

## US, Global Hotel Occupancy Climbing Back to Pre-Pandemic Levels



Over the past few years, ‘resilient’ is a word that springs to mind when talking about the trajectory of the hospitality sector. We’ve seen hospitality make a slow but determined post-pandemic comeback, embracing new models and ideas to boost revenue and cater to an increasingly selective market.

According to a recent CoStar report, those efforts seem to be working, though we’re still a fair way off from the highs of 2019.

### Occupancy Up

CoStar’s data for the US shows that weekly occupancy has increased to 72.9% as of the week ending July 22, “the highest level since the week of Aug. 10, 2019.”

They note, however, that this is still lower than July 2019, when occupancy reached 77.6%, but add: “While slower than a year ago, U.S. demand is advancing, especially in the top 25 markets and on the weekdays.”

### New York Leading

The clear frontrunner for recovery among US hospitality markets is New York City (NYC), which CoStar reports achieved a 90.9% occupancy rate in July, the highest since December 2019.

This builds on a theme we saw earlier this year, where New York hoteliers were quietly optimistic about 2023, given an influx of bookings and renewed tourist interest in the Big Apple.

As Wall Street Journal reported at the time, NYC hospitality started this turnaround in 2022, after being one of the hardest hit hospitality markets post-pandemic.

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## Global Trends

Despite the uptick in top markets like New York, however, CoStar notes that US hospitality overall is still underperforming compared to many other countries.

In the United Kingdom, for example, a rate of 83.3% occupancy has kept the country firmly in the lead when it comes to hospitality performance, while Spain comes second at 78.6%.

The hospitality sector in China has also shown strong growth this year, reaching a weekly occupancy rate of 75.7%. At the time of the report, China and Japan were also the global leaders in terms of occupancy growth year-on-year, up 11.2 and 13.7 percentage points respectively.

## Hospitality Outlook

In the coming months, there are still a number of trends that those working with hospitality real estate will need to keep an eye on, including rising operational costs, a continuing staycation trend, and the ubiquitous challenge of rising interest rates.

As always, here at NAI Realvest, we'll be keeping a close eye on the market as these challenges unfold and reporting back as the situation develops.

