Massachusetts
Lodging Association

OUTLOOK 2026

August 13, 2025

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Today's Agenda

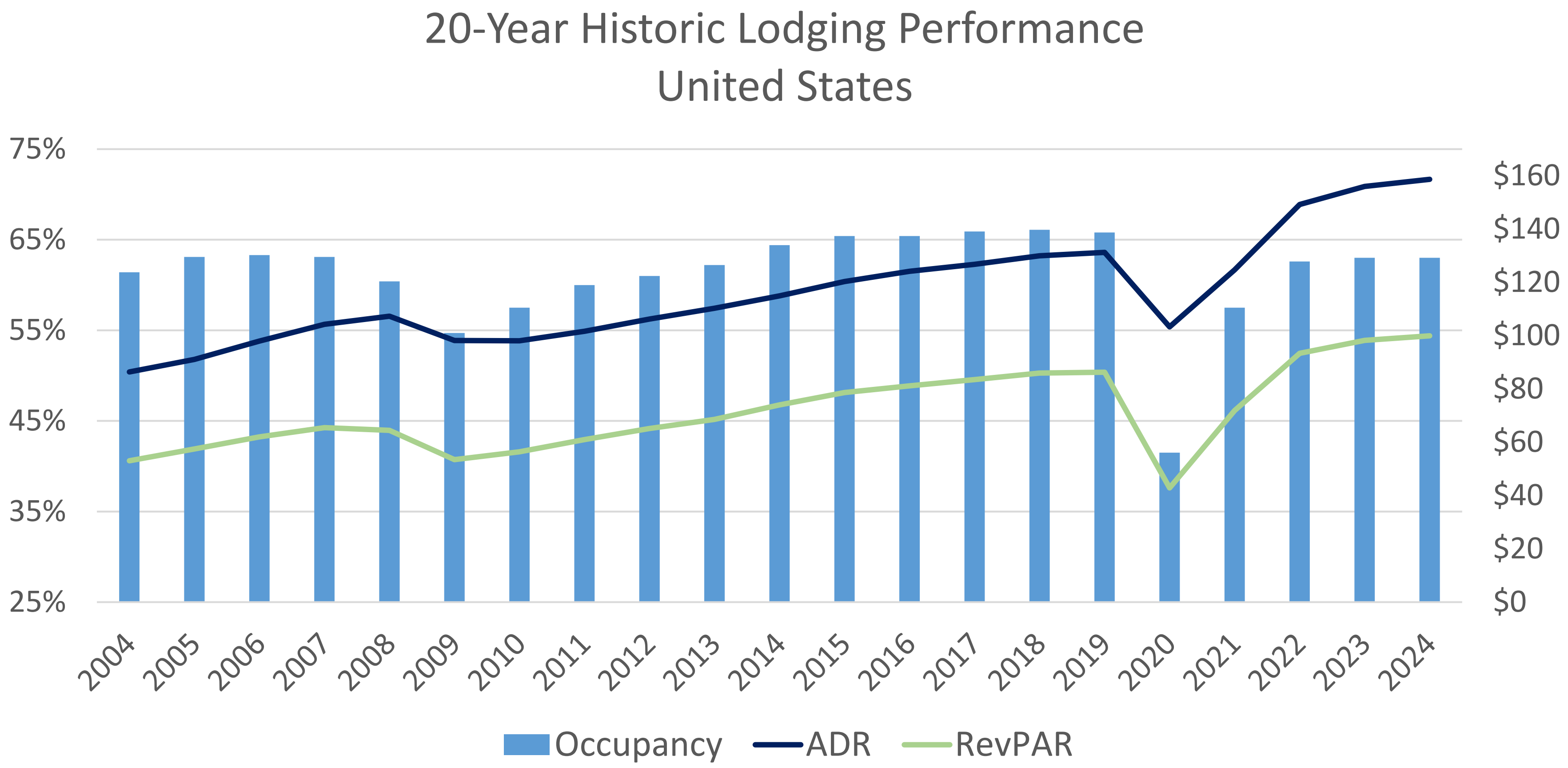
National Lodging Market

Suburban Boston Market

Boston & Cambridge Market

NATIONAL LODGING MARKET

National - Historic Market Performance



Source: STR

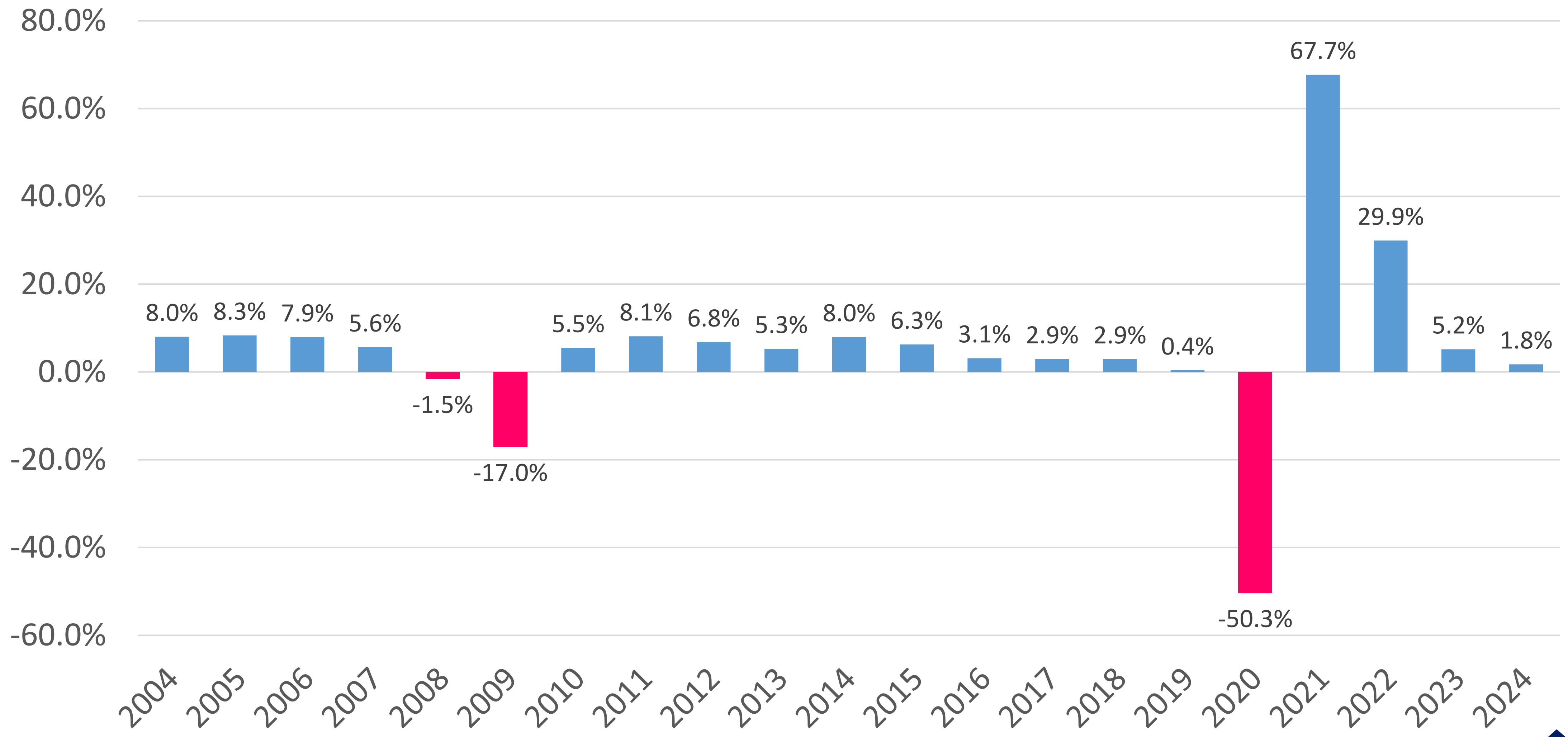
2024

Occupancy
63%

ADR
$159

RevPAR
$100

RevPAR % Change – US 2004-2024



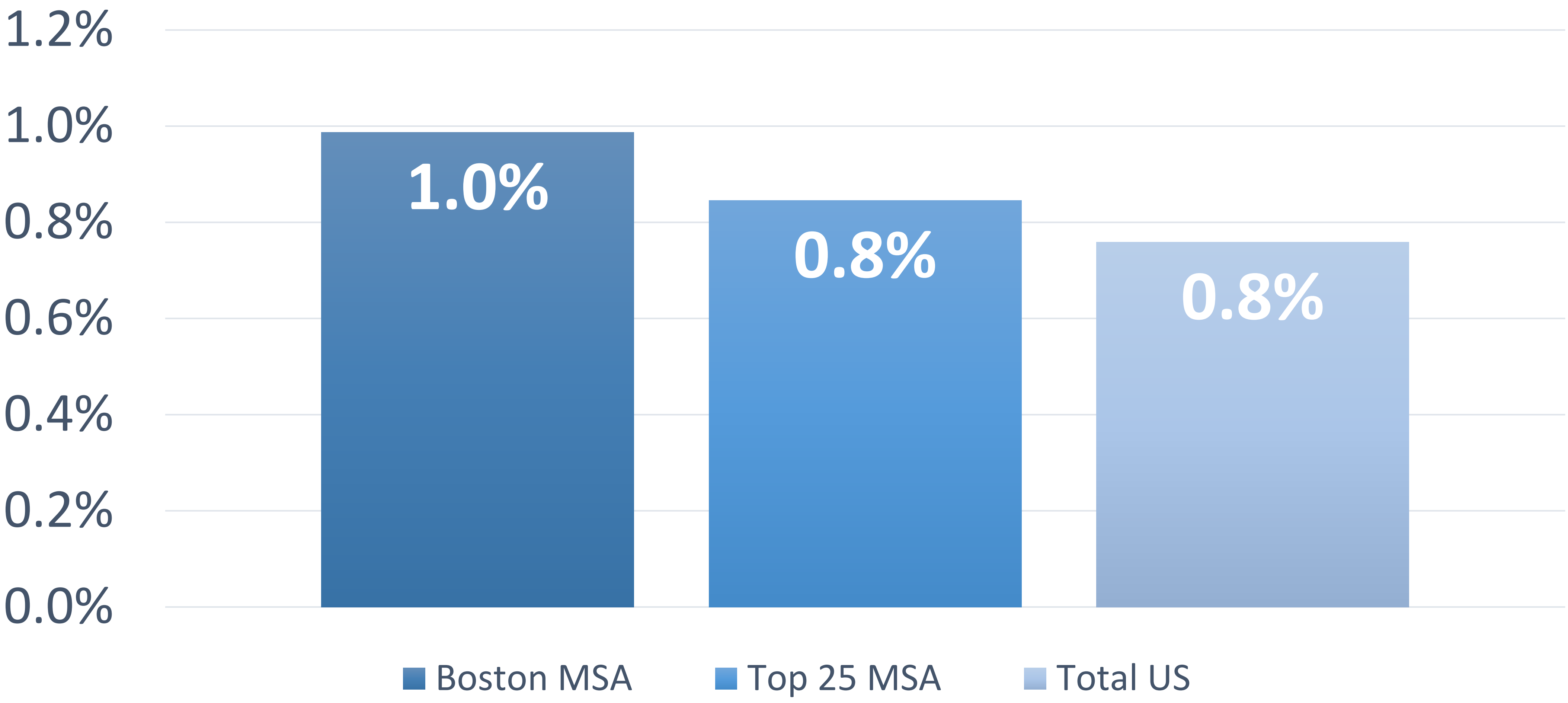
Source: STR

National - YTD June 2025

	YTD June 2024	YTD June 2025	% Change
Occupancy	62.6%	62.2%	-0.6%
ADR	$157.98	$160.12	1.4%
RevPAR	$98.83	$99.58	0.8%

Source: STR

RevPAR % Growth YTD June 2025 vs 2024



Source: STR

Macro Economic Trends

- Tariff Escalation and Trade Fragmentation
- Policy-Driven Uncertainty (U.S. Fiscal & Regulatory)
- High Real Interest Rates & Capital Market Strains
- Tech + Biotech Capital Retrenchment
- Labor Market Rebalancing Amid Immigration Tightening

National – Industry Trends

- Slower RevPAR Growth, driven by ADR growth
- International inbound travel is volatile
- Business & group demand is gradually increasing, driven by office trends
- Labor tight but slowly improving
- Financing tighter; distress slowly rising; cap rates stabilizing
- New supply rising from a low base; PIPs drive CapEx
- Policy & macro uncertainty is the wild card

National - Industry Projections, YOY % Change

2025

	STR	HVS	PWC	CBRE
Occupancy	62.5%	62.7%	62.9%	63.1%
ADR	$160	$161	$160	$161
RevPAR	$100	$101	$101	$101
RevPAR % chg	-0.1%	0.8%	0.7%	1.3%

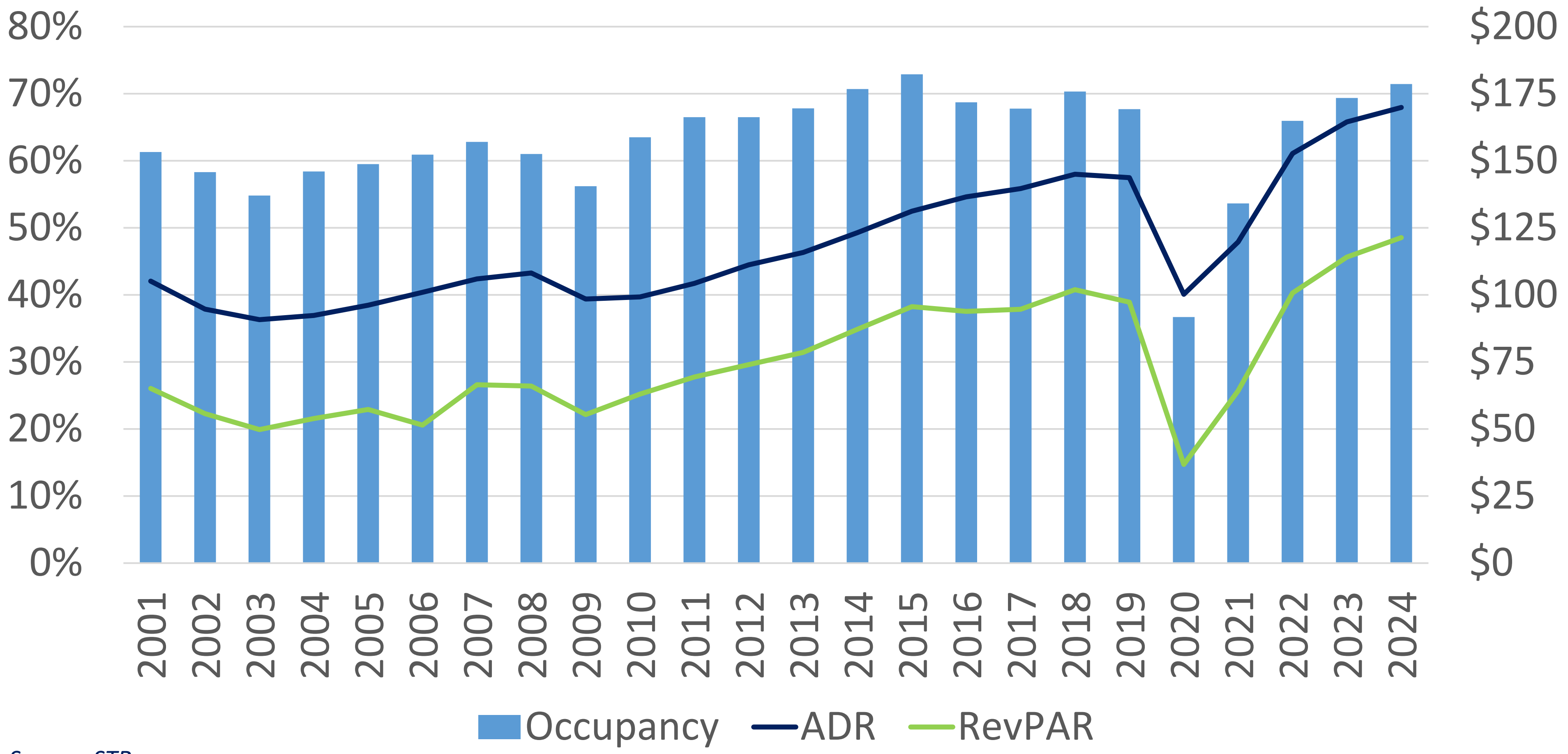
2026

	STR	HVS
Occupancy	62%	63%
ADR	$162	$164
RevPAR	$101	$103
RevPAR % chg	0.8%	2.0%

Source: STR (8/25), PWC (7/25), CBRE (6/25). HVS (7/25)

SUBURBAN BOSTON LODGING MARKET

Suburban Boston - Historic Performance



Source: STR

<u>2024</u>

Occupancy
71%

ADR
$170

RevPAR
$121

Suburban Boston YTD June 2025 Performance

	YTD June 2024	YTD June 2025	% Change
Supply	5,902,899	5,903,212	0.0%
Demand	4,029,017	3,982,640	-1.2%
Occupancy	68.3%	67.5%	-1.2%
ADR	$158.46	$159.13	0.4%
RevPAR	$108.16	$107.36	-0.7%

Source: STR

Suburban Boston - Changes to Supply 2025 & 2026

Inventory Changes 2025 and 2026 Suburban Boston Lodging Market				
Property	**City/Town**	**Scale**	**Rooms**	**Date**
Residence Inn	Tewksbury	Midscale	-130	Feb 2025
Howard Johnson	Quincy	Economy	1	Feb 2025
Motel 6	Danvers	Economy	106	Feb 2025
Spark	Woburn	Midscale	70	March 2025
Holiday Inn Express	Woburn	Midscale	-4	March 2025
Residence Inn	Framingham	Midscale	125	May 2025
Fairfield Inn	Woburn	Midscale	-3	July 2025
Cambria Hotel and Suites	Plymouth	Upscale	107	Aug 2025
Home2Suites by Hilton	Chelmsford	Midscale	104	Aug 2025
Tru Hotel	Brockton	Midscale	78	Sept 2025
Stoughton Hotel	Stoughton	Midscale	100	Oct 2025
Holiday Inn Express and Suites	Norwood	Midscale	85	Oct 2025
Beacon Street Hotel	Somerville	Upscale	34	Oct 2025
Franklin Hotel	Franklin	Midscale	100	Oct 2025
Fairfield Inn & Suites Haverhill	Lowell	Midscale	79	Jan 2026
TownePlace Suites Haverhill	Lowell	Midscale	38	Jan 2026
Home2Suites by Hilton	North Attleboro	Midscale	95	Jan 2026
MainStay Suites Foxboro - Mansfield	Foxboro	Midscale	34	Jun 2026
La Quinta Inn and Suites	Revere	Midscale	100	July 2026
Hawthorne Inn and Suites	Revere	Midscale	56	July 2026
Comfort Inn Dedham	Dedham	Midscale	148	July 2026
Source: Various Sources; Compiled by Pinnacle Advisory Group				

0.9%

Supply change in 2025

2.7%

Supply increase in 2026

- *Dates are subject to change.*
- *Various sources compiled by Pinnacle Advisory Group.*

Suburban Boston - Changes to Supply 2025 & 2026

Conversions:

- **Comfort Inn Woburn** - 70 Rooms Converted to Spark in March 2025
- **Radisson Chelmsford** - 90 Rooms Converting to Home2 August 2025
- **Stoughton Hotel –** Former 100-room Hampton Inn re-opening as independent October 2025
- **Sheraton Framingham** – 200 rooms converting to Renaissance January 2026
- **Fairfield Inn Dedham** – Converting to 148-room Comfort Inn – July 2026

Source: Various Sources, Compiled by Pinnacle Advisory Group

Suburban Boston - Office Markets, Q2 2025

	Inventory (SF)	Vacancy	YTD Absorption (SF)	Under Construction (SF)
Inner Suburbs	5.3M	27.40%	-346,049	0
Route 128	58.8M	23.08%	568,662	320,000
Route 495	41.3M	25.64%	-946,287	209,000
Worcester	1.7M	17.80%	-160,473	0
Total Suburbs	107.1M	24.20%	-884,147	529,000

Source: Colliers International

Local Impact from Federal Policies

- Trade Tariffs
- Decline in International and Business travel
- Immigration
- Federal Grants
- Projecting Major economic loss
  - Education and science employment is stagnating
  - Decline in gov’t travel

Suburban Boston - Lodging Trends

- Operating performance varies by submarket.
- Timing and volume of former migrant hotels reopening may flood lower-end suburban markets with inventory.
- Corporate travel is still recovering slowly; large employers moving locations is shifting demand patterns across submarkets.
- Limited group and government demand—especially loss of grant-funded and DEI-related business.
- Cost of renovations and new development is unsustainable without deep discounts; few projects are penciling out.

Suburban Boston - Projections 2025

	2024	2025	% Change
Occupancy	71.4%	69.7%	-2.5%
ADR	$169.86	$170.59	0.4%
RevPAR	$121.34	$118.81	-2.1%

Source: STR (Historic), Pinnacle Advisory Group (Projections)

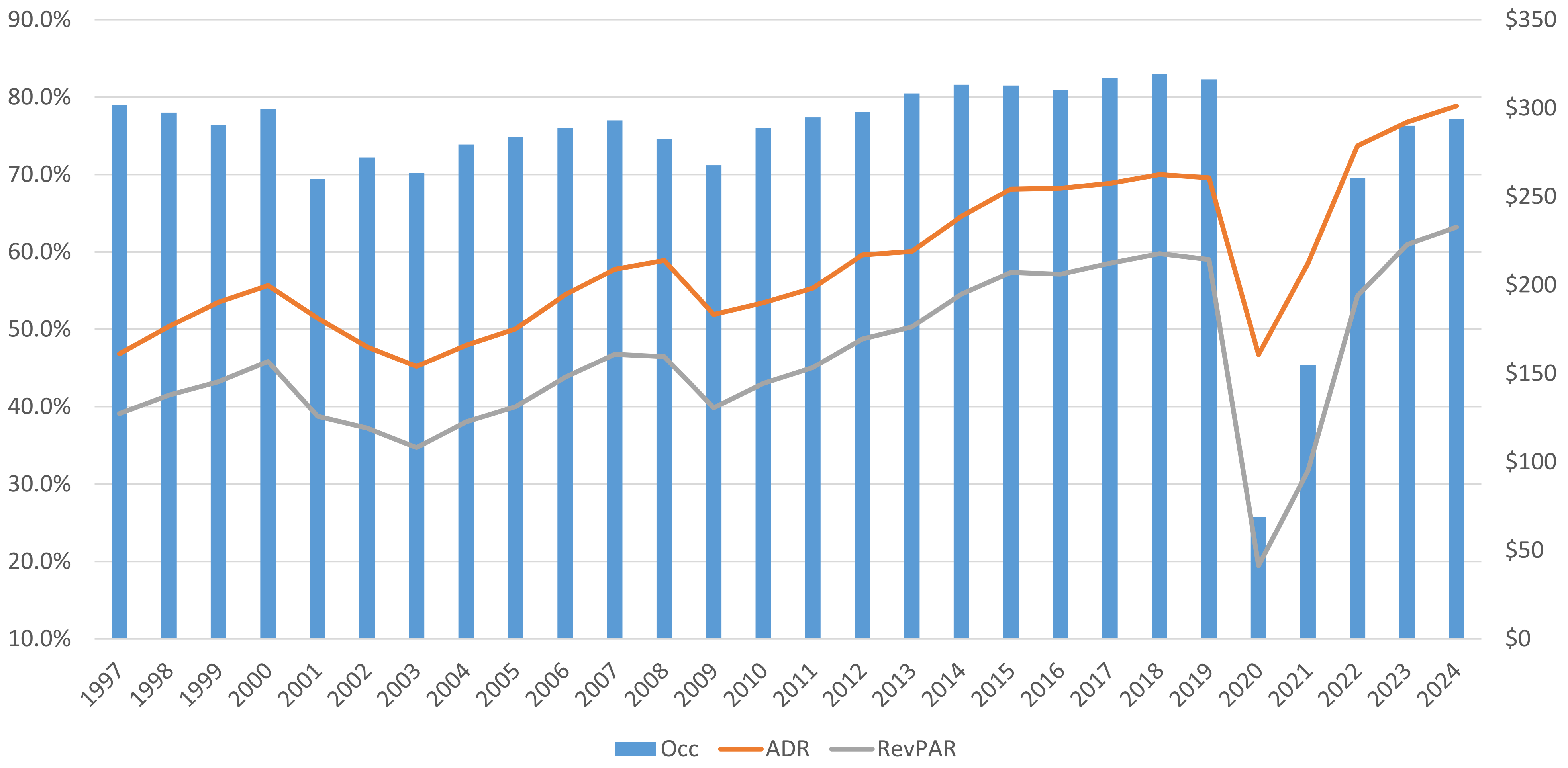
Suburban Boston - Projections 2026

	2025	2026	% Change
Occupancy	69.7%	70.4%	1.0%
ADR	$170.59	$174.83	2.5%
RevPAR	$118.81	$123.05	3.6%

Source: Pinnacle Advisory Group (Projections)

BOSTON & CAMBRIDGE LODGING MARKET

Boston & Cambridge - Historic Performance



Source: Pinnacle Perspective, Pinnacle Advisory Group

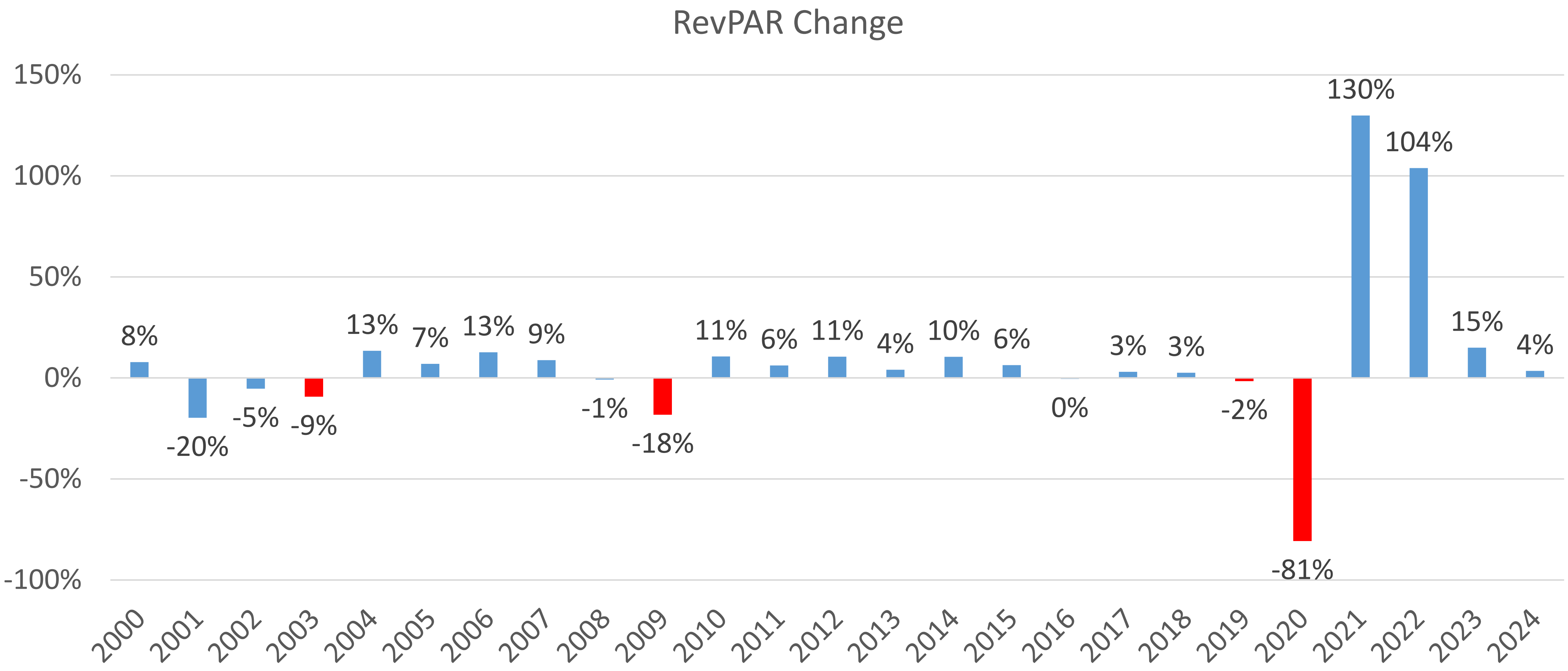
2024

Occupancy
77.2%

ADR
$301.22

RevPAR
$232.62

RevPAR % Change – Boston/Cambridge 2000-2024



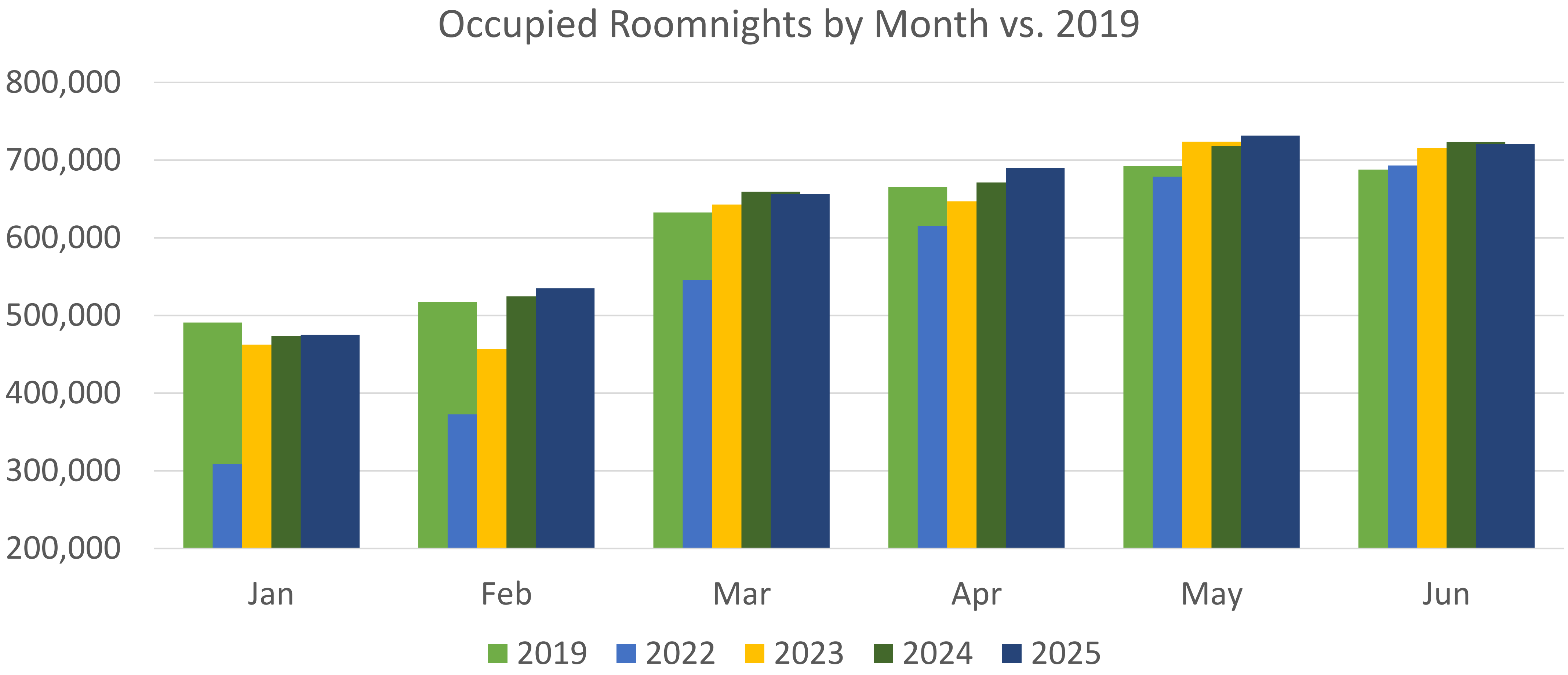
Source: Pinnacle Advisory Group

Boston and Cambridge - YTD June 2025

	YTD June 2024	YTD June 2025	% Change
Occupancy	74.7%	74.7%	0.0%
ADR	$285.11	$292.31	2.5%
RevPAR	$212.96	$218.27	2.5%

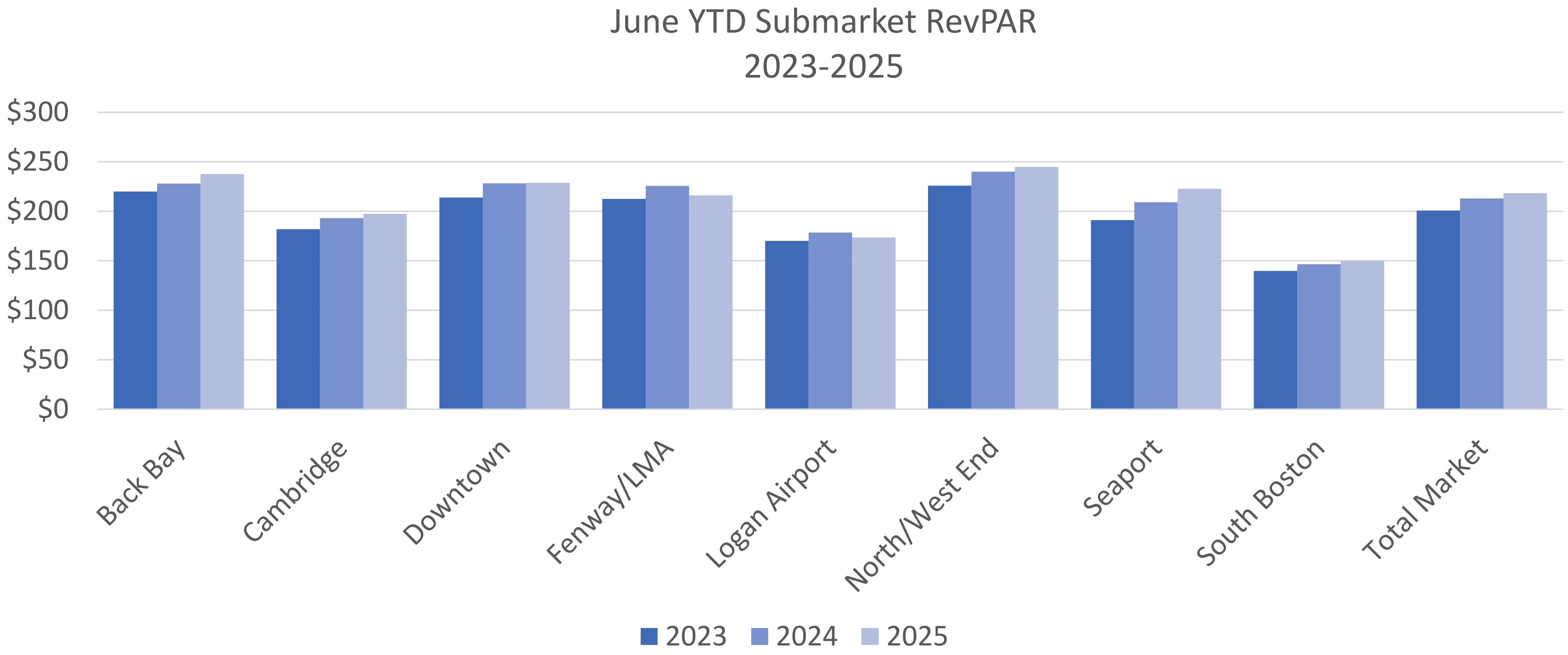
Source: Pinnacle Advisory Group

Boston & Cambridge Monthly Demand



Source: Pinnacle Perspective, Pinnacle Advisory Group

Boston & Cambridge - Submarkets



Source: Pinnacle Perspective, Pinnacle Advisory Group

Boston & Cambridge New Supply 2025 & 2026

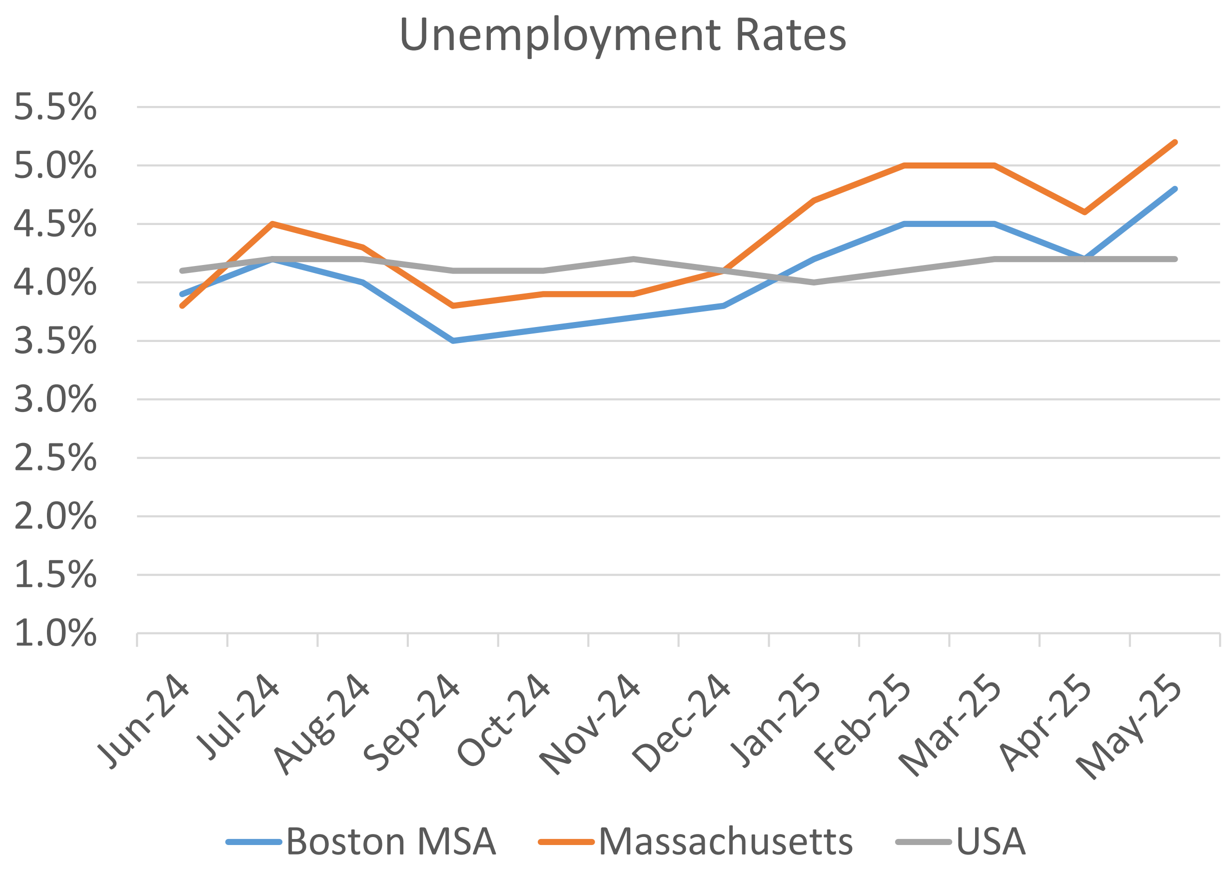
Hotel	Neighborhood	Scale	Rms	Date
enVision (closed)	Downtown	Upscale	-39	Jan 2025
Four Seasons	Downtown	Upper Upscale	-34	Jan 2025
Hotel 140 (closed)	Downtown	Midscale	-65	May 2025
Beacon Street Hotel	Cambridge	Upscale	35	Jan 2026
ERC Hotel	Brighton	Upper Upscale	246	April 2026
Cambria Hotel East Boston	Airport	Upscale	123	April 2026

0.6%
2025
Increase

1.1%
2026
Increase

Source: Various Developers, Operators, Brand Representatives, etc. Compiled by Pinnacle Advisory Group
Estimated opening dates subject to change.

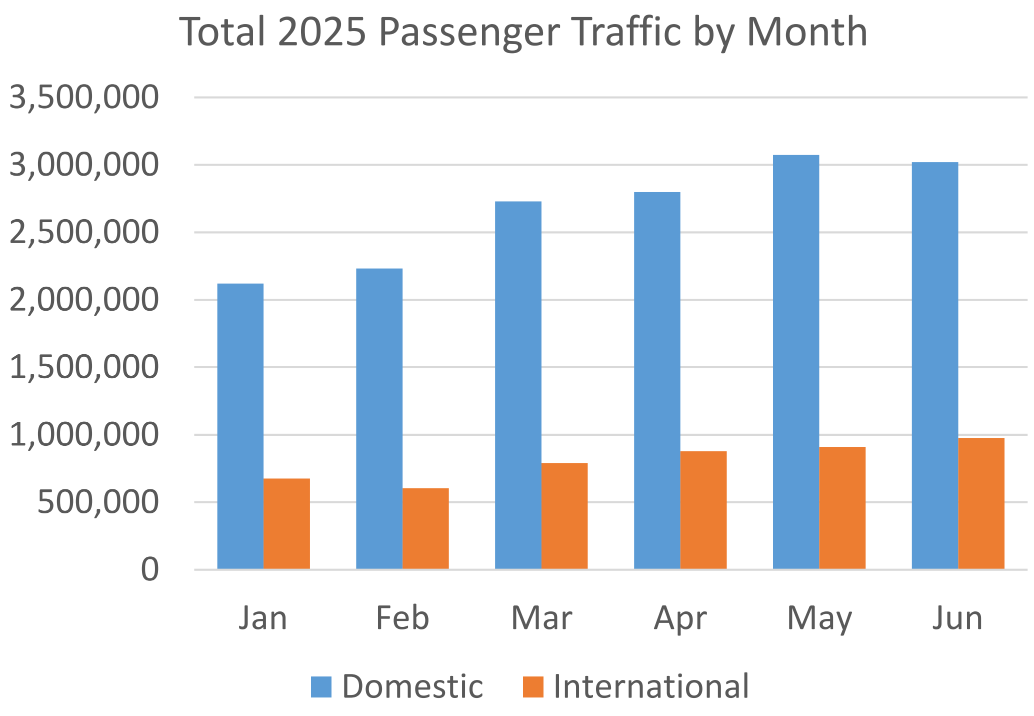
Economic Environment



Boston MSA		
	May 2024	**May 2025**
Employment	**2,713,467**	**2,738,426**
Unemployment Rate	**3.50%**	**4.80%**

Source: Bureau of Labor Statistics

Boston Logan International Airport



Source: Massachusetts Port Authority

- 2024 was a record-breaking Year For Passenger Traffic. Reaching 43.5 Million; 78% of travel was domestic and 22% was international.
- International travel grew by 14.9% in 2024, while domestic travel grew by 4.4%.
- Year-to-date June, 20.8 Million Passengers – Up 1.7% Over 2024, exceeding YTD 2019 levels.
- JetBlue added international flights to Madrid and Edinburgh
- New Airline coming in November (Arajet) and Virgin Atlantic is increasing to 10 flights per week from 7

Boston & Cambridge - Office & Lab Market

Boston	Inventory (SF)	Absorption (SF)	Vacancy
Q4 2024	70.3M	727,733	23.2%
Q1 2025	70.3M	-33,595	23.4%
Q2 2025	70.3M	-142,245	23.6%

Cambridge	Inventory (SF)	Absorption (SF)	Vacancy
Q4 2024	12.4M	-495,550	25.0%
Q1 2025	12.4M	24,543	24.9%
Q2 2025	12.4%	-130,954	26.2%

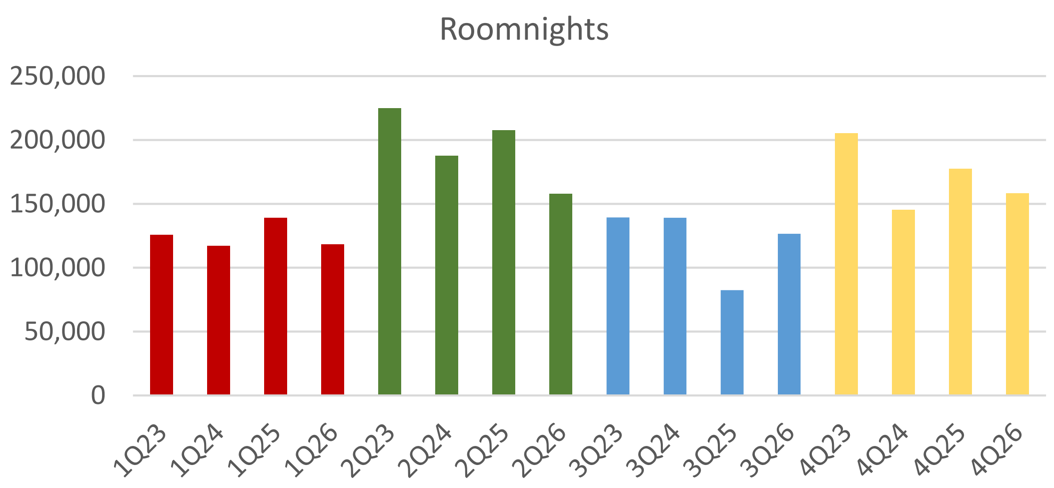
Source: Colliers International

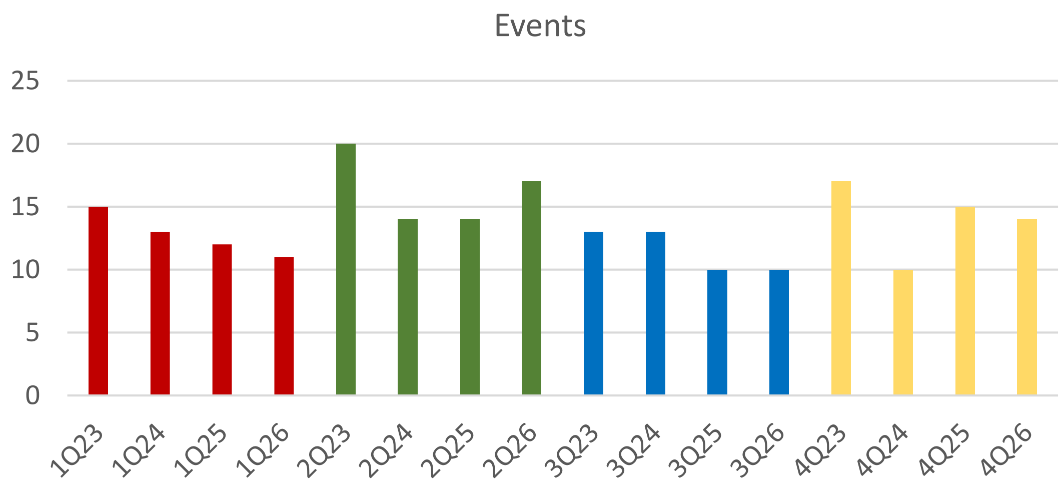
Boston & Cambridge, Corporate Demand Trends

- International demand down significantly; partially replaced by India but still net negative
- Life science and academic segments are weakening, especially in Cambridge
- WFH is still a “thing”
- Government demand down with more to come
- Uncertain economy – tariffs? Inflation? Recession?
- Weak office market

Business travel will remain sluggish in 2025; Improving in 2026

Boston & Cambridge, Group Demand Stats





Total Combined Roomnights:

2023	694,935	
2024	588,815	-15.3%
2025	605,999	2.9%
2026	560,792	-7.5%

Total Combined Events:

2023	65	
2024	50	-23.1%
2025	51	2.0%
2026	52	2.0%

Source: Boston Convention Marketing Center

MCEC (formerly BCEC) and Hynes

MCEC

- The room night capture at the MCEC was nearly 500,000 roomnights in 2024, 477k in 2025 and further to 462k in 2026 – the space is operating above 70% exhibit space consistently. 2026 production impacted by FIFA ; loss of two significant pieces of business.
- The number of room nights per event is changing ; in 2023 the avg room nights/event was 17k; 2024, 15.5k; 2025 estimated to be 13.6k and in 2026, 12.8k.
- For 2026, peak room nights: March and November, with shoulder room nights in May and September.

Hynes

- Hynes closure 2025: Jan 1 – Feb. 10, May 27 – Sept., Dec. 6 – 31. 2026: Jan. – Mar. 31, July 2 – Aug. 30, Dec. 5– 31.
- With the Hynes operating on a PT basis, due to the renovation, both the number of events and room nights have been less. The room night capture is estimated to be 128,000 in 2025 and 98,000 in 2026. This compares to 218,000 room nights in 2023.
- For 2026, peak room nights will occur in September, with shoulder room nights in November and May. Due to the closure, there six months in which there are no roomnights booked at the Hynes: January, February, March, July, August, and December.
- Another impact to the Hynes in 2026 is because the stop-sell orders that were placed in 2020-2022 which stopped the ability to sell into the future (the future is now!)

Boston & Cambridge, Group Demand Trends

- Convention group demand remains strong YTD; softening in 2026 – less compression
- Government and Canadian Group cancellations emerging in 2025 and beyond
- Hynes Renovations and closures impact seasonal demand
- Decline Expected Due to International Pullback

Corporate Group: currently strong but shorter booking windows

Social Group: status quo with possible downward trend based on economy

Govt Group: very slow with no anticipated upside

Group demand travel will be weaker for year end 2025; cautious optimism for 2026

Boston & Cambridge, Leisure Demand Trends

- Decline in International visitors: ex: Canadian Border Crossings (by passenger car) are down 24 percent in Vermont and Maine
- Logan added increased international service to existing destinations as well as started multiple new destinations.
- Fewer international students to area colleges
- Uncertainty with the economy will limit discretionary spending
- 2026 - Rebound with Help from Mega Events: 2026 FIFA World Cup (7 matches at Gillette Stadium, Boston's 250th Anniversary celebration, Tall Ships.

2025 Decline, 2026 Recovery — But Uncertainty Remains

Boston & Cambridge, ADR Trends

- YTD June – ADR up 2.5%
- Less compression will prohibit compression pricing.
- Continued push for dynamic pricing.
- Price-sensitive travelers are travelling less and more rate conscious
- Hotel owners continue to push rate growth to ease expense pressures
- Negotiated rate increases expected to see modest growth.
- Groups appear to be comfortable with rate increases.
- Leisure ADR will be flat, but compression pricing (FIFA) will strong

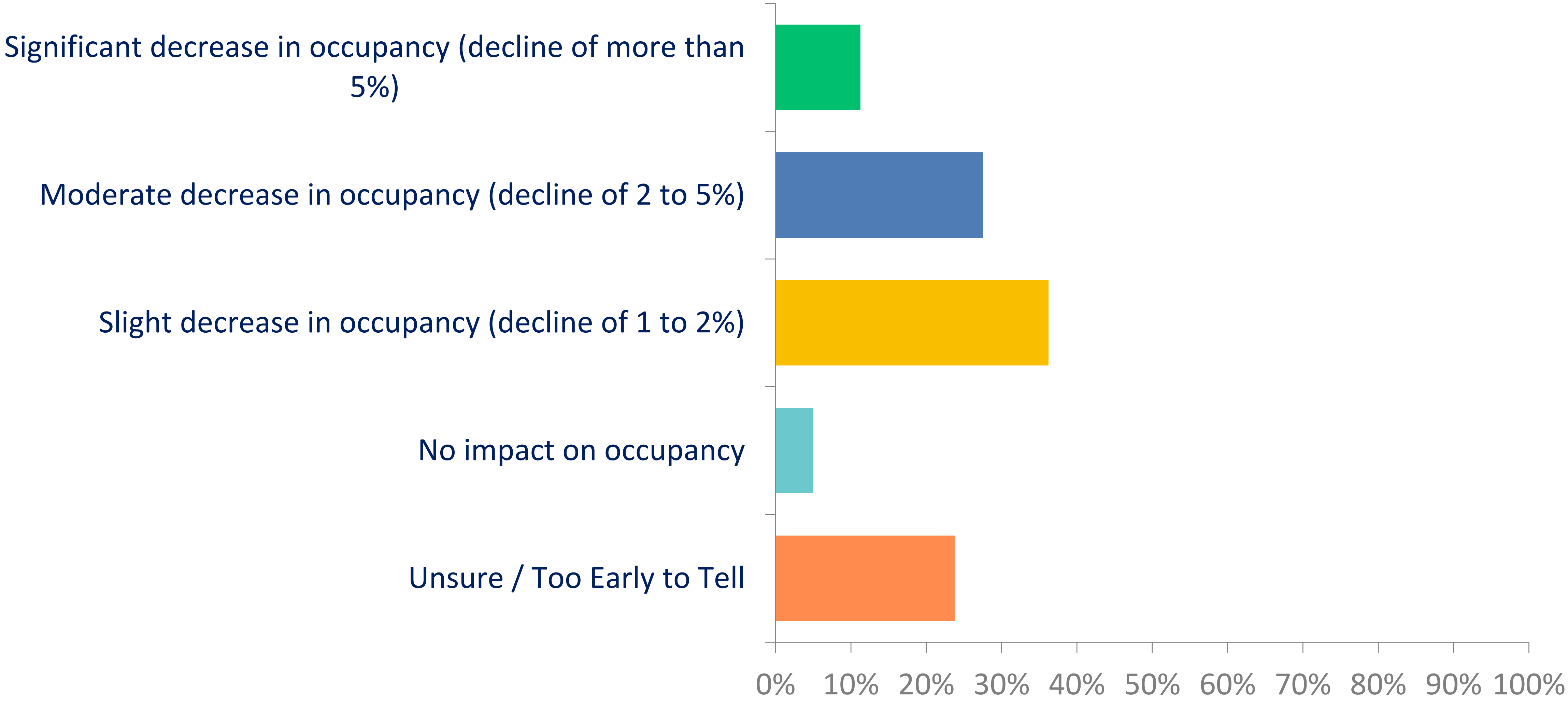
2025: Limited ADR Growth — 2026 Poised for Improvement

Survey of Operators

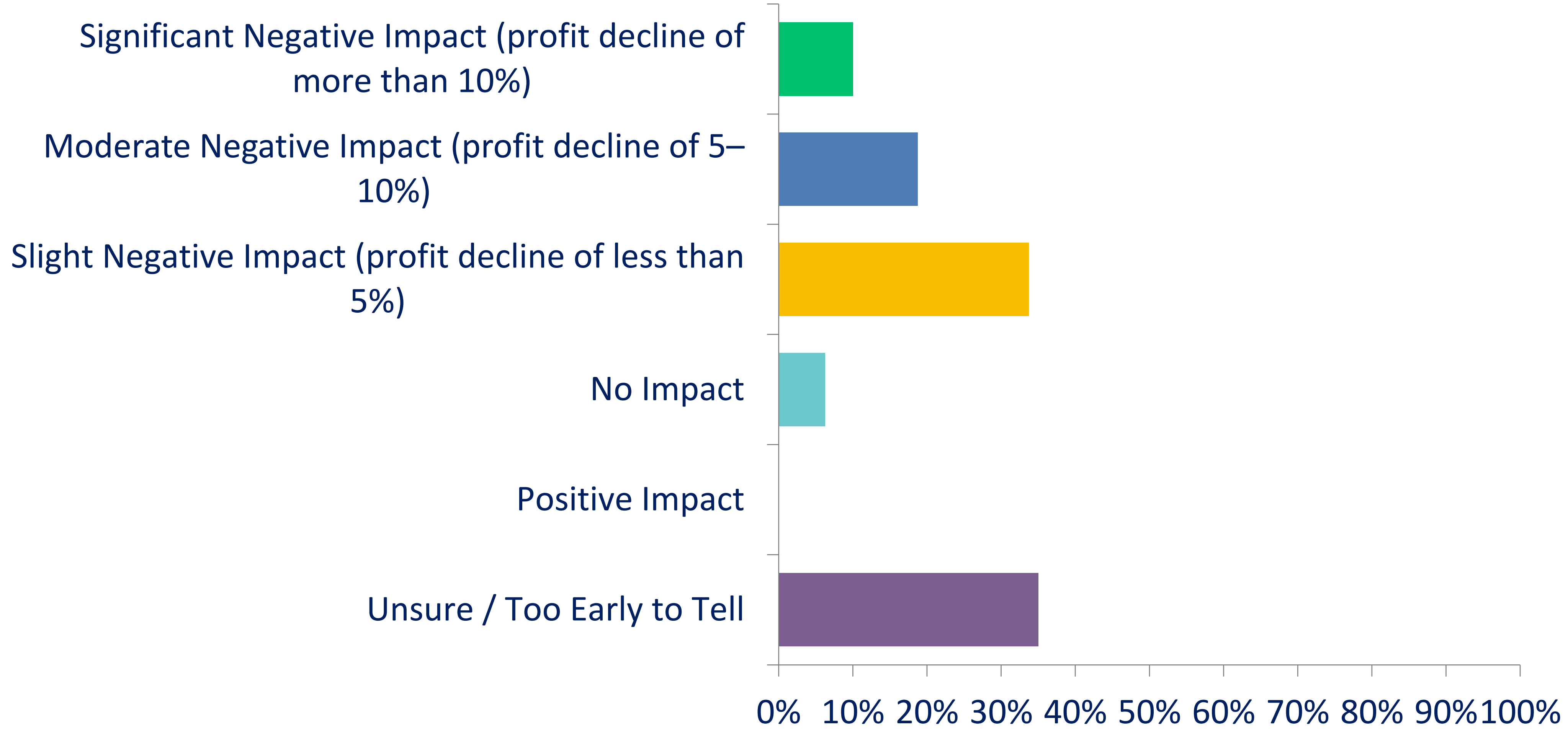
- How will new federal policies impact the local lodging market?
- In summary, respondents said they were unsure, or it was too early to tell what the impact will be

80 Respondents

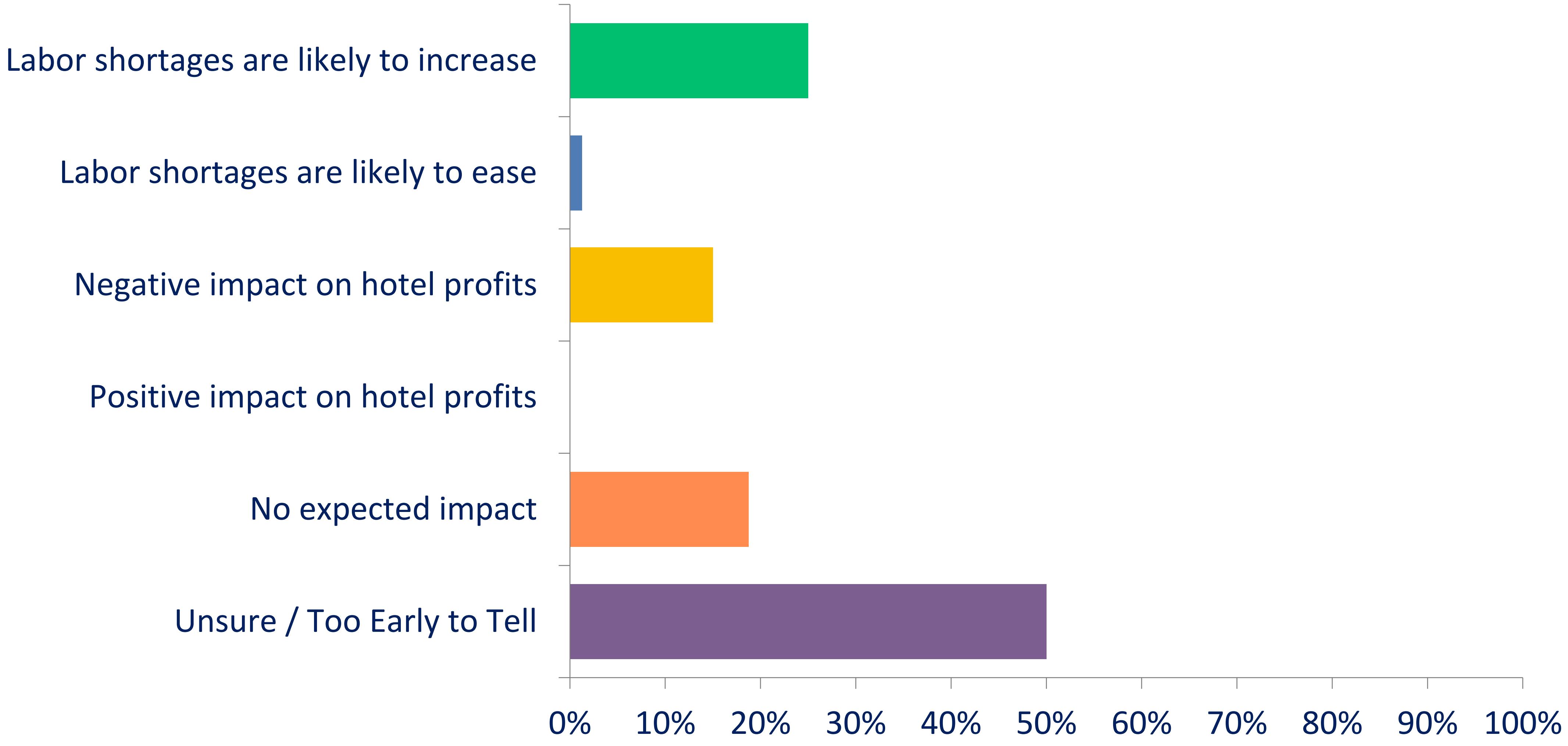
Q1: What impact do you expect the new inbound travel policies for international visitors will have on your hotel's occupancy in 2025? (Please check one)



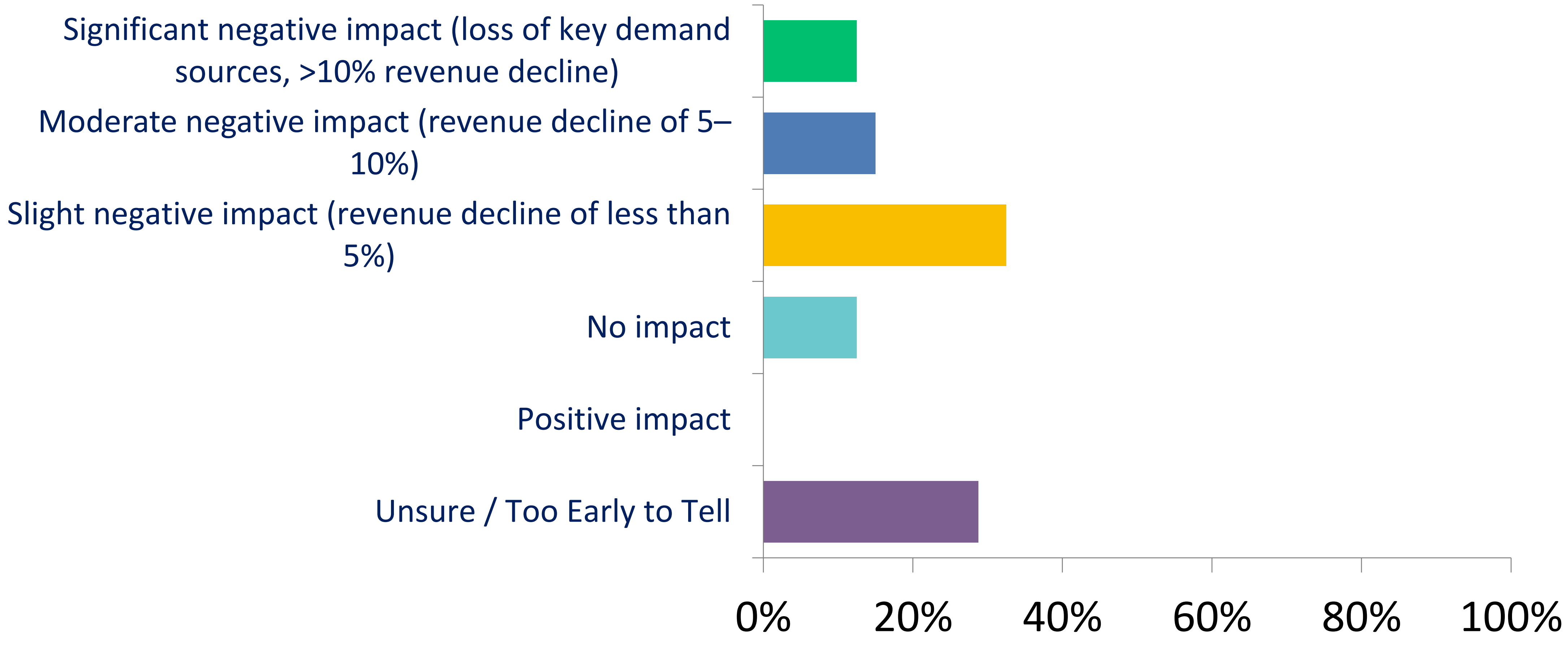
Q3: What impact do you expect the tariffs and trade policies under the new federal administration to have on your hotel's profits in 2025?(Please check one)



Q5: What impact do you expect the federal immigration policies will have on your hotel in 2025?(Please check all that apply)



Q7: What impact do you expect the new federal policies that reduce government spending (e.g., research funding cuts, reductions in federal employment) will have on your hotel's revenues in 2025?(Please check one)



Issues and Concerns

- Decline in international visitation
- Convention Bookings
- Federal grant freezes & funding cuts
- Economic issues – inflation, travelers less confident, high interest rates, increased supply costs
- Lower hotel profits & limited new supply
- Major events in 2026

Boston & Cambridge - Projections 2025

	2024	2025	% Change
Occupancy	77.2%	76.4%	(1.0%)
ADR	$301.22	$307.15	2.0%
RevPAR	$232.62	$234.78	0.8%

Source: Pinnacle Advisory Group

Boston & Cambridge - Projections 2026

	2025	2026	% Change
Occupancy	76.4%	77.4%	1.3%
ADR	$307.15	$318.39	3.7%
RevPAR	$234.78	$246.50	5.0%

Source: Pinnacle Advisory Group

Pinnacle Advisory Group

Boston   Providence   New York City   Washington DC   Tampa



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