

The State of the NYC Hotel Market

June 2025



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What we will cover:

- 🌀 The Macro backdrop: Bumpy
- 🌀 YTD performance: Strong ADR growth
- 🌀 Luxury performance: Very healthy
- 🌀 International demand: Sliding, likely getting worse
- 🌀 Pipeline: NYC is still a favorite





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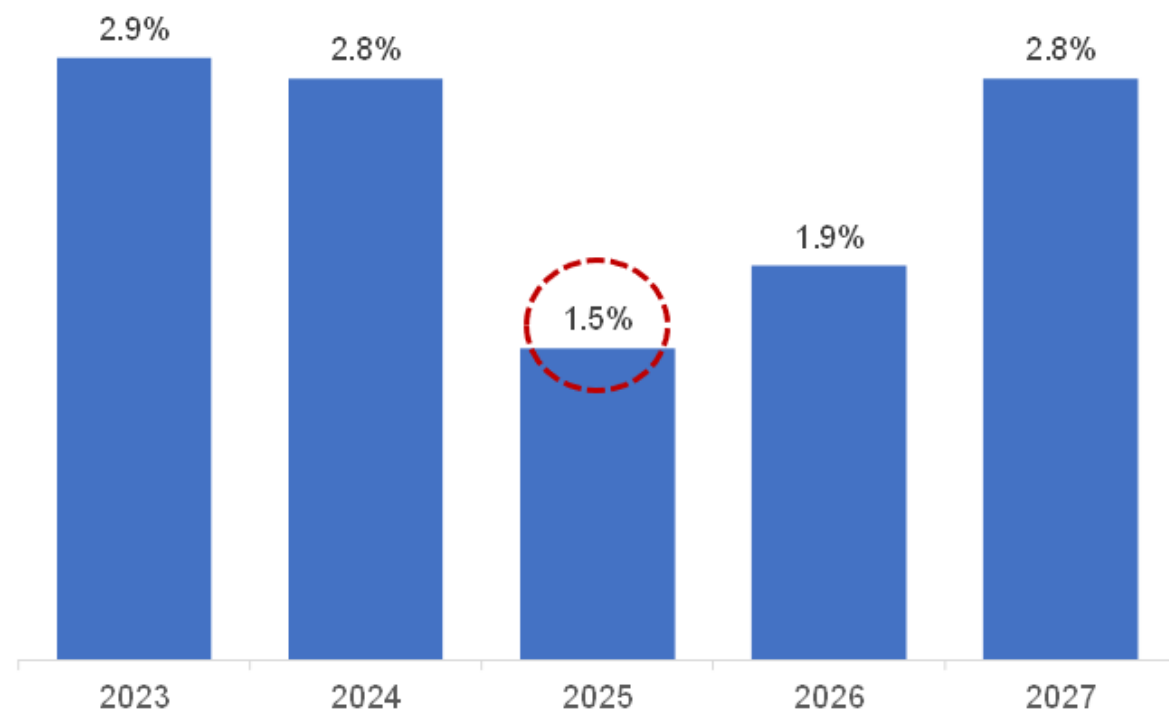
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Economic growth will slow markedly in 2025

US Real GDP
\$ annualized



Source: Oxford Economics

The economy is vulnerable and has little margin for error.

Unemployment rises to 4.7% this year

The economy will improve next year, supported by tax cuts/extensions and the fading effects of tariffs on inflation and real disposable income.

Though confidence rebounded in May

US: Consumer confidence

1985Q1=100



US RevPAR growth to 1%; remains ADR driven with cautious demand outlook

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	0.5	1.1
Occupancy	63.0%	62.8%	63.0%
ADR (YoY)	1.8	1.3	1.3
RevPAR (YoY)	1.9	1.0	1.5

NYC RevPAR growth to ~2%

NYC forecast YoY percentages, Occupancy level value

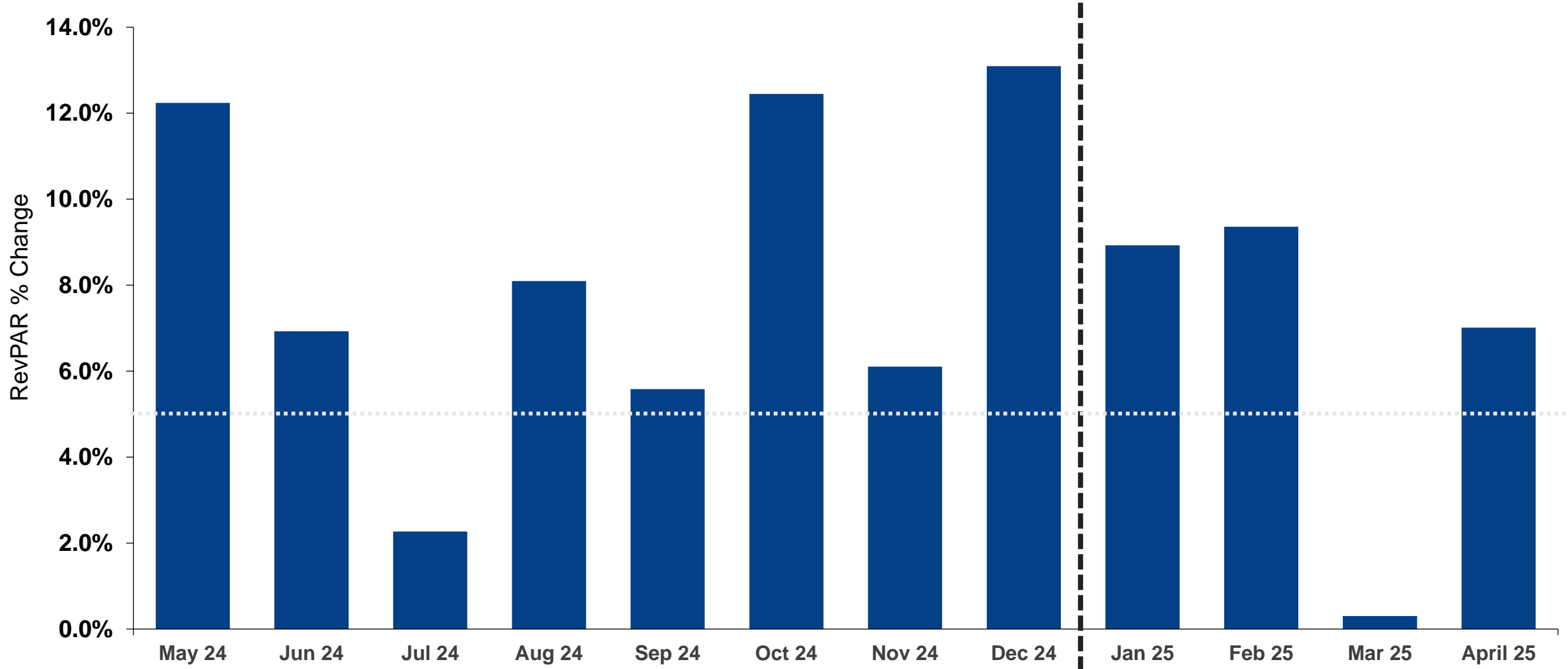
	2024 (actual)	2025 (forecast)	2026 (forecast)
Supply (YoY)	0.3	1.2	0.5
Demand (YoY)	3.5	1.6	2.1
Occupancy	84.3%	84.6%	86.0%
ADR (YoY)	5.8	1.5	4.8
RevPAR (YoY)	9.2	1.9	6.5

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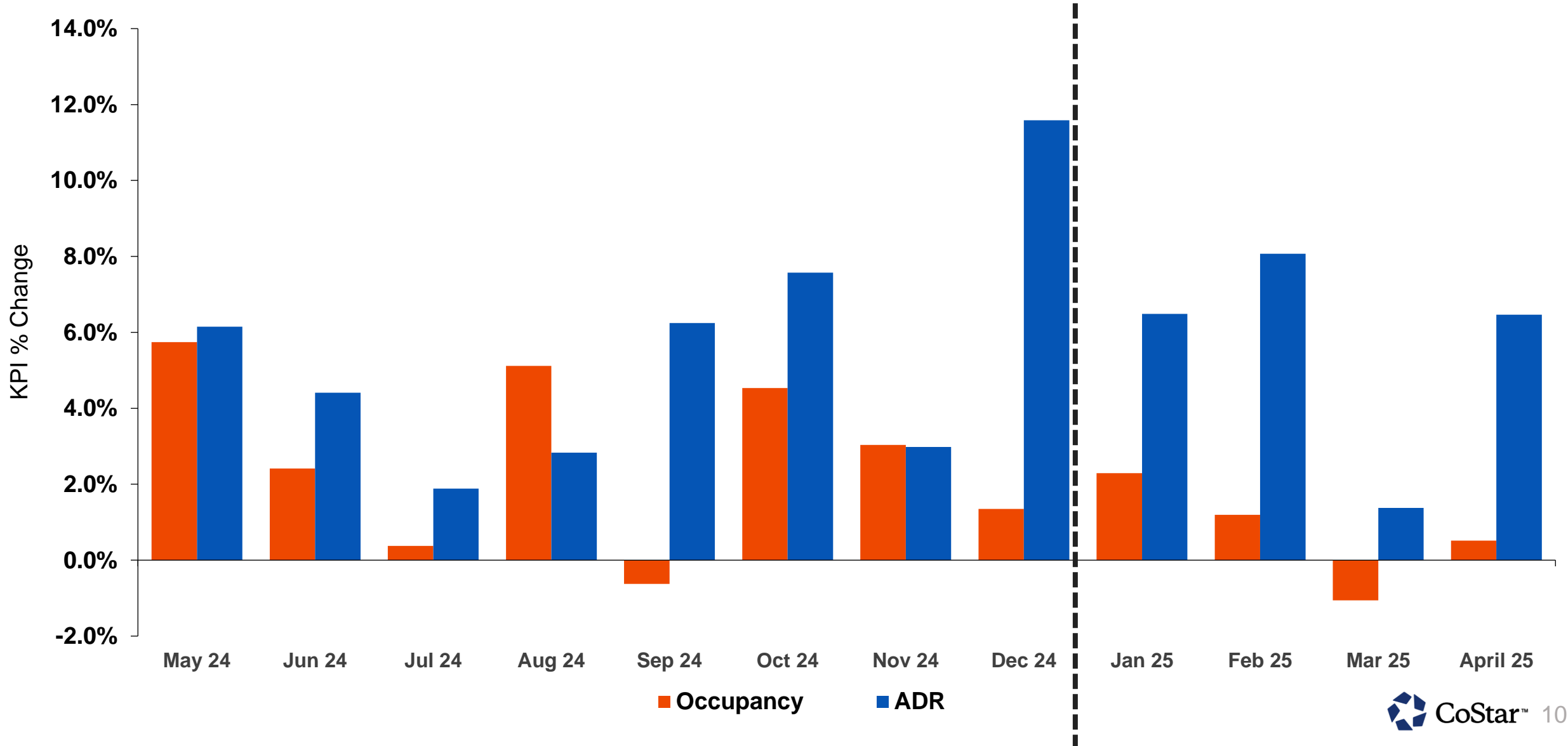
NYC RevPAR: Solid growth, mostly 5%+. Easter shift impacted March.

NYC RevPAR% change by month

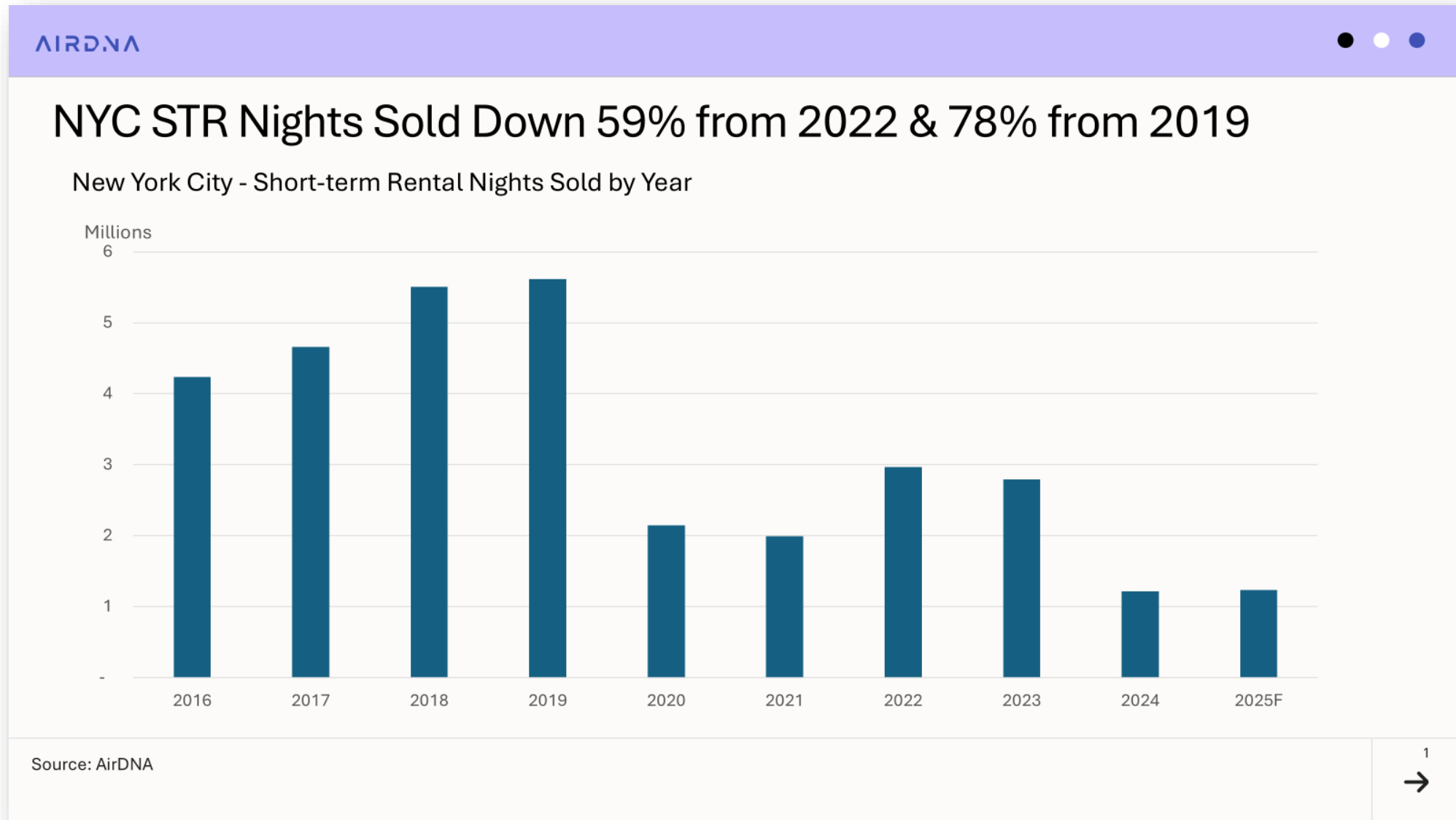


NYC OCC/ADR: Strong ADR growth lifts RevPAR results

NYC Occ & ADR % change, by month

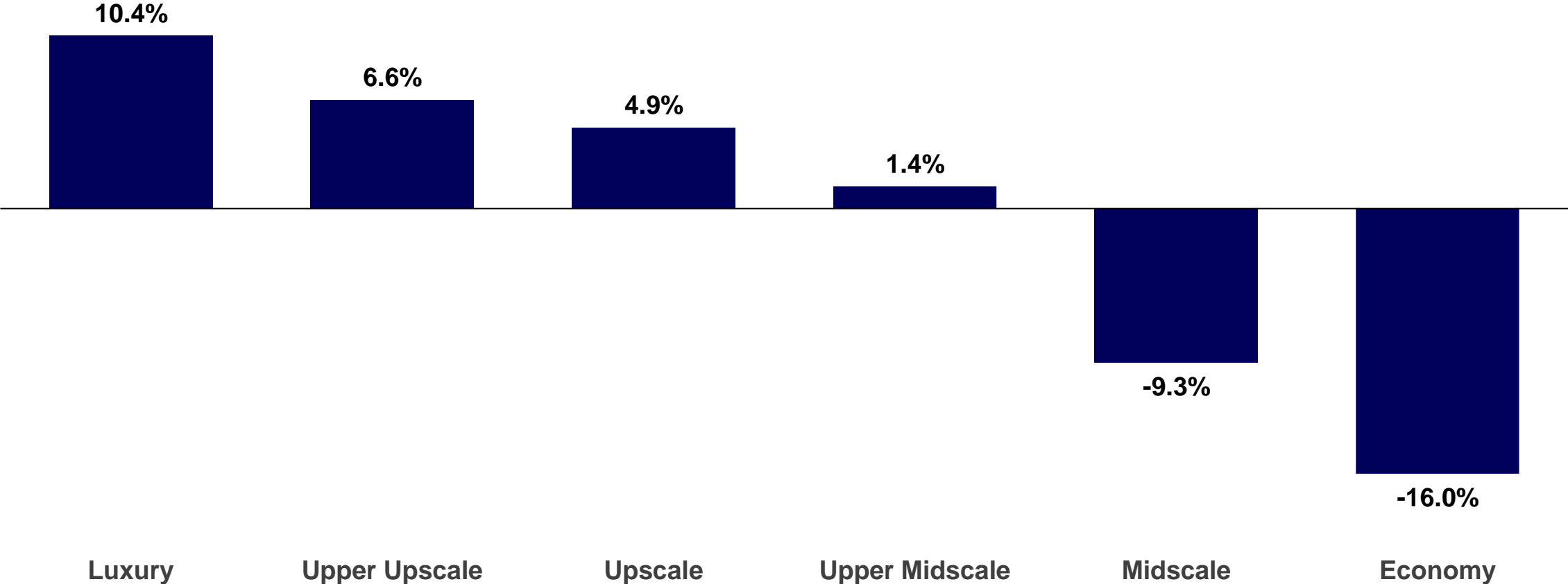


Part of the reason for strong ADR growth:



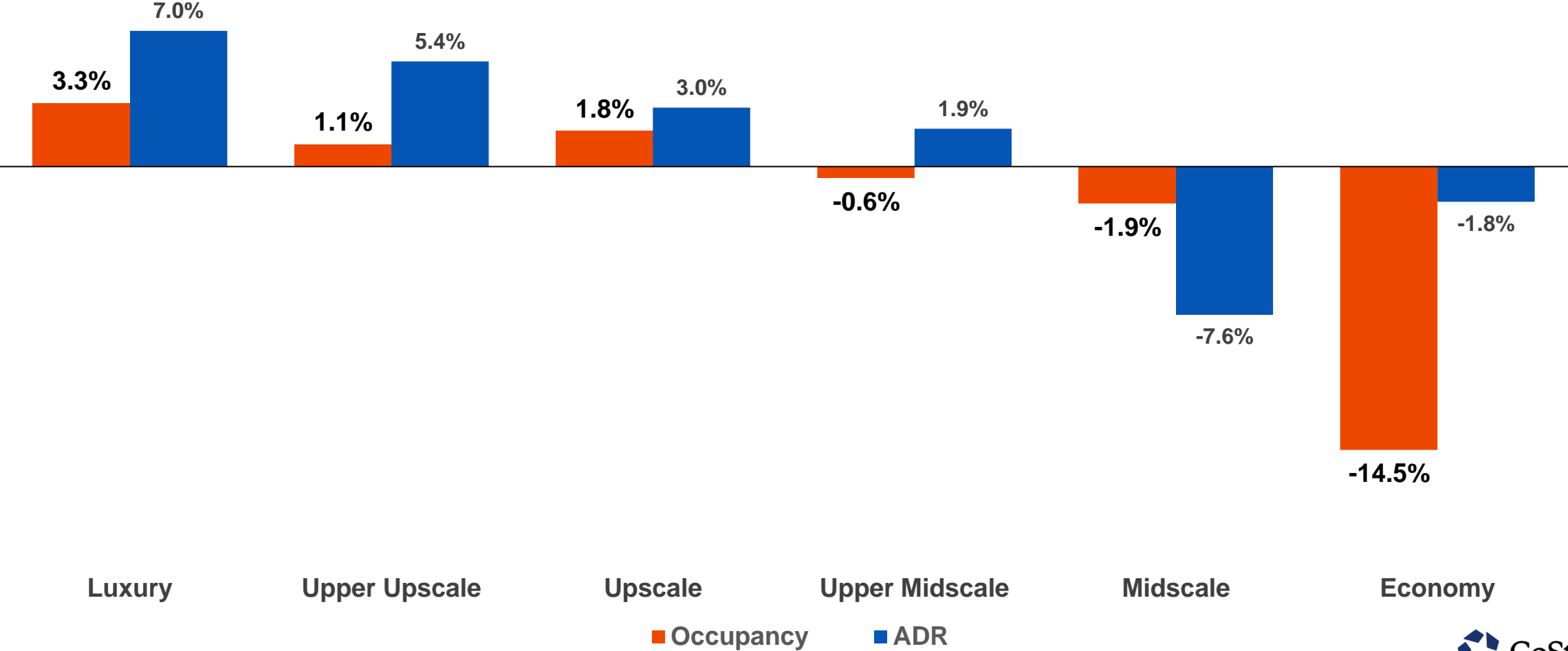
NYC RevPAR change by class: Bifurcated results

NYC RevPAR % change, change by class, YTD April 2025



NYC KPI change by class: Strong ADR growth at the upper end

NYC KPI % change, change by class, YTD April 2025



Q1 airline comments: Weaker domestic business

United Q1 Earnings Call

So clearly, the **bulk of the issue we're seeing today is demand for domestic flights**, particularly in the main cabin. And that's where the challenge will be in Q2 as it was in Q1. And it's going to be clearly a negative (revenue) environment for domestic in Q2 based on everything we see right now.

Delta Q1 Earnings Call

Consumers remain cautious and **corporate travel trends are choppy with overall corporate volumes currently expected to be flattish** over last year, similar to what we saw in March. Main Cabin demand **softness in both domestic and international is persisting**, particularly in off-peak times. And so while parts of our business right now are challenged, **and they're mostly on the Main Cabin lower end**, we have not seen any cracks yet in the Premium.

American Q1 Earnings Call

Really significant weakness, in the demand that books through our indirect channels, which is, you know, I think we believe is **mostly our most price sensitive customers**, our customers for whom travel is most discretionary

Well, **Domestic main cabin is weak**, ...I think I'd say mid to, high single digit weakness in those groups, particularly over the course of the summer is what we're looking at.

Significant weakness among our most discretionary travelers

Q1 Southwest comment: Weaker leisure business

*As we shared last month, the year started out very strong. However, that changed and we saw **demand weaken as the quarter progressed, especially in leisure demand.***

Second quarter (revenue) guide of flat to down 4%, on capacity up in the range of 1% to 2%, both on a year over year basis. Our guidance range contemplates a continuation of the current environment with the largest impact coming from lower leisure travel demand.

Corporate travel excluding the small percentage from government has also been softer, but stable.

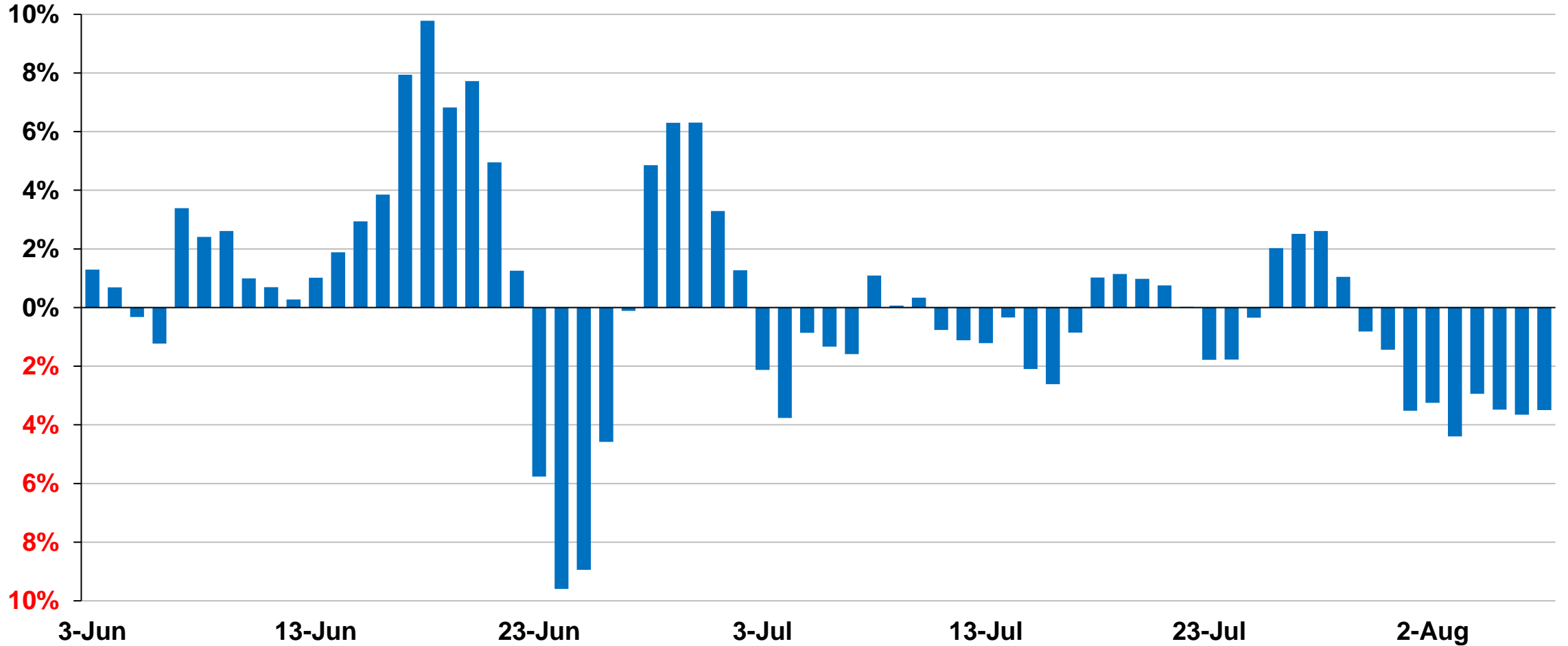
January was down like two points in load factor and then Feb and March were down 5.5 points. So as you can see, there's really a tale of two quarters as that macro weakness started in quarter.

Because on the business side, it's been very stable. Ex government, both state and local and federal, our managed business is up...an environment where you have **consumer weakness, but kind of business strength.**

*...the **government exposure** whether you count state, **it's sort of in the 2% range** and maybe actually a little bit less.*

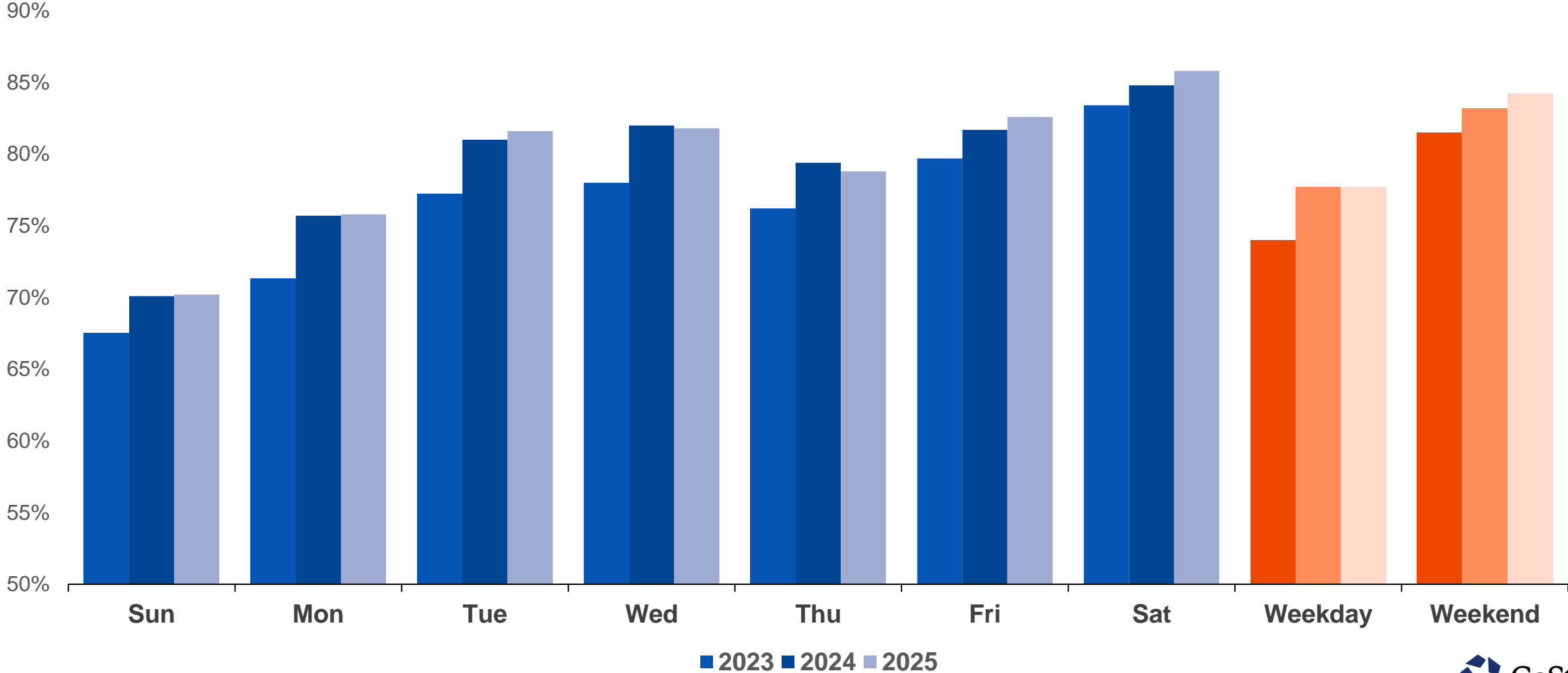
Occupancy OTB: “Uncertainty breeds inaction”. Summer OCC OTBs is down

NYC, occupancy on the books, June 3 – August 7



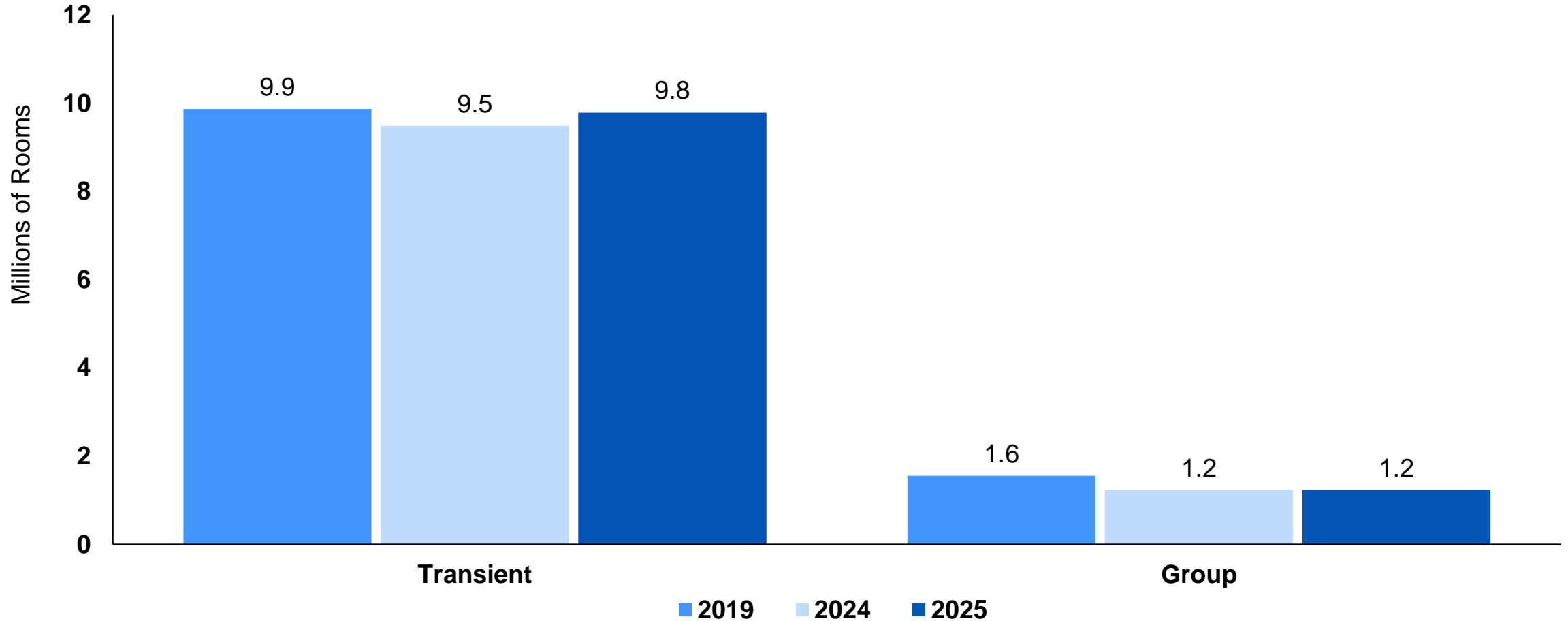
NYC YTD DOW Occupancy: Weekdays flat. Weekends grow

NYC occupancy by day of week, YTD April 2025



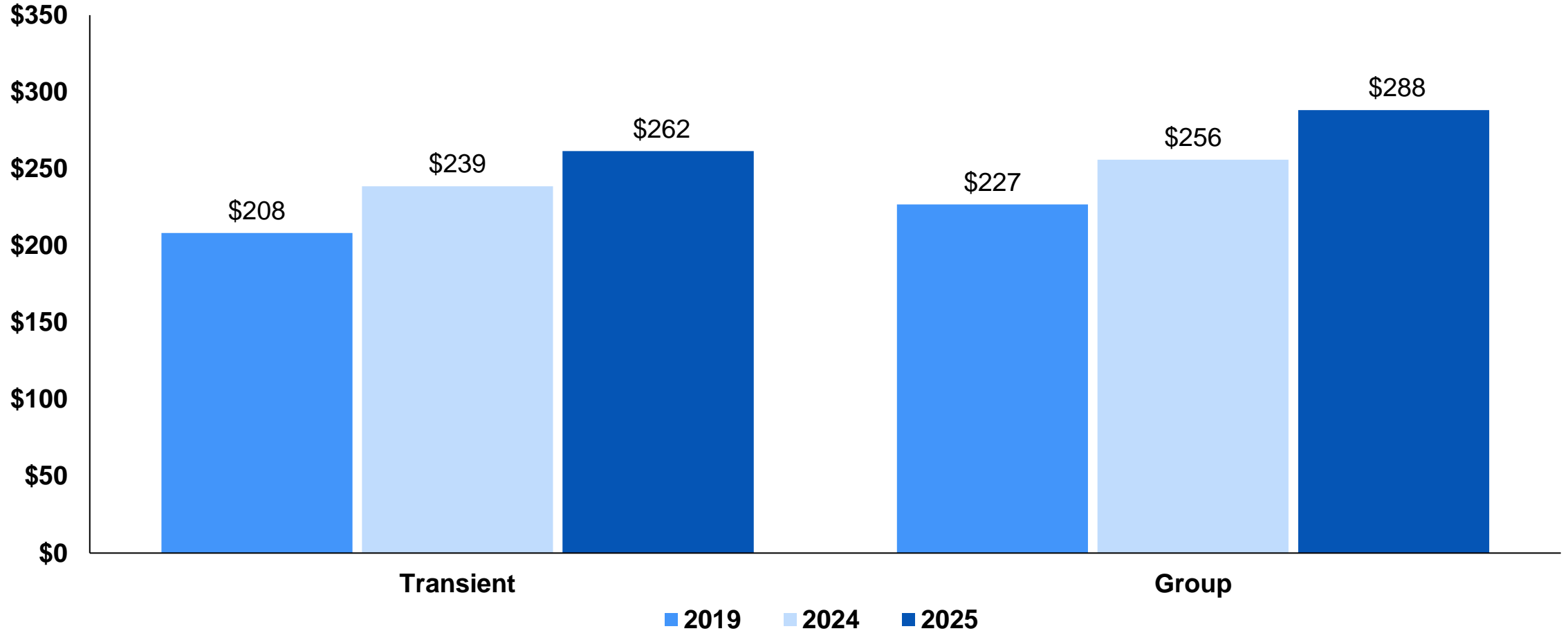
Transient and Group Demand still below 2019

Segmentation Demand, Q1, 2019, 2024, 2025



Transient and Group ADR with continued growth

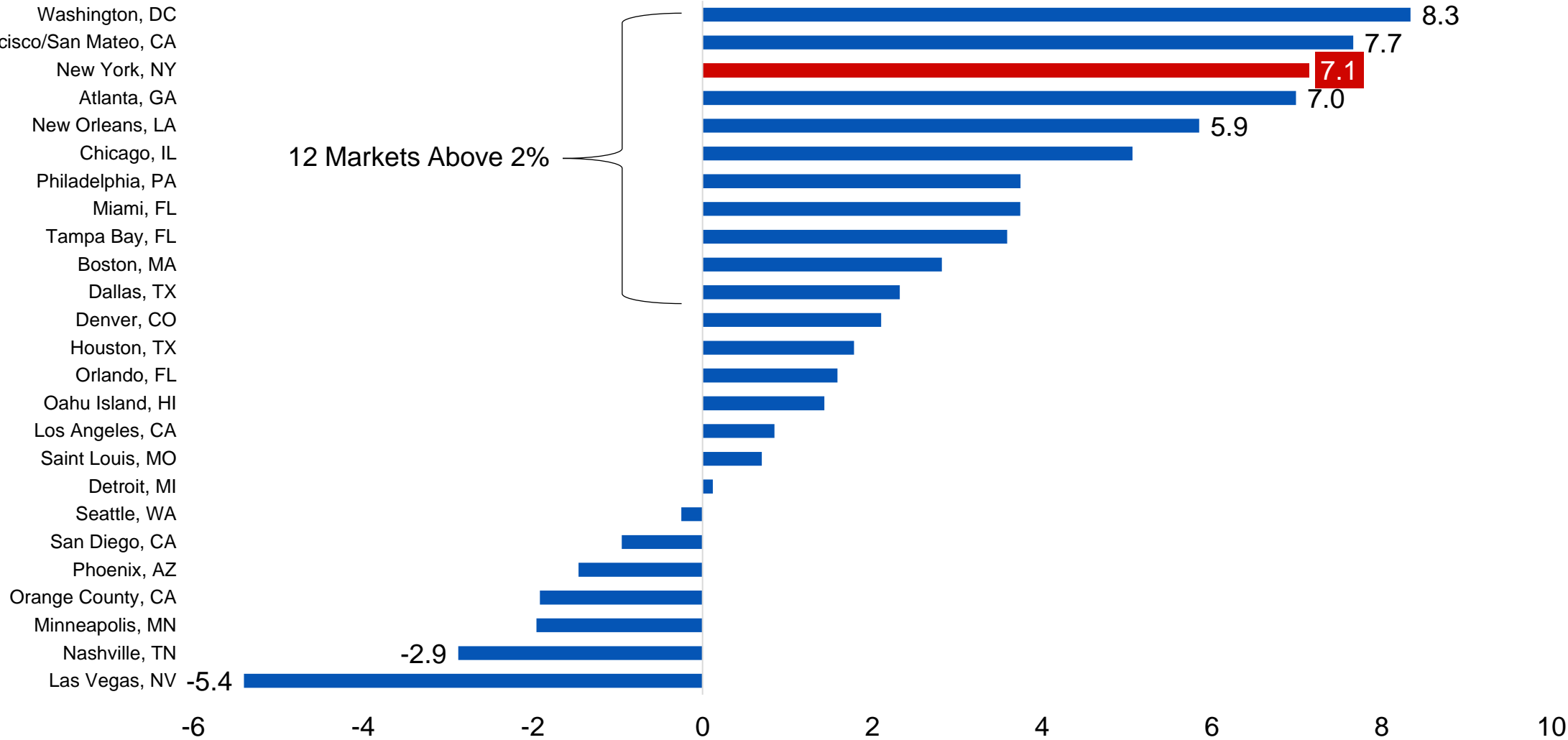
Segmentation Demand, Q1, 2019, 2024, 2025



Top 25 Transient ADR % Change: Strong rate growth results

Top 25 Transient ADR % Change, by Market, YTD April 2025

Top 25 Market

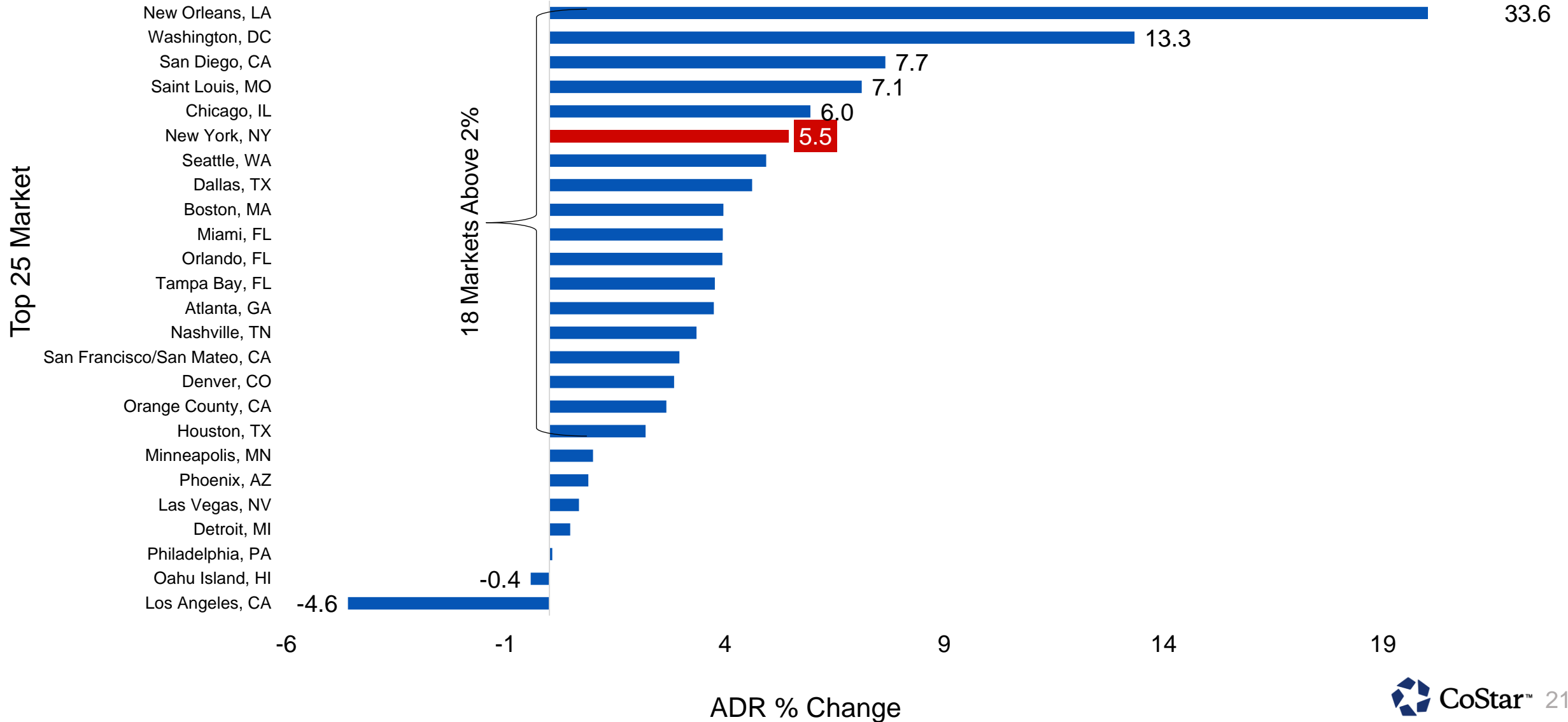


12 Markets Above 2%

ADR % Change

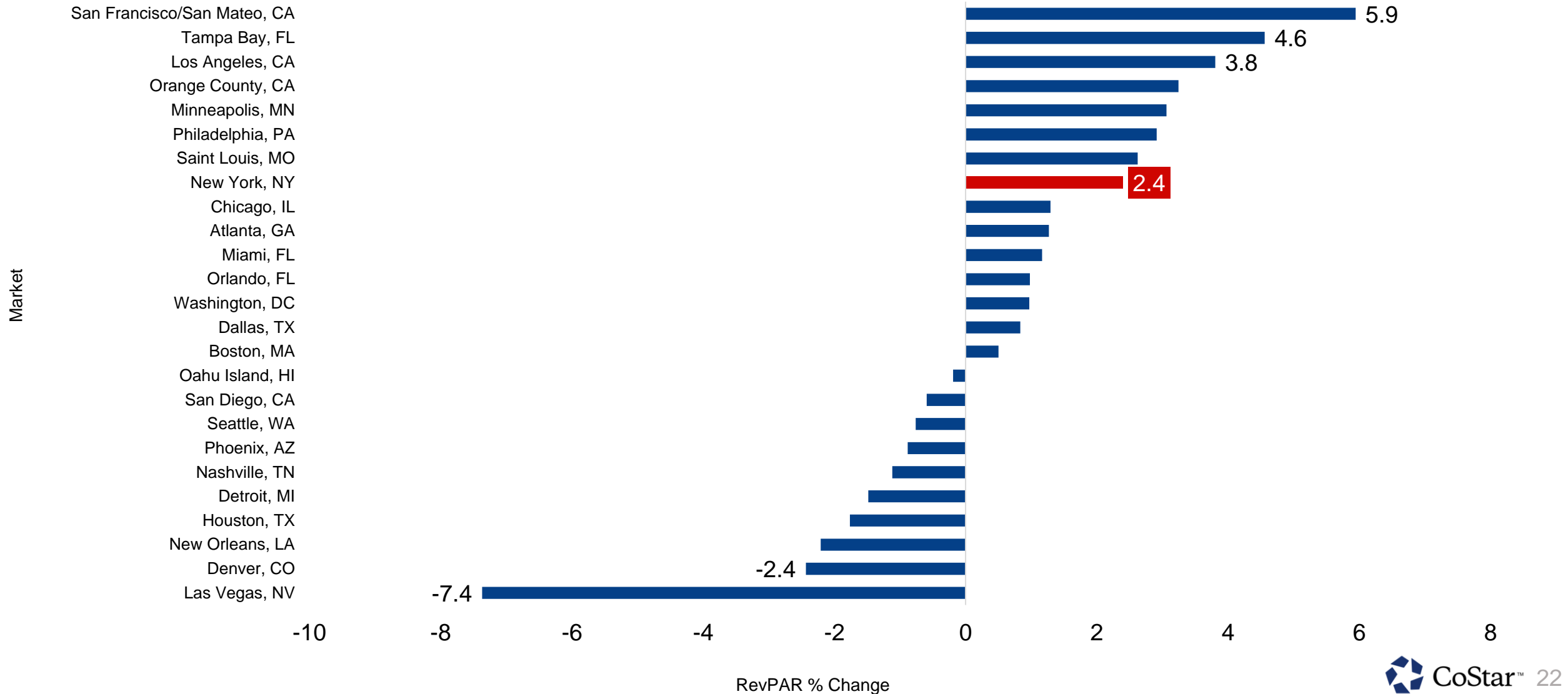
Top 25 Group ADR % Change: One-time events skew results

Top 25 Group ADR % Change, by Market, YTD April 2025



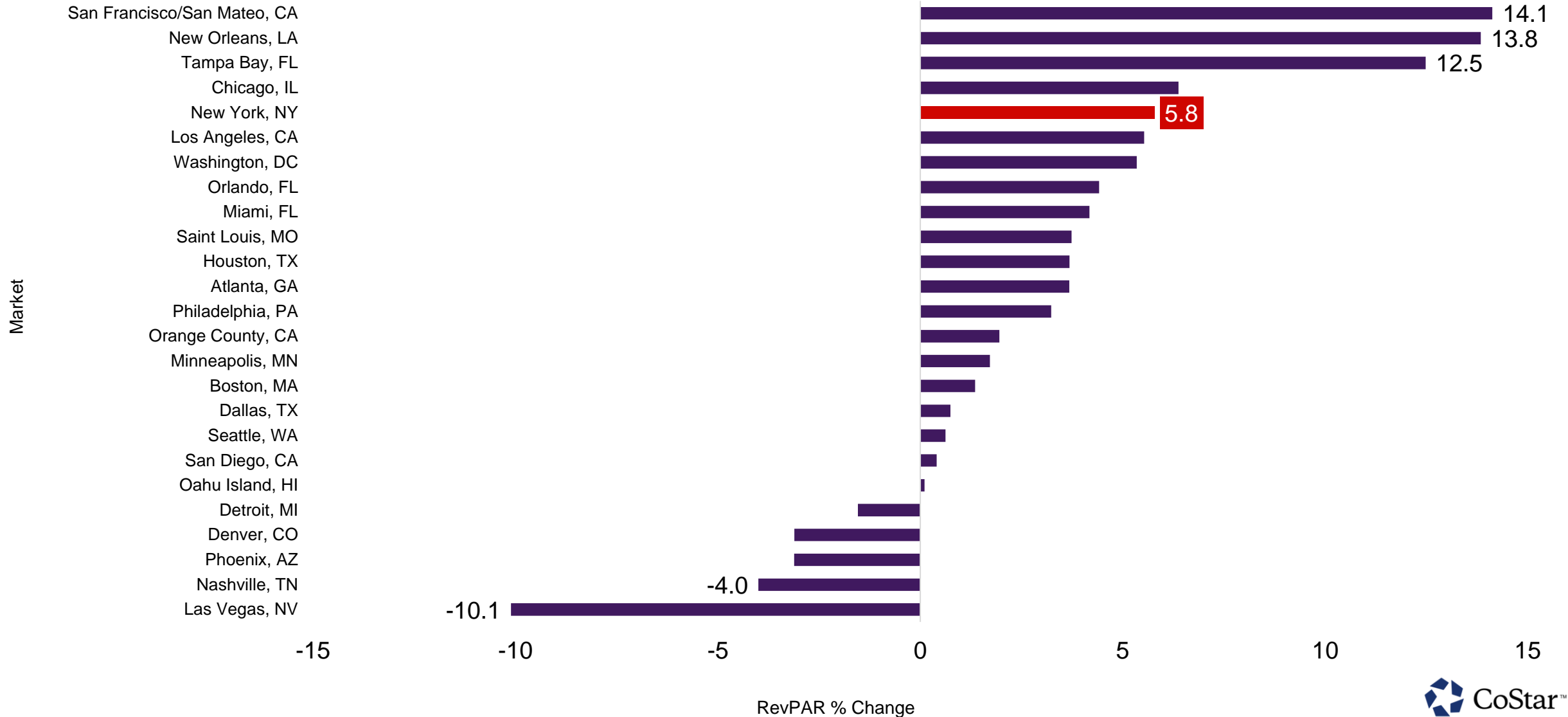
Top 25 Demand Change: Six markets show decline of 1% or more

Top 25 Demand % Change, by Market, YTD April 2025



Top 25 RevPAR Change: Healthy growth this year

Top 25 RevPAR % Change, by Market, YTD April 2025



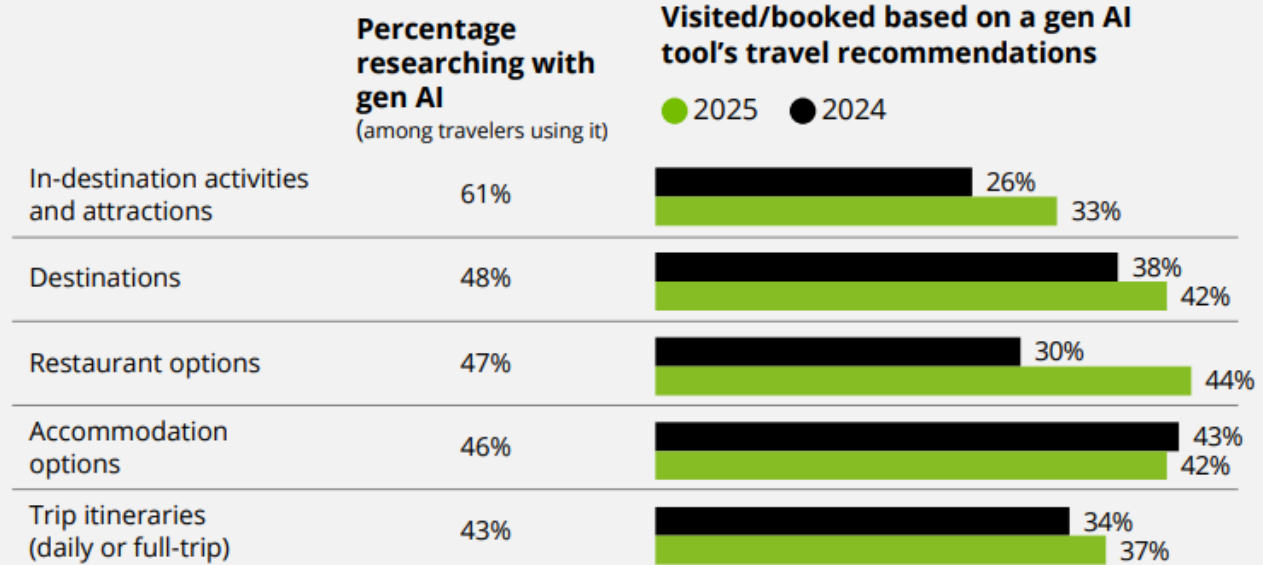
Generative AI's use in travel planning continues to grow and evolve

Usage is growing, with Gen Z catching up to millennials and Gen X usage doubling versus 2024

Percentage of travelers using gen AI in trip planning

	2024	2025
Overall	10%	15%
Gen Z	13%	23%
Millennials	17%	23%
Gen X	7%	13%
Boomers	5%	6%

More travelers say they have followed through on gen AI travel recommendations



Questions: (1) Which of the following do you use for travel inspiration and information? Please select all that apply. (2) How have you used gen AI tools in travel discovery or planning? Please select all that apply. (3) Which, if any, actions have you taken based on a gen AI tool's travel recommendations?

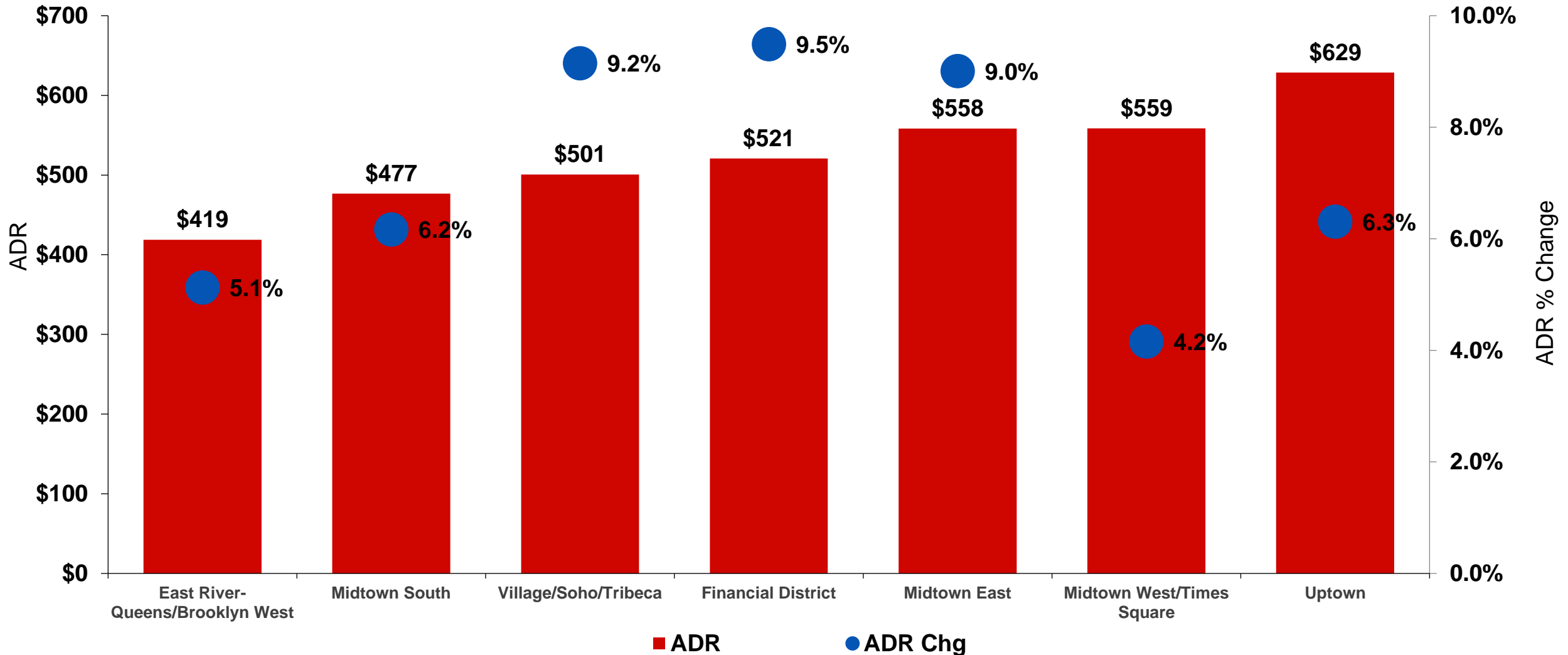
Notes: n = 270; totals may not add to 100% due to rounding.
Source: 2025 Deloitte summer travel survey, March fielding.

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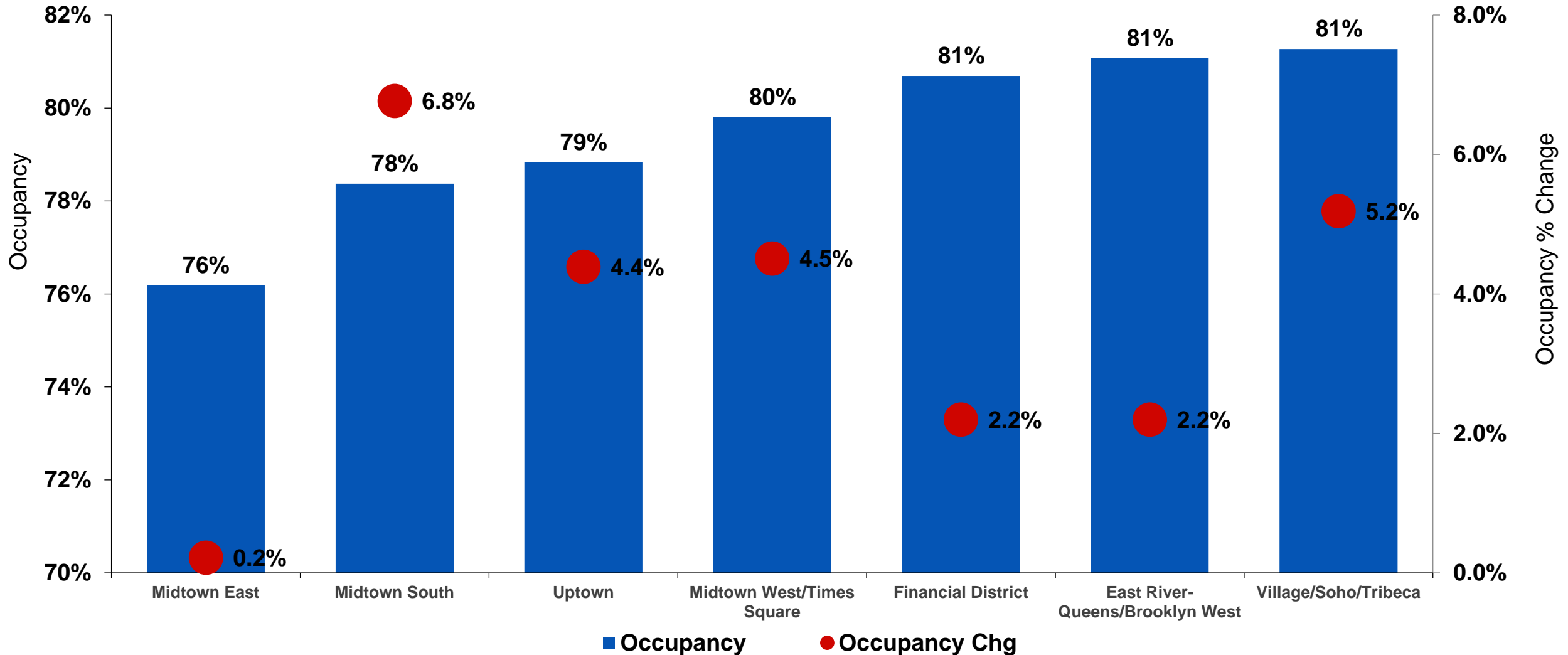
Luxury Class ADR: Implies some nights of \$1,000+

NYC Luxury class ADR and % change, 12 MMA April 2025



Luxury Class Occupancy: Implies many nights over 90%

NYC Luxury class Occupancy and % change, 12 MMA April 2025



Q1 airline comments: Healthy high-end travel demand

United Q1 Earnings Call

*“So far, we've seen **no deterioration in high-end consumers' willingness to purchase a premium experience.** We attribute this to the fact that the economic uncertainty has a larger impact on more budget minded discretionary travelers than those seeking a premium experience...Q2 booked premium PRASMs to date have remained solidly positive for international flights and flattish for domestic flights. But the high end consumer the more wealthy consumer, the one that takes the global vacations, **the one that wants to sit in a premium seat seems to be less impacted so far.**”*

Delta Q1 Earnings Call

*And so while parts of our business right now are challenged, and they're mostly on the Main Cabin lower end, **we have not seen any cracks yet in the Premium...We don't see people downgrading even in a recessionary environment.***

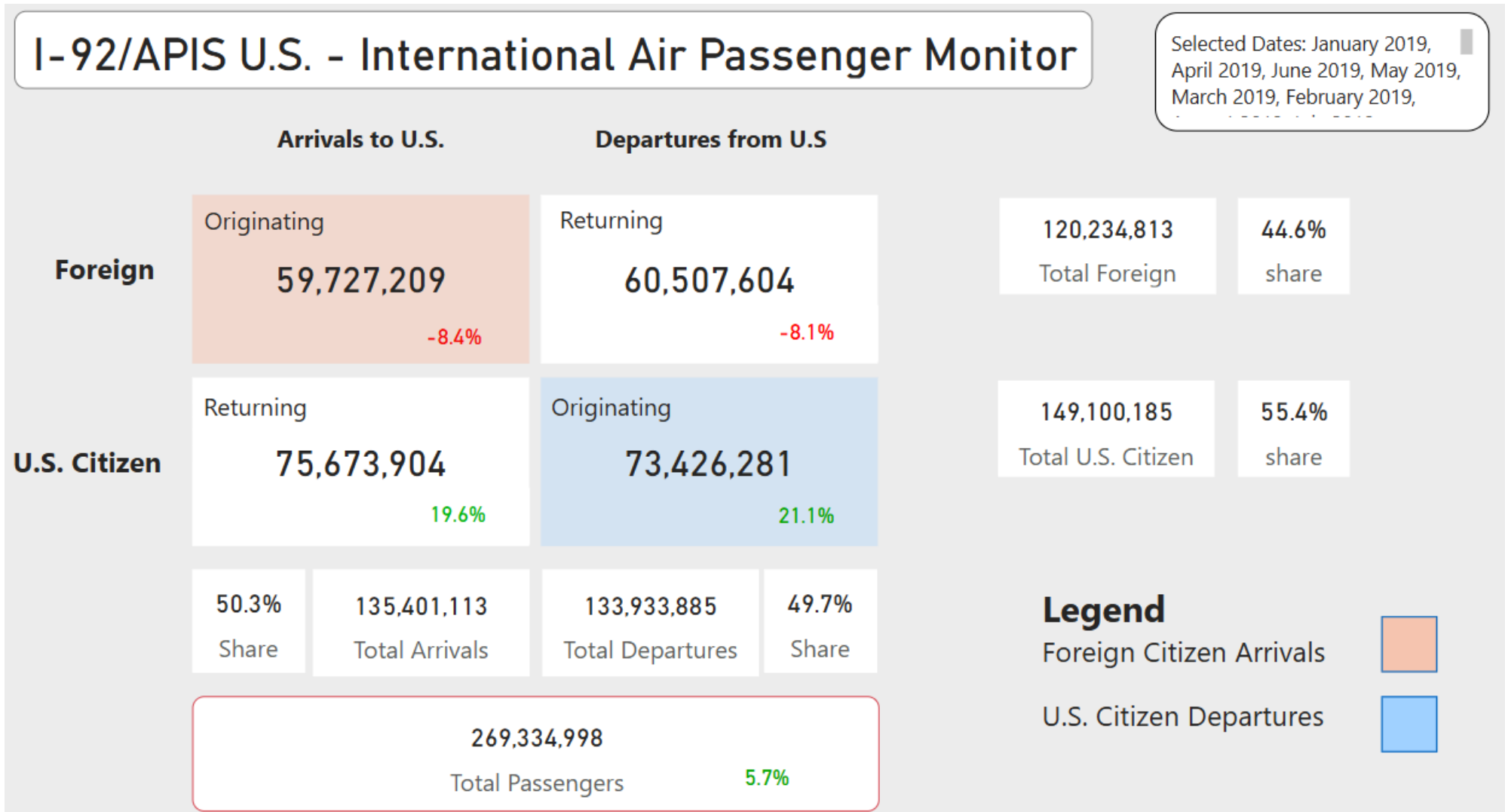
American Q1 Earnings Call

***Premium revenue increased 3% year over year** in the first quarter on 0.3% lower capacity. Our premium cabin (revenue) year over year outperformed main cabin RASM by four points in domestic and eight points in international. **Paid load factor in our premium cabins remained historically high.**
Our premium bookings are terrific*

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International travel volume compared to 2019: -8% inbound, +21% outbound



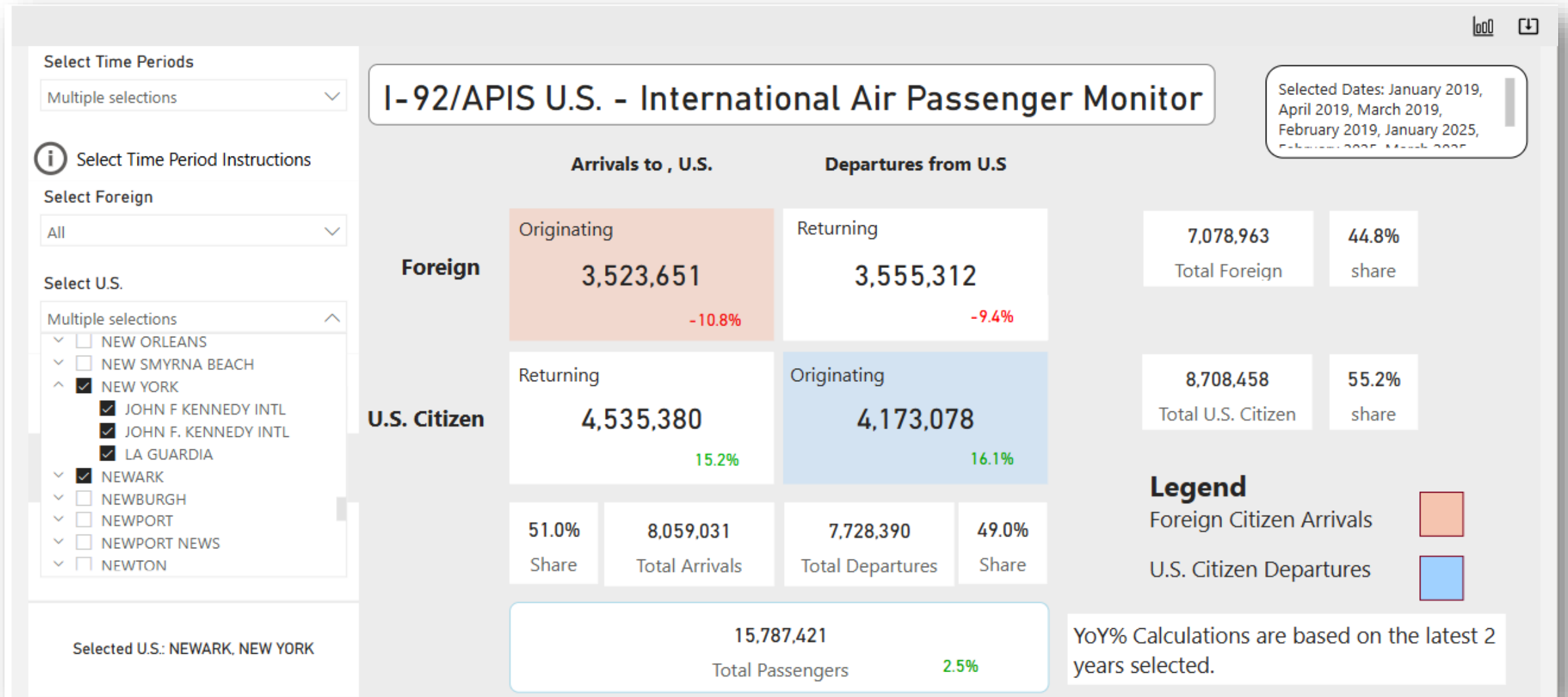
Let's do the math:

Total international inbound flyers: ~60 million

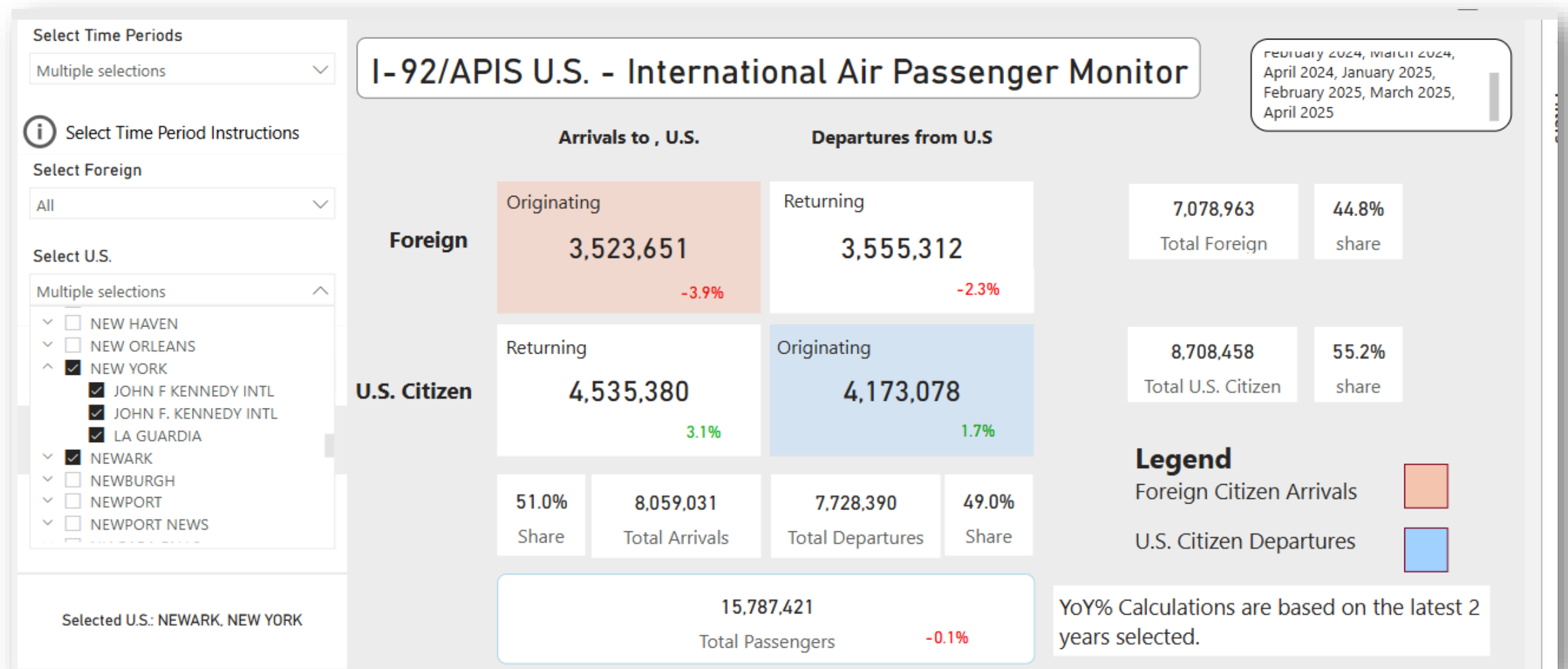
Total rooms sold: ~1.3 billion

= Ratio of intl. demand: ~5%

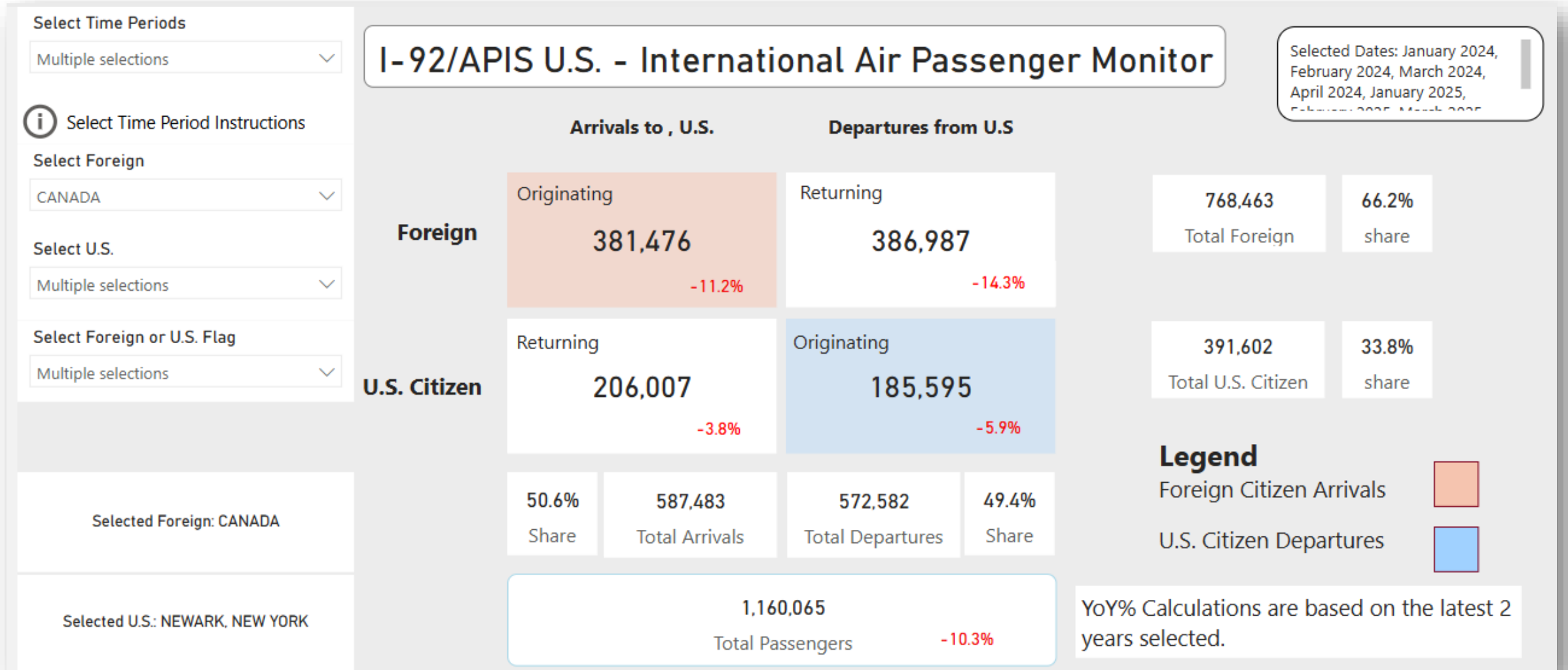
2025 vs. 2019: Outbound up 16%, inbound down 11%



2025 vs. 2024: Outbound up, inbound down



2025 vs. 2024: Canada down -11.2%



European Airline Route Cuts to the US in 2025

Airline	Routes Cut/Reduced	Type of Cut	Reason for Cut
Lufthansa	New York (JFK), Miami, Chicago	Reduced frequencies	Soft U.S. demand; shifting focus to Asia and Europe
British Airways	Las Vegas (cancelled), Orlando, Philadelphia	Route cancellation and reductions	Weak leisure bookings; rising demand for Mediterranean and Gulf
Air France	Seattle (cancelled), Washington D.C.	Route cancellation and reduction	Weaker demand; reallocation to North Africa
KLM Royal Dutch Airlines	San Francisco, Boston	Reduced frequencies	Falling U.S. interest; stronger performance in Asia and Europe
Iberia	Dallas (shelved), Chicago	Route launch paused and reduction	Low demand; better yield in Latin America and Europe
Scandinavian Airlines (SAS)	Oslo-Newark (cancelled), Copenhagen-Los Angeles (cancelled)	Route cancellations	Decline in U.S. interest from Nordic countries
Swiss International Air Lines	Zurich-San Francisco (seasonal cut)	Suspended for Summer 2025	Weak forward bookings; stronger intra-Europe demand
TAP Air Portugal	Lisbon-Chicago	Reduced frequencies	Aircraft reallocation to Brazil and West Africa
Finnair	Helsinki-Dallas (suspended), Miami (cut)	Full suspension	Long-haul restructuring; U.S. demand underperforming
Austrian Airlines	Vienna-Los Angeles	Route suspension	Insufficient demand; focus shifted to Central Asia and Tel Aviv
ITA Airways	Rome-San Francisco	Reduced frequencies	Demand shifted to Middle East and North Africa
LEVEL (IAG)	Barcelona-Boston	Route cancellation	Market not meeting profitability targets

Potential implications for 2026 World Cup Travel:



Newsweek
BREAKING
NEWS

Britain Issues Travel Warning for US

Billal Rahman

The change comes amid President Donald Trump's large-scale crackdown on illegal immigration.



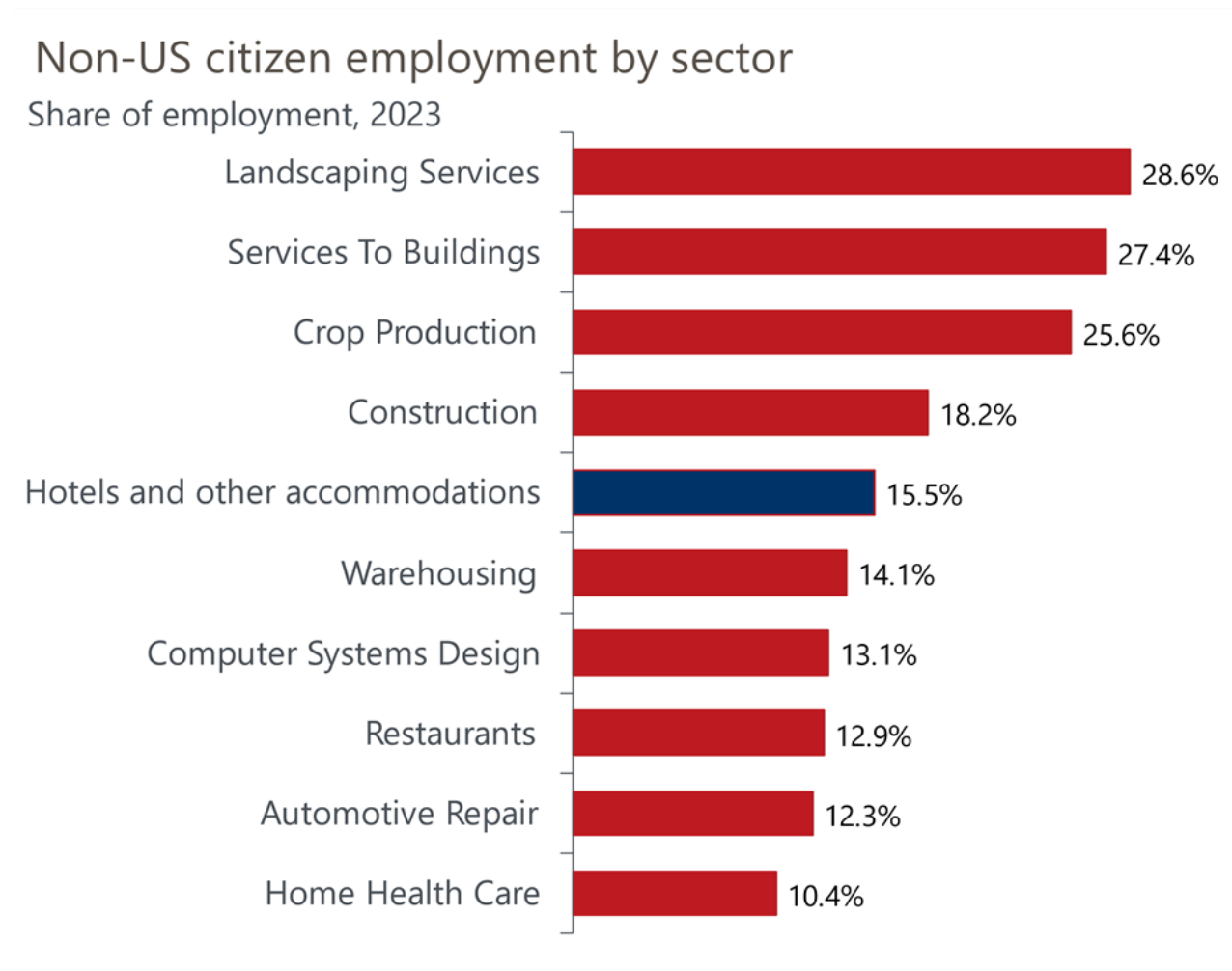
Germany updates US travel advice after citizens detained

Reuters

Germany updated its travel advisory for the United States to emphasise that a visa or entry waiver does not guarantee entry for its citizens after several...

 Reuters

Chart 6: An important share of hotel staff are non-US citizens



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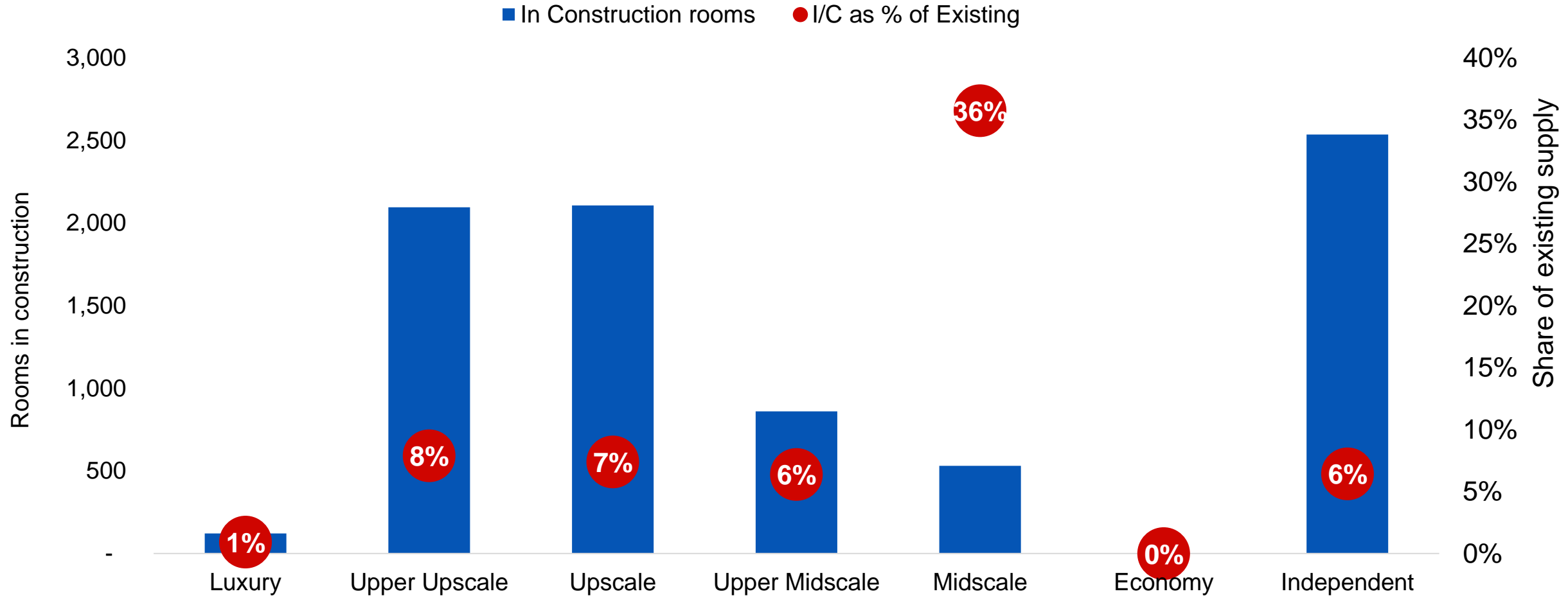
NYC Pipeline: Still going strong ...

Rooms in '000s, April 2025

Phase	2025	2024	% Change
In Construction	8.3	8.7	-4.6%
Final Planning	1.6	1.0	60%
Planning	9.2	9.7	-5.2%
Under Contract	19.1	19.4	-1.5%

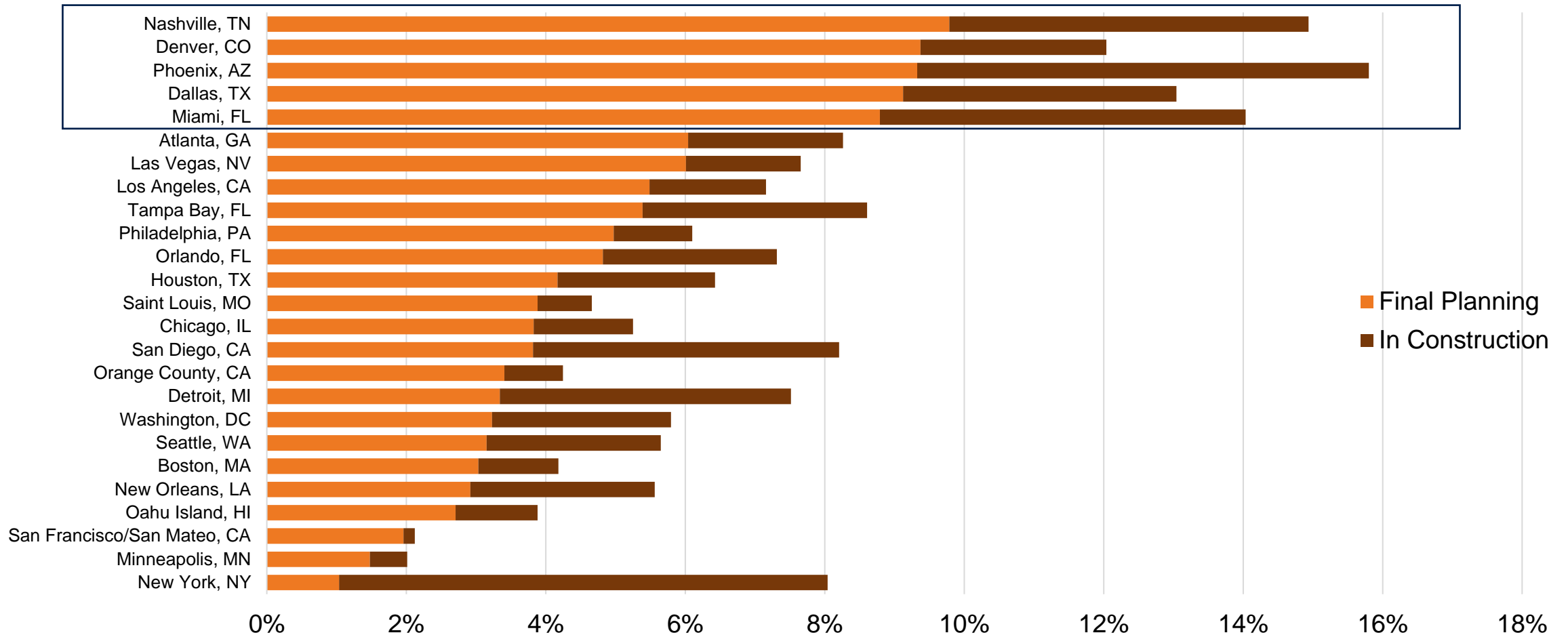
NYC Pipeline: More competition is coming

NYC rooms in construction by chain scale, April 2025



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

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





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A HOSPITALITY DATA PODCAST



Summary

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