

FIGURES | U.S. HOTEL | Q2 2023

# Hotel Industry Growth Slows in Q2



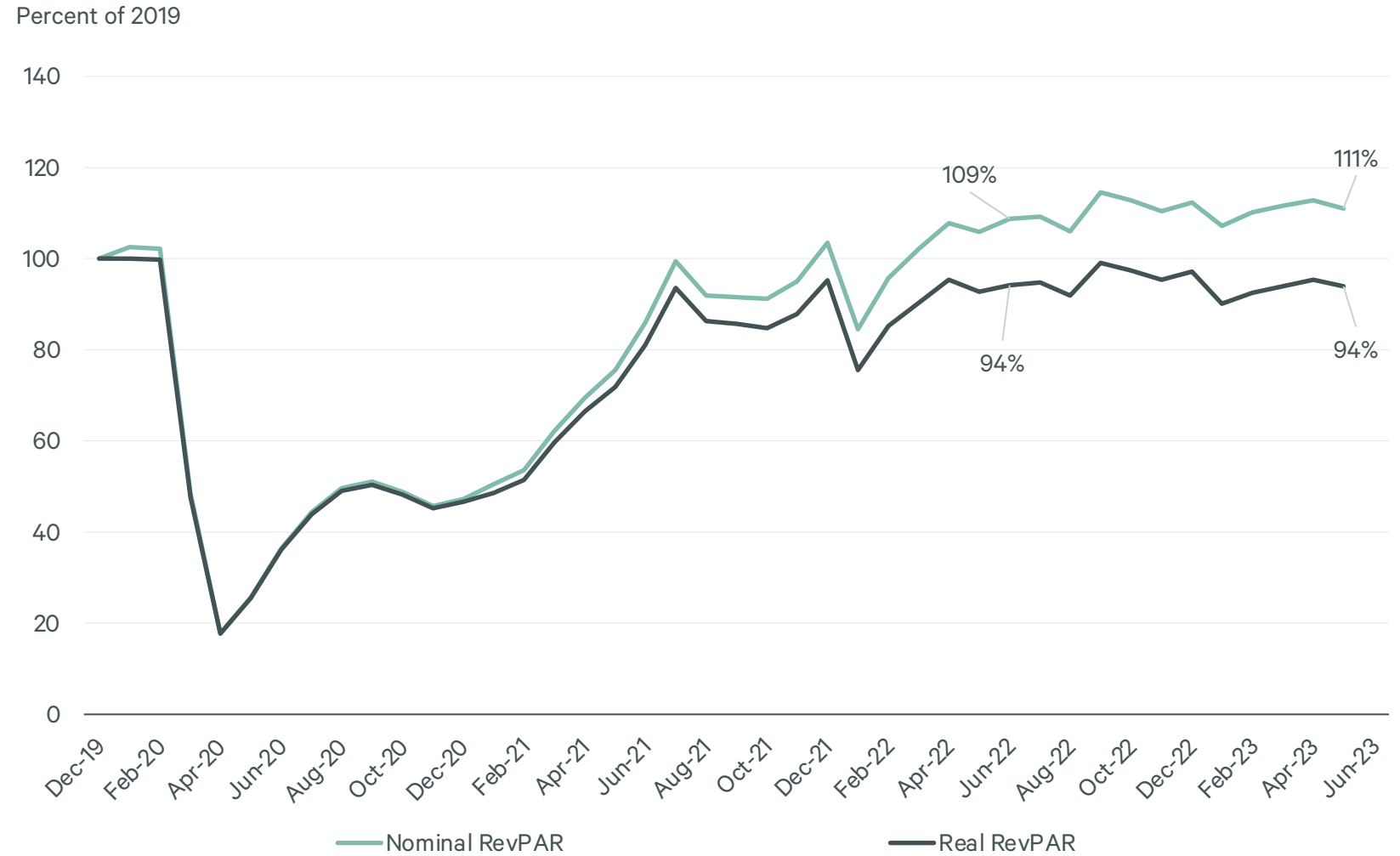
Percentages are year-over-year growth rates. Arrows indicate change in year-over-year growth rates from those of the same quarter in the previous year. Source: Kalibri Labs

## Executive Summary

- Hotel fundamentals softened in Q2, largely due to a 1.5% year-over-year drop in occupancy. The average daily rate (ADR) increased by 2.6% year-over-year, its slowest annual growth since Q1 2021. Revenue per available room (RevPAR) increased by just 1.1% year-over-year, a material slowdown from Q1's 15.9% pace.
- Total inbound foreign visitors were 27% below pre-pandemic 2019 levels, while the number of Americans traveling to Europe and the Caribbean increased by 5% and 8%, respectively.
- Hotel wage growth slowed in June but at 5.2% outpaced the national average of 4.7%. Hotel wage growth pressures are likely to persist, at least for the near term.
- Leisure markets remained the strongest RevPAR performers relative to 2019; however, Q2 RevPAR declined from last year in several of them, including West Palm Beach, Savannah, Phoenix and St. Petersburg.
- Occupancy rates for all location types were below 2019 levels in Q2. Urban locations were the only category to post year-over-year gains, with the other five location types contracting vs Q2 2022.

### Figure 1 Real vs. nominal RevPAR

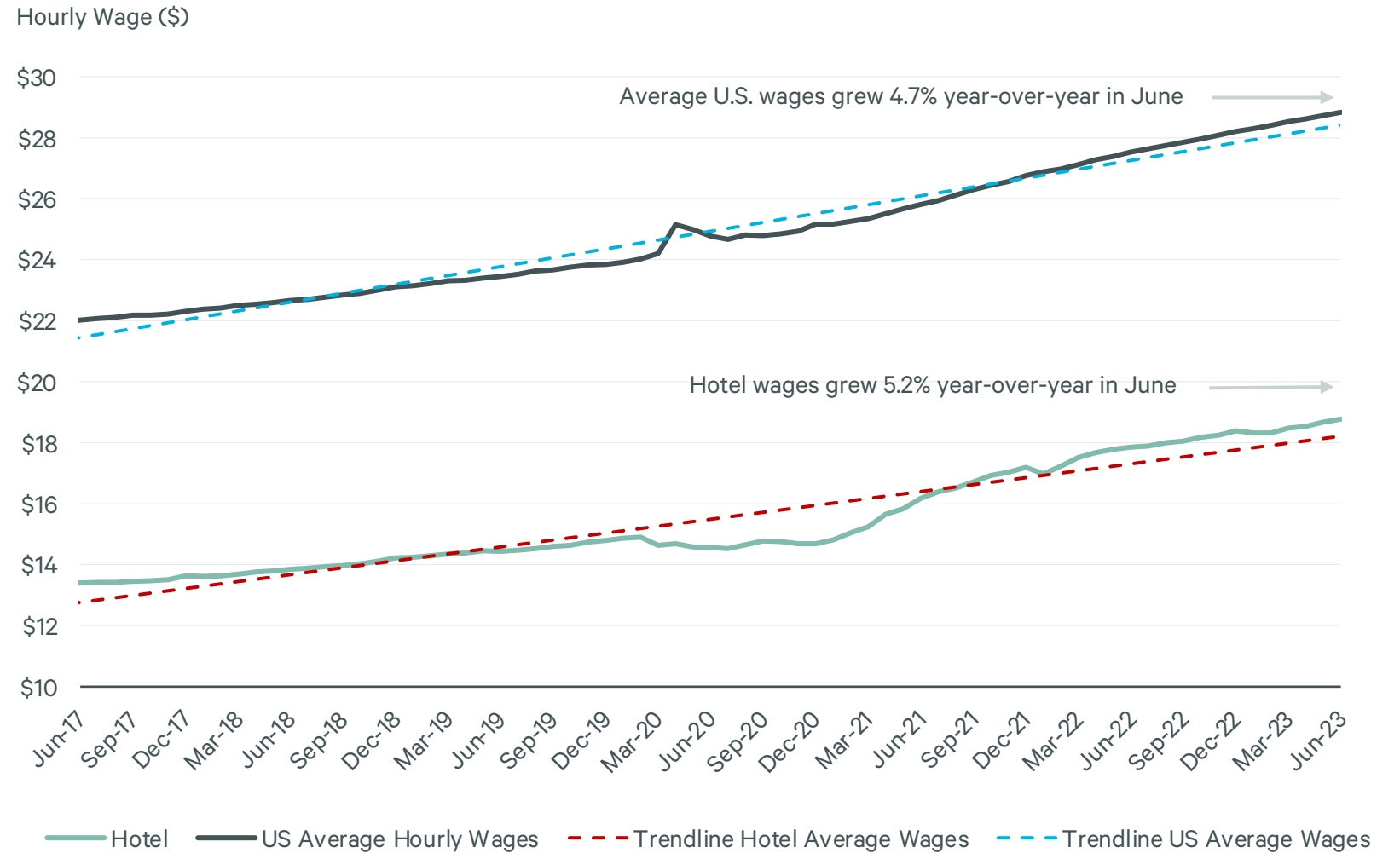
- The gap between nominal and real RevPAR continued to widen in June as RevPAR growth failed to keep pace with inflation.
- Compared with 2019, nominal RevPAR increased by 11%, while real RevPAR fell by 6%.



Source: Kalibri Labs, CBRE Hotel Research, U.S. Bureau of Labor Statistics, Q2 2023.

## Figure 2 Hotel wage growth outpaced national average

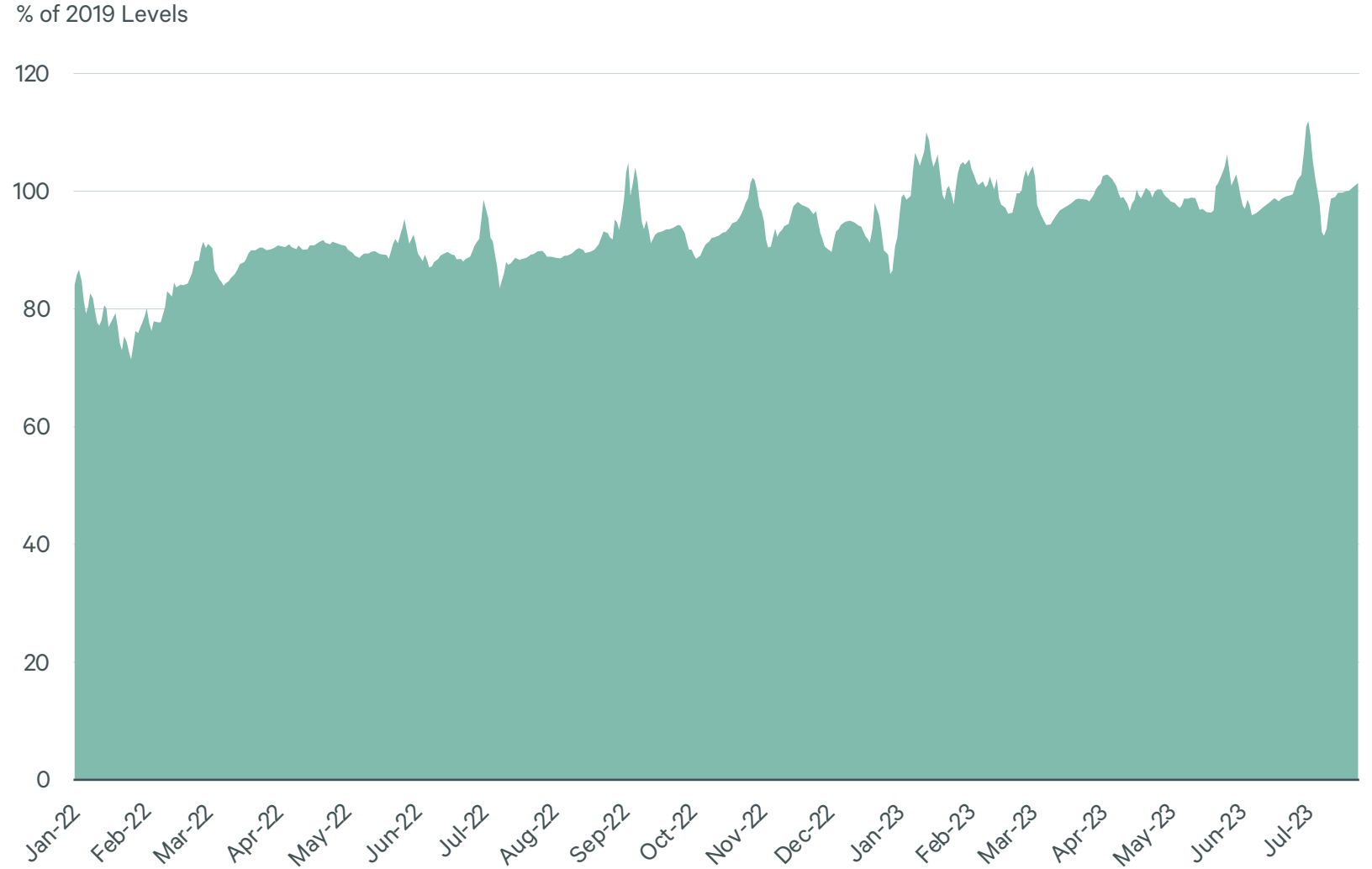
- While year-over-year hotel wage of 5.2% in June was down from 5.5% in March, it outpaced the national average of 4.7%. However, hourly hotel wages were almost \$10 lower than the national average for all workers.
- Job openings per hotel averaged 21 in May, down from 24 a year ago but above the average of 16 in pre-pandemic May 2019. Total leisure & hospitality job openings in May were 13.5% lower than a year ago.



Source: CBRE Hotels Research, U.S. Bureau of Labor Statistics, June 2023.

### Figure 3 Total airline passengers near 2019 levels

- Total airline passengers in Q2 averaged nearly 100% of 2019 levels.
- On a year-over-year basis, airline passengers increased by 10% in Q2.



Source: CBRE Hotels Research, U.S. Transportation Security Administration, Q2 2023.

**Figure 4**  
**Outbound vs inbound overseas**  
**visitation as a percent of 2019**  
**levels**

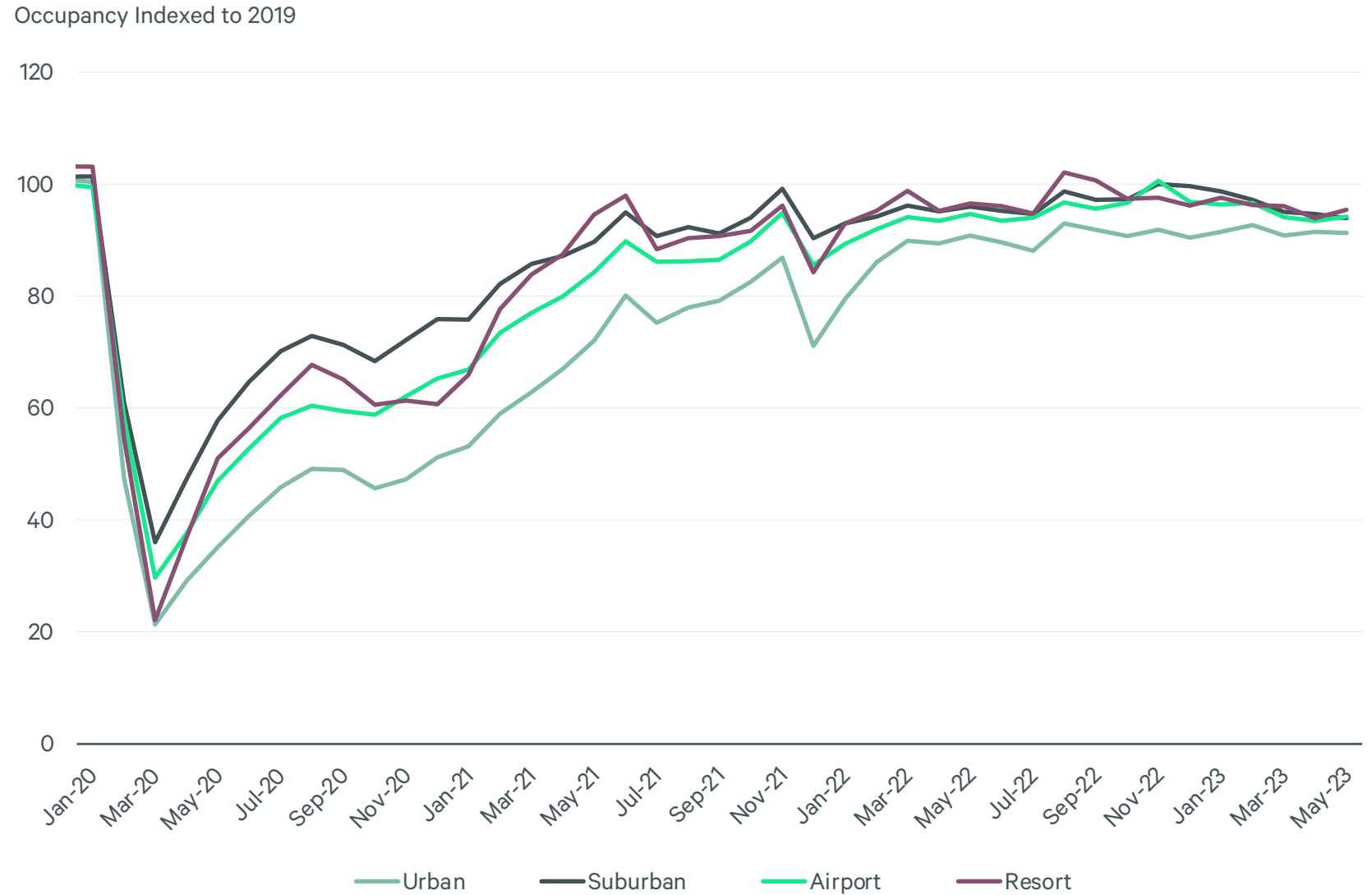
- Total overseas outbound U.S. travel was 108% of 2019 levels in June.
- Inbound international travel has been slow to return to the U.S. Overseas visitor counts were just 73% of 2019 levels in Q2.



Source: National Travel & Tourism Office, CBRE Hotels Research, Q2 2023.

**Figure 5**  
**Monthly occupancy indexed to 2019 by location type**

— Urban was the only location category with a year-over-year occupancy gain in Q2. Compared with pre-pandemic 2019 levels, occupancy ranged from 91% for urban to 97% for interstate.



Source: CBRE Hotels Research, Kalibri Labs, Q2 2023.

**Figure 6**  
**Room nights by channel vs. 2019**

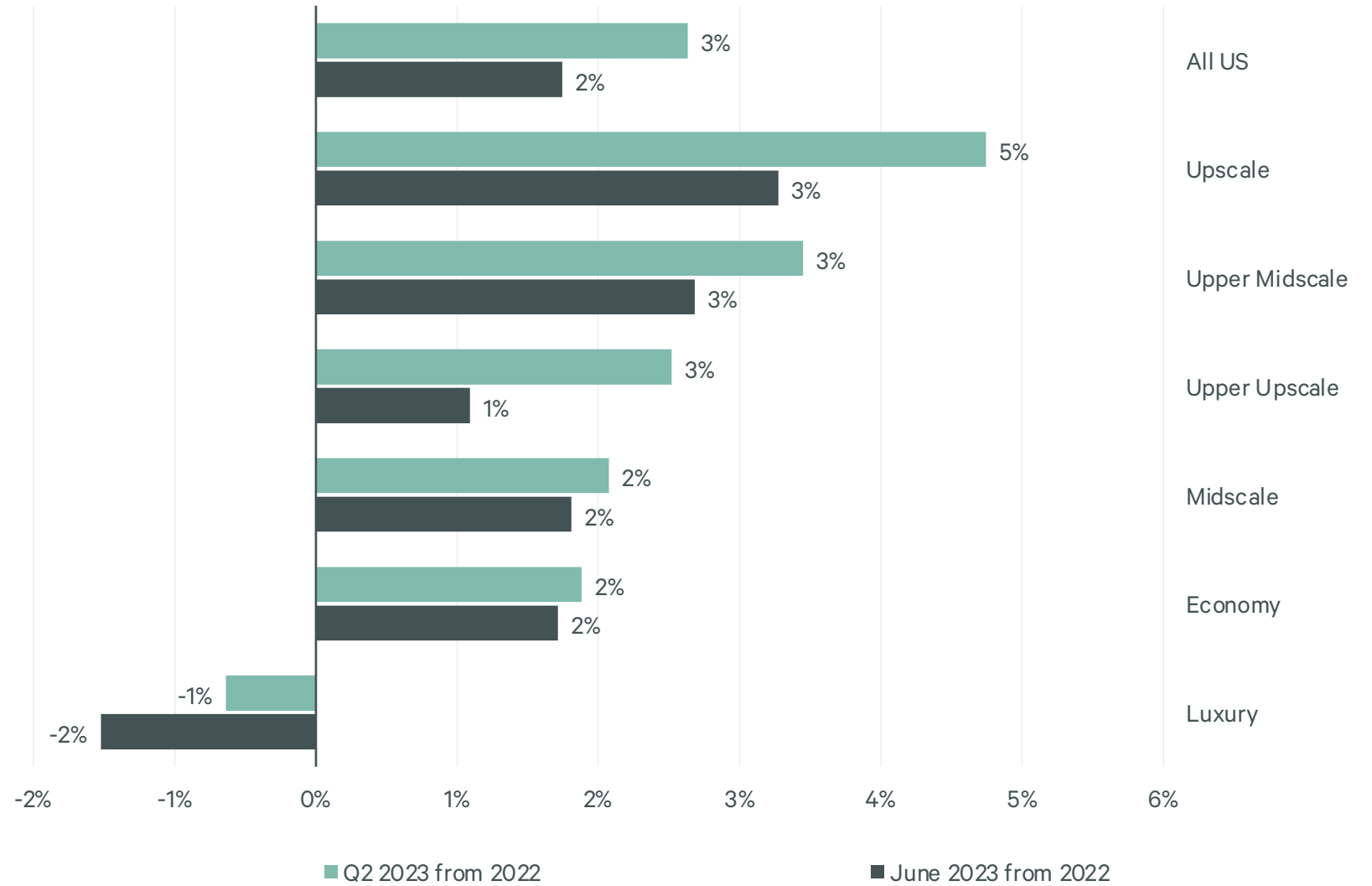
- Total reservations fell by 1.2% year-over-year in Q2, driven by decreases in the walk-in, phone, group and online travel agency booking channels.
- Brand.com continued to take share from other reservation channels, with room nights sold in Q2 reaching 112% of their Q2 2019 level.



Source: CBRE Hotels Research, Kalibri Labs, Q2 2023.

**Figure 7**  
**ADR percentage change vs. 2022**  
**by chain scale**

- National ADR increased by 3% year-over-year in Q2.
- ADR increased for all chain scales except luxury, which fell by 1%

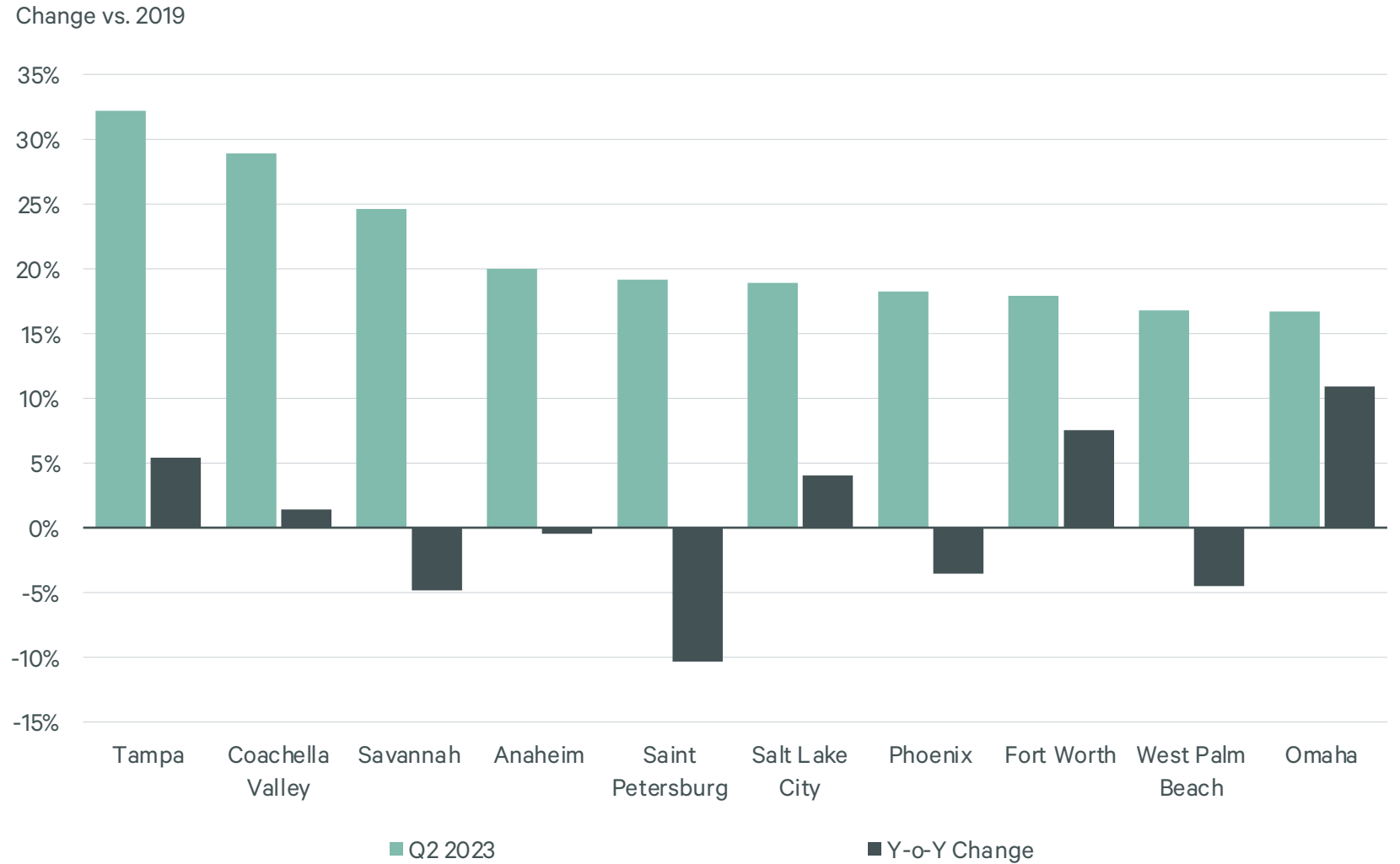


Source: CBRE Hotels Research, Kalibri Labs, Q2 2023.



**Figure 8**  
**Top 10 RevPAR markets vs. 2019**  
**& year-over-year change**

- Tampa posted the biggest RevPAR gain in Q2 vs. Q2 2019 (+32%).
- Four of the top 10 markets—Tampa, Savannah, St. Petersburg and West Palm Beach—were in the Southeast.
- On a year-over-year basis, RevPAR declined in several of the top 10 markets, including Savannah, St. Petersburg, Phoenix and West Palm Beach.

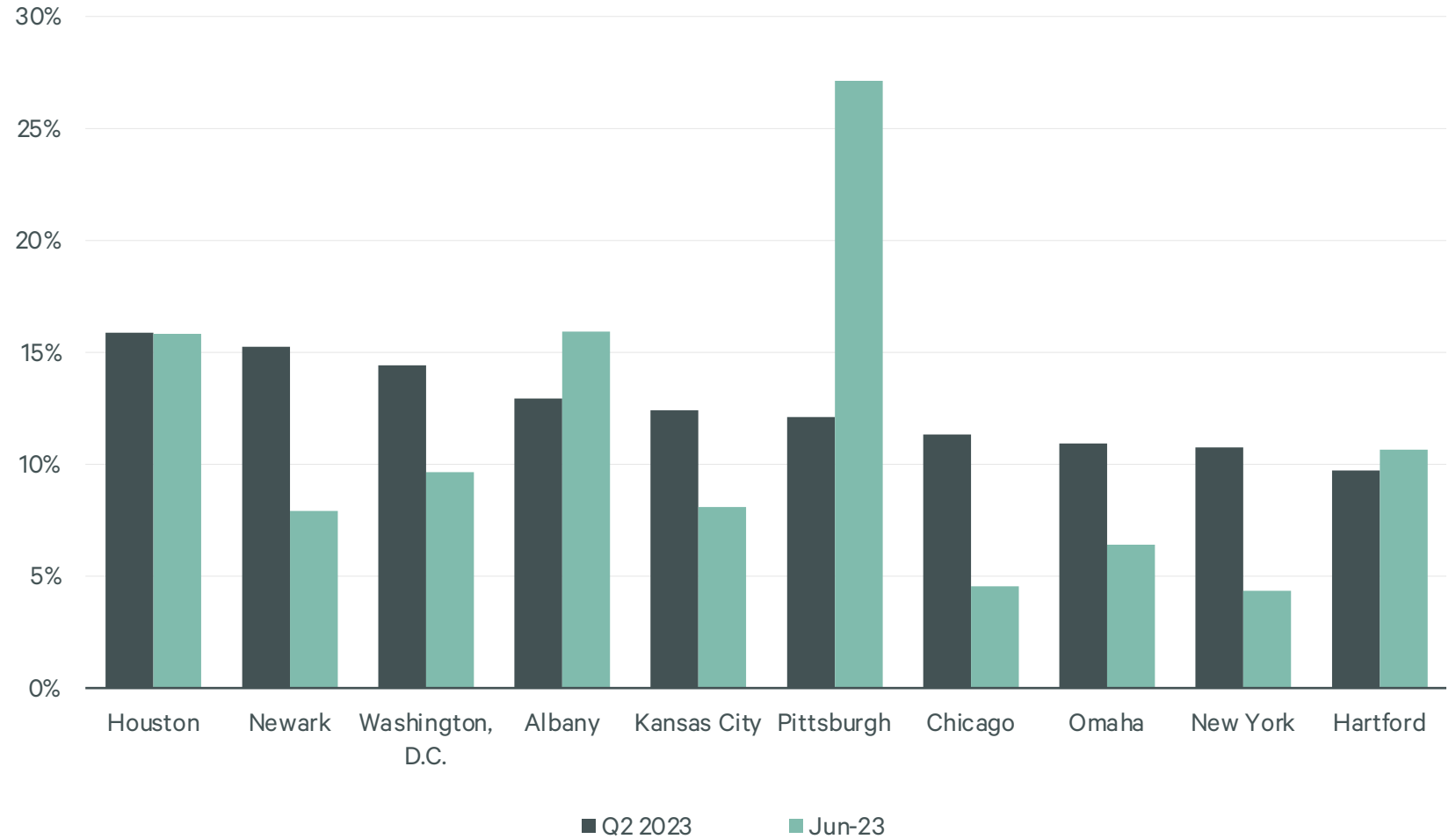


Source: CBRE Hotels Research, Kalibri Labs, Q2 2023.

**Figure 9**  
**Q2 & June 2023 top 10 RevPAR**  
**markets vs. 2022**

- Houston posted the largest year-over-year RevPAR gain of 16% in Q2. Year-over-year growth rates for the top 10 markets were all above 10% in Q2.
- None of the top 10 were leisure-focused markets.

Change vs. 2022



Source: CBRE Hotels Research, Kalibri Labs, Q2 2023.

## Contacts

### Richard Barkham, Ph.D., MRICS

Global Chief Economist  
& Head of Americas Research  
+1 617 912 5215  
richard.barkham@cbre.com

### Rachael Rothman, CFA

Head of Hotels Research  
& Data Analytics  
+1 646 831 5886  
rachael.rothman@cbre.com

### Bill Grice

President, Head of CBRE Hotels, Americas  
+1 404 812 5245  
bill.grice@cbre.com

### Robert Mandelbaum

Director of Research Information  
Services, CBRE Hotels Research  
+1 404 812 5187  
robert.mandelbaum@cbre.com

### Brian Zurowski

U.S. Hotels Economist  
CBRE Hotels Research  
+1 704 264 3674  
brian.zurowski@cbre.com

### Christine Bang

Senior Research Analyst  
CBRE Hotels Research  
+1 917 543 9698  
christine.bang@cbre.com

### Will Webster

Senior Research Analyst  
CBRE Hotels Research  
+1 404 326 9288  
will.webster@cbre.com

© Copyright 2023. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.