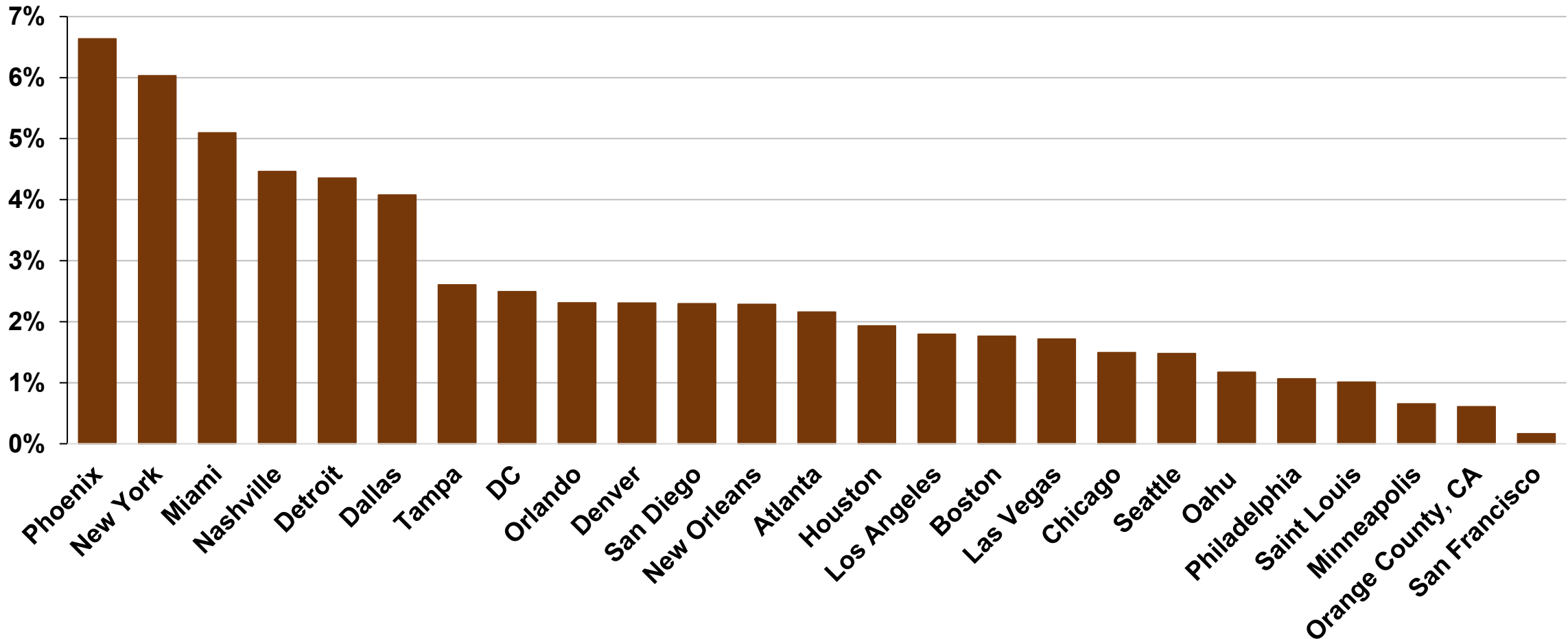


Pipeline is robust Expect more rooms to sit in final planning stages



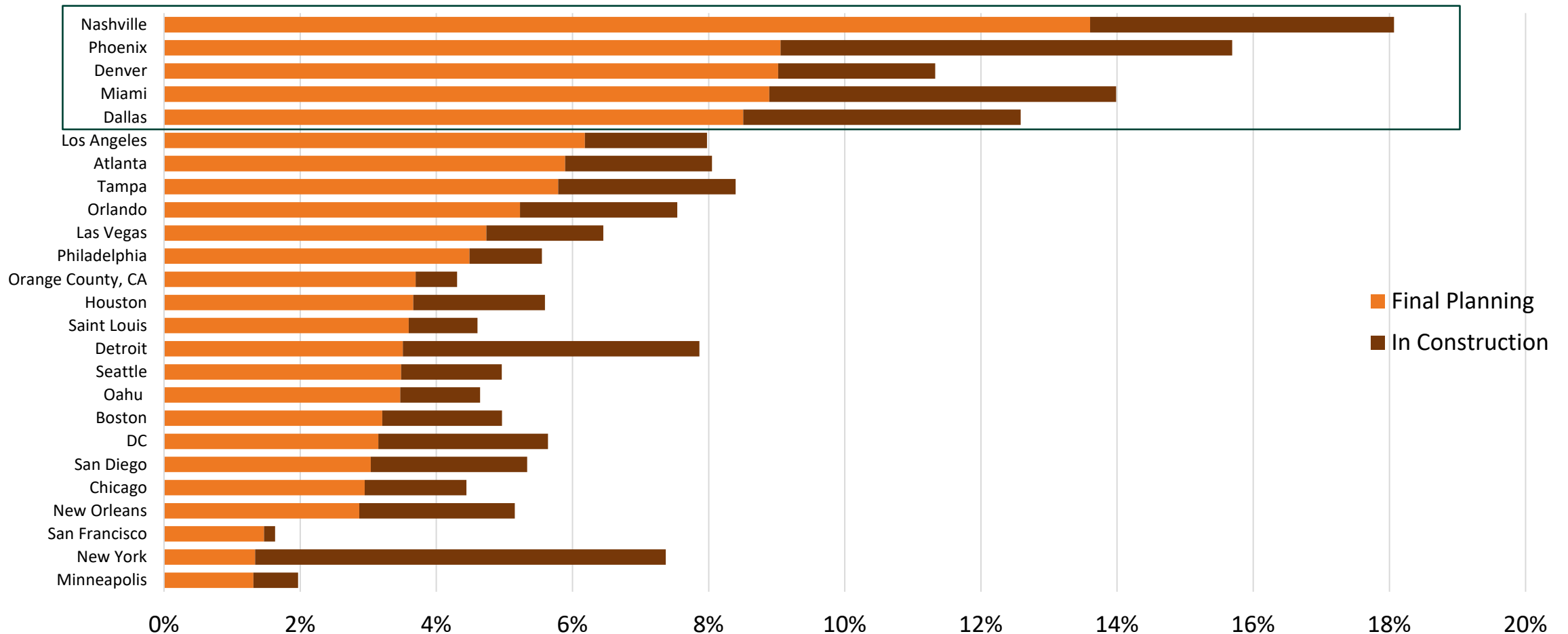
Phoenix takes the lead from NYC

Top 25 Markets, I/C rooms as percent of existing supply, June 2025



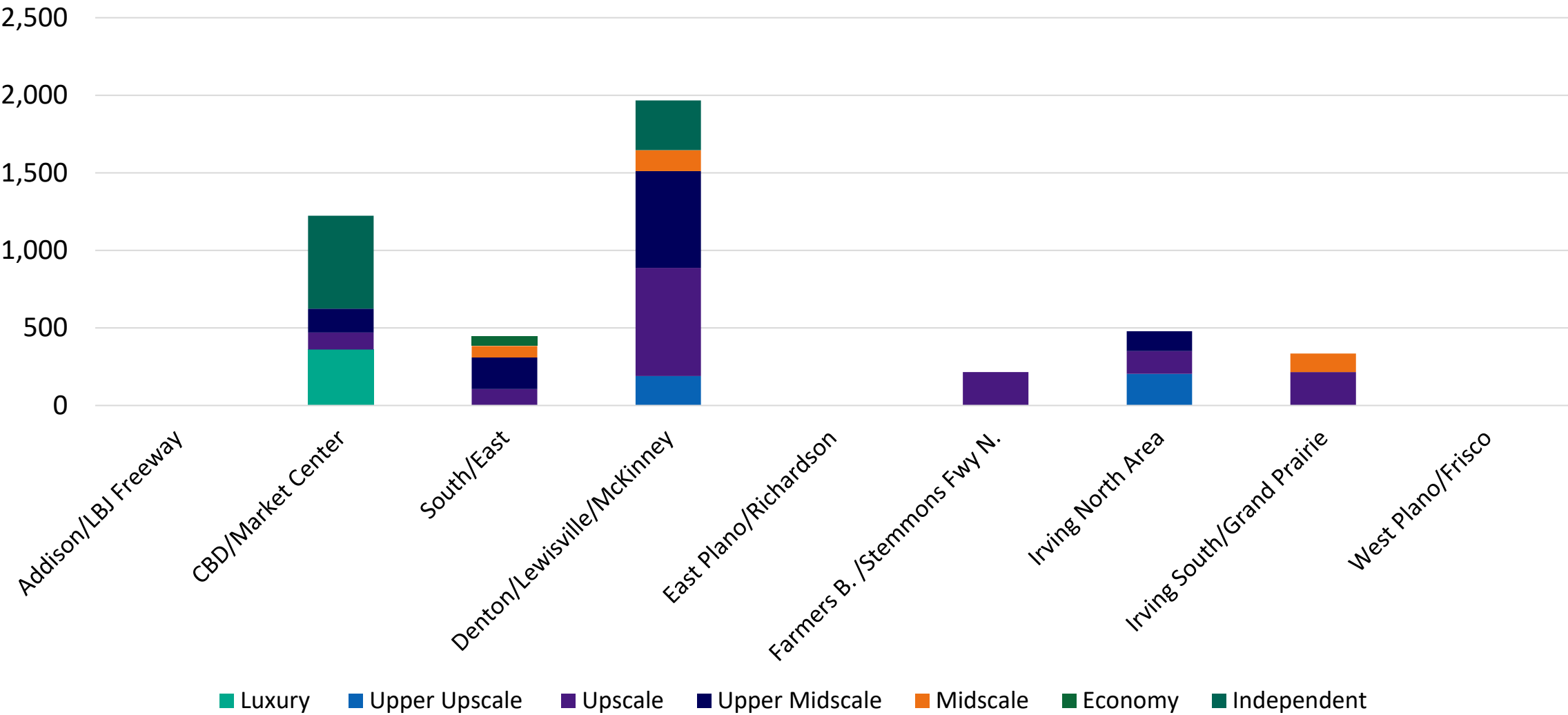
Nashville, Phoenix, Denver, Miami and Dallas top the list for final planning

Top 25 Markets, final planning and in construction as percent of existing supply, June 2025



Select-service (upper mid-scale) continues to dominate the pipeline

U.S., rooms in construction by chain scale, June 2025





Forecast



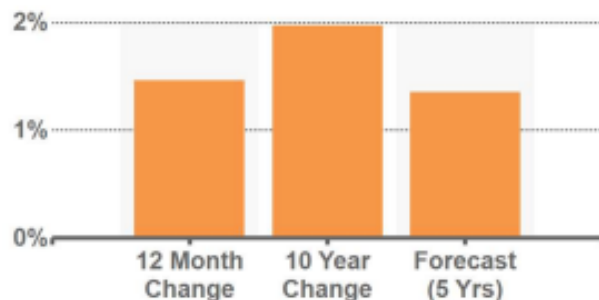
Dallas forecast assumptions

DEMOGRAPHIC TRENDS

Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	5,875,825	342,010,750	1.5%	0.7%	2.0%	0.6%	1.4%	0.4%
Households	2,167,745	134,461,047	1.6%	0.8%	2.2%	1.0%	1.4%	0.5%
Median Household Income	\$89,368	\$81,184	1.5%	2.3%	3.9%	4.0%	3.7%	3.9%
Labor Force	3,165,467	170,807,156	1.8%	1.5%	2.6%	0.8%	1.1%	0.3%
Unemployment	4.0%	4.2%	-0.1%	0.1%	0%	-0.1%	-	-

Source: Oxford Economics

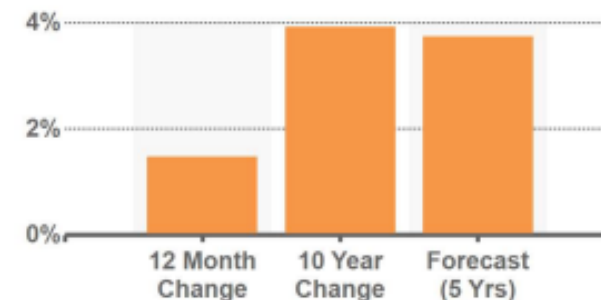
POPULATION GROWTH



LABOR FORCE GROWTH



INCOME GROWTH



Source: Oxford Economics

Dallas Forecast

Percent change, YoY, June 2025

	Demand	Occupancy	ADR	RevPAR
2024	-1.2%	55% (-2.5%)	\$116 (+0.9%)	\$64 (-1.6%)
2025	+1.3%	54% (-0.9%)	\$113 (-2.4%)	\$62 (-3.2%)
2026	+2.2%	55% (+0.1%)	\$115 (+2.0%)	\$63 (+2.1%)

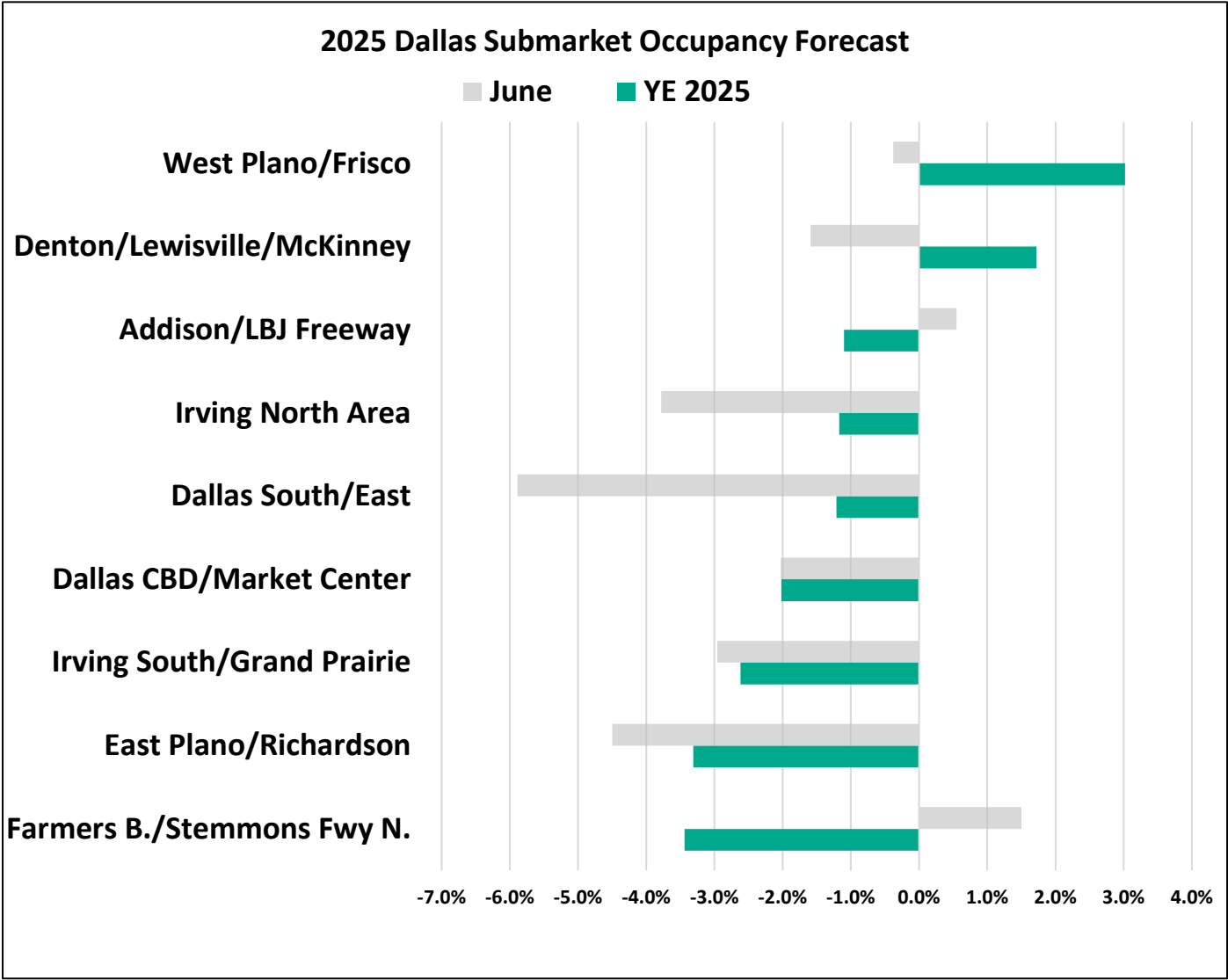
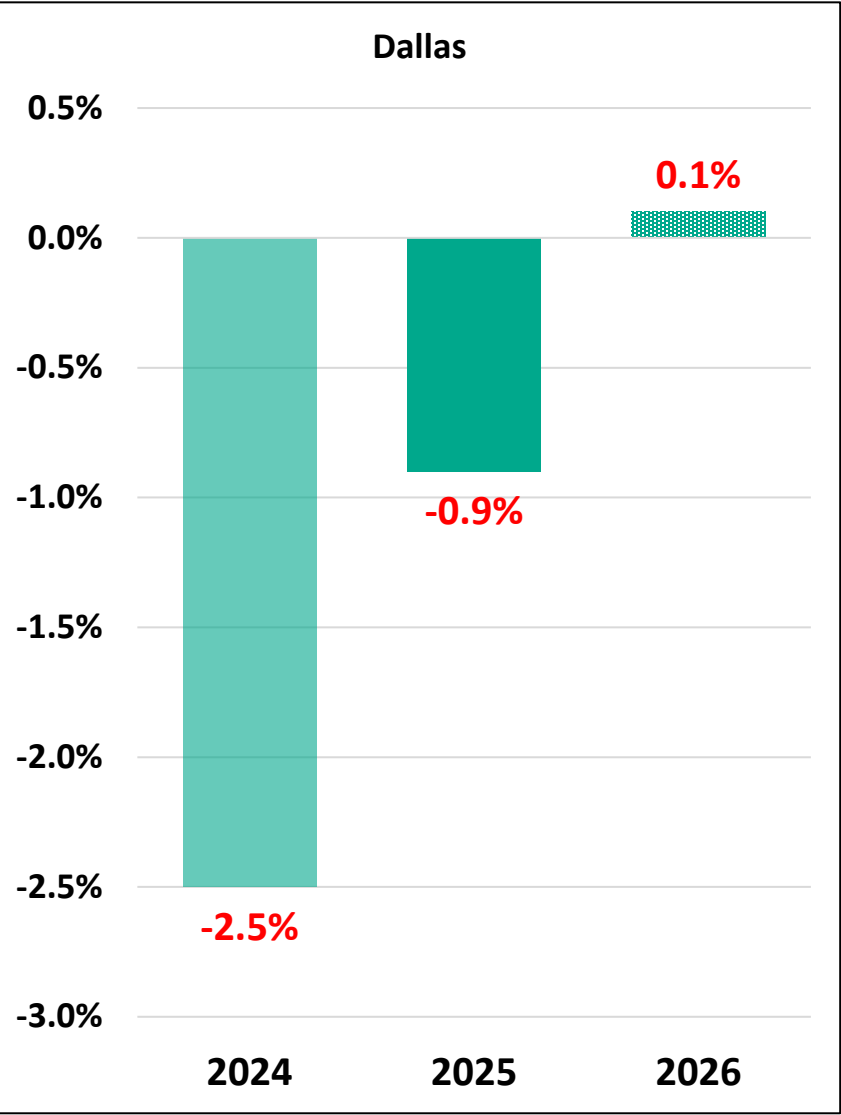
Submarket KPI's

Percent change, June 2025, TTM, YoY, R12



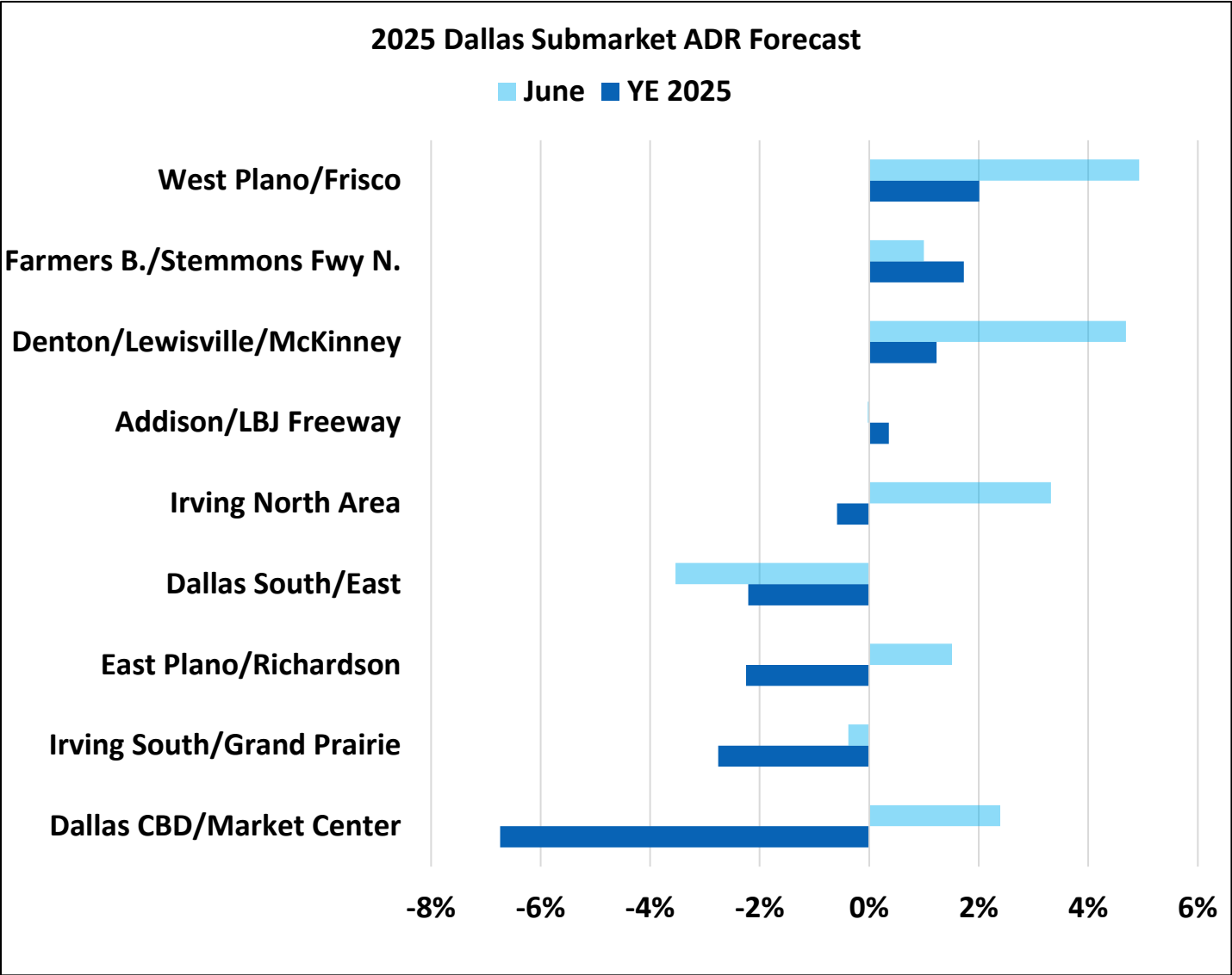
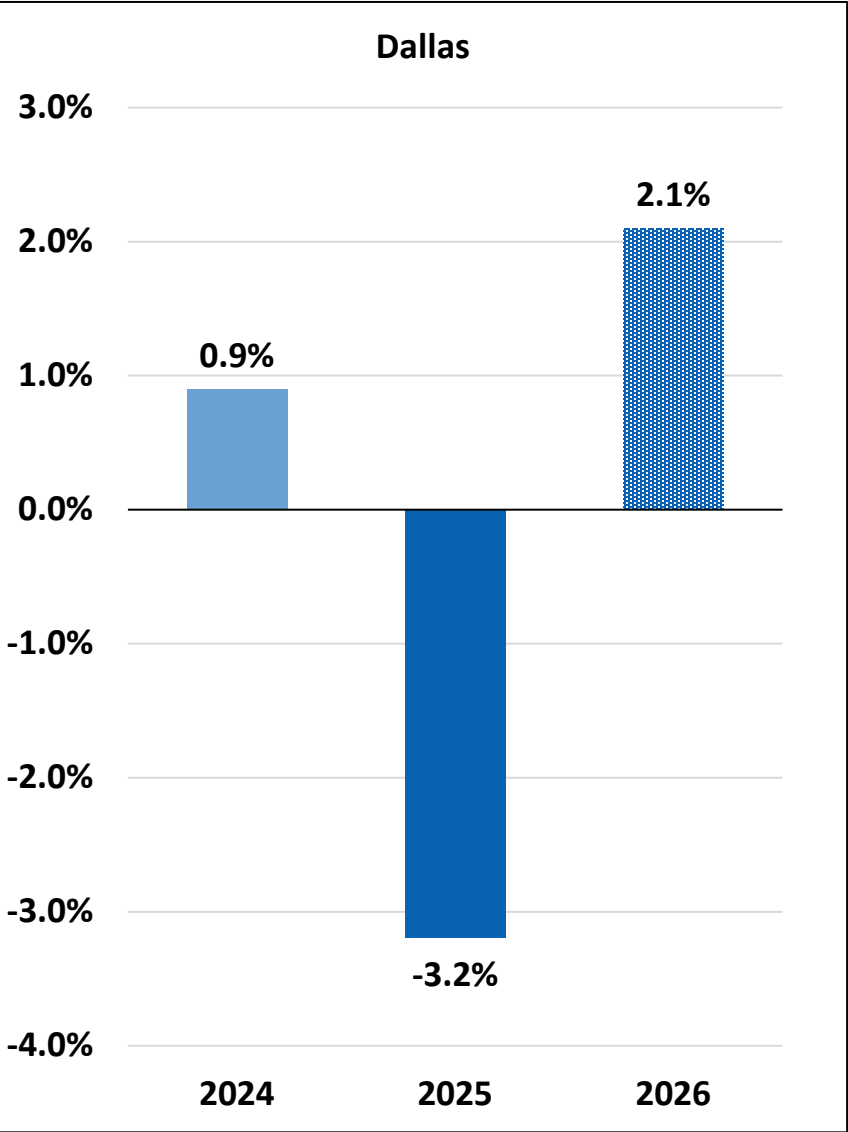
Occupancy lower in southern/central submarkets

U.S. Occupancy forecast, year over year change



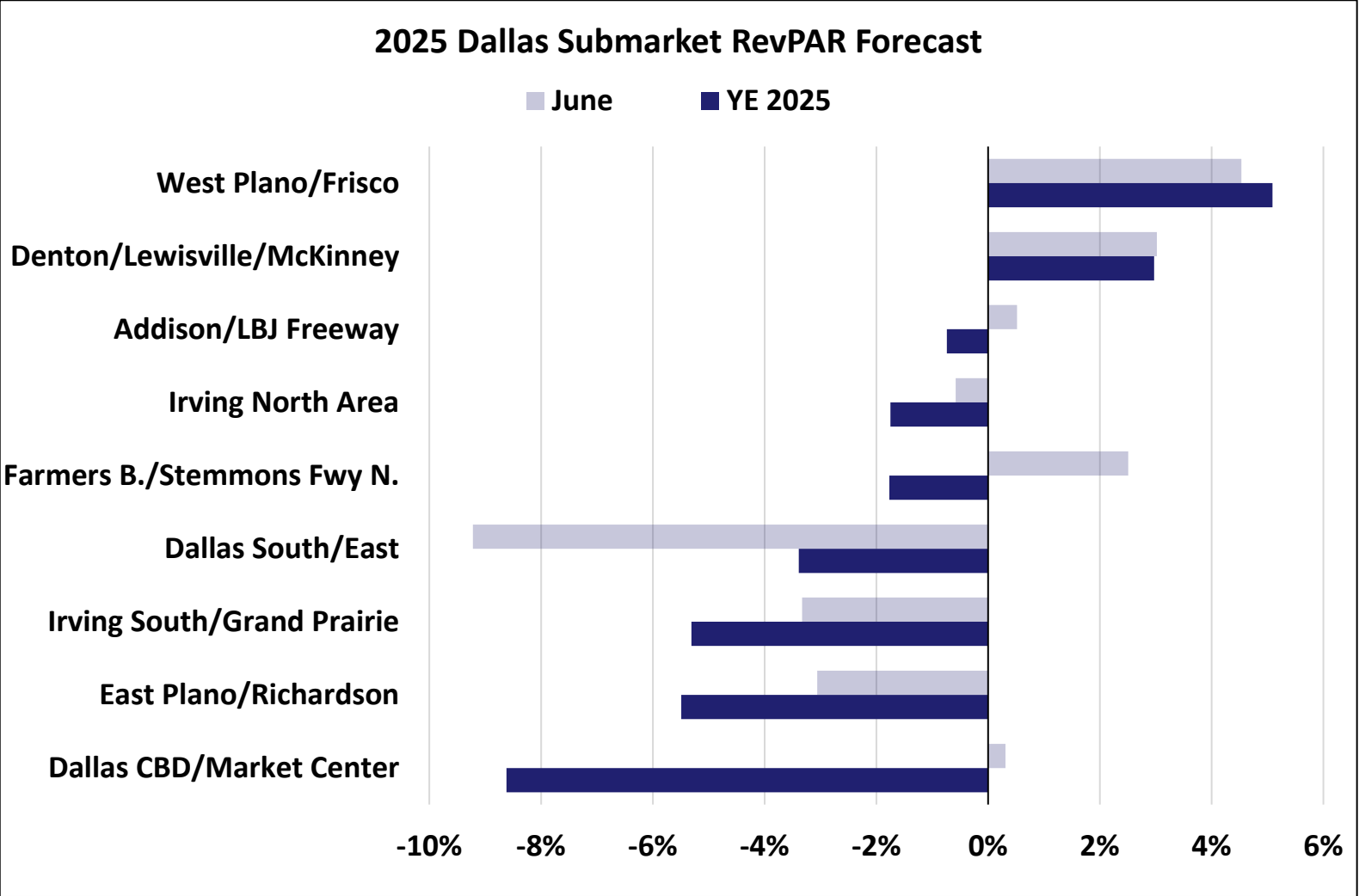
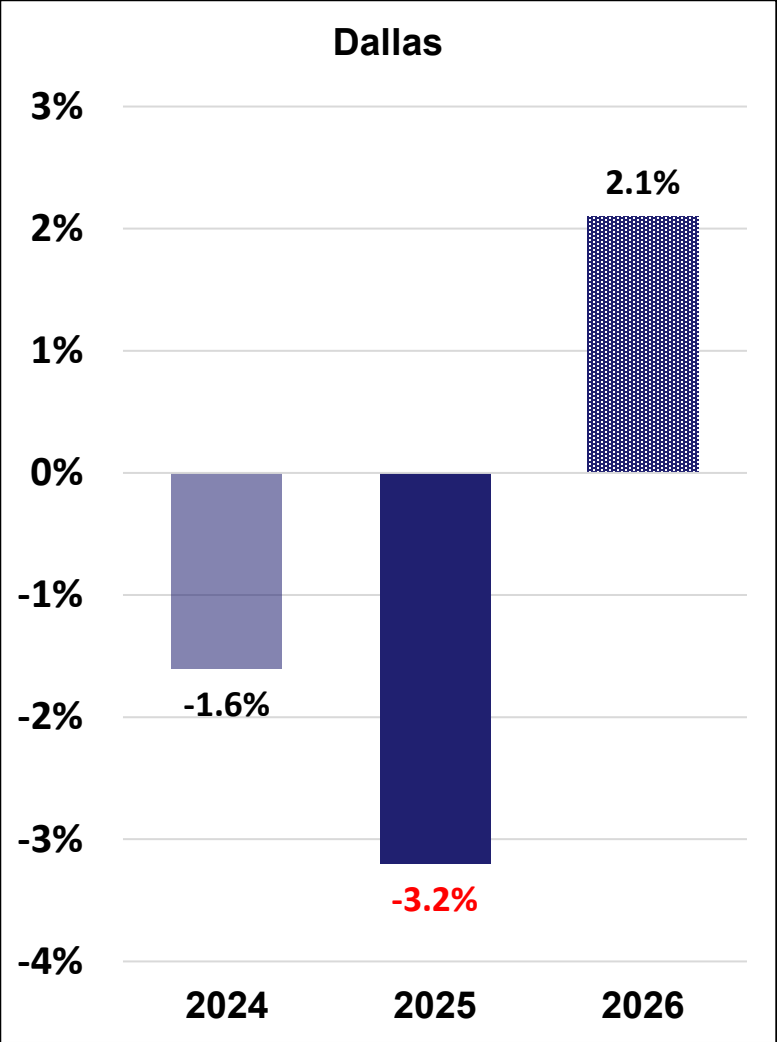
Some degradation in ADR with CBD to expected to see the most

U.S. RevPAR forecast, year over year change



Soft RevPAR growth expected at the end of the year

U.S. RevPAR forecast, year over year change



Q2 industry comments point to steady domestic business travel and group demand

Delta: “The environment has been stable since resetting to a lower growth rate earlier this year. “...we expect both consumer and corporate confidence to improve in the second half of the year, creating the environment for travel demand to accelerate...”

Southwest: “July is better than June, and August is off to a strong start, even though it's kind of good for corporate. So good inflection in Q2 for corporate. And then also leisure, it was the same thing. We saw leisure customers really come alive there just before the 4th of July holiday.”

Marriott: “there is more uncertainty about the near term in the year for the year bookings in '25 than we thought a quarter ago. But I will say for the group that continues to roll through the quality of it is excellent.”

Hilton: “For the full year, we continue to expect RevPAR growth of flat to up 2%, with improving trends in the fourth quarter, driven by modest increase in demand and easier year-over-year comparisons. ”

If you remember one slide:

- ❖ The Macro backdrop: Bumpy
- ❖ Q2 performance: Tempered
- ❖ Luxury performance: Healthy
- ❖ International demand: Sliding, likely getting worse
- ❖ Pipeline: Remains robust



Thank you.

Follow me on LinkedIn

Colin Sherman

Email: csherman@costar.com

