Massachusetts Lodging Association

Cape Cod & Islands Outlook 2026

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PINNACLE ADVISORY GROUP

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U.S. Lodging Market 2025

	2024	2025	% Change
Occupancy	63.1%	62.3%	-1.2%
ADR	$159	$161	+0.9%
RevPAR	$100	$100	-0.3%

Source: CoStar

- **RevPAR declined modestly:** Decline without a recession, signaling the end of post-pandemic tailwinds
- **K-Shape Economy:** Performance diverged sharply, with luxury and experience-driven segments outperforming while midscale and lower-tier softened
- **Disciplined Demand:** Shorter booking windows, increased price sensitivity, and selective spending
- **Weakened International Visitation:** Creating a structural headwind for U.S. leisure markets

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U.S. Lodging Market Q1 2026

	Q1 2025	Q1 2026	% Change
Occupancy	58.4%	59.2%	+1.4%
ADR	$158	$162	+2.4%
RevPAR	$92	$96	+3.8%

Source: CoStar

- **Q1 2026 Rebound:** RevPAR up 3.8% and March accelerating to nearly 6% growth
- **Recovery was Uneven:** Led by urban and group-driven markets while leisure-heavy markets lagged
- **Continued Limited Supply Growth:** Modest demand improvement translates into stronger RevPAR

Macro Forces Shaping 2026

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HEADWINDS

- Demand is more selective
- International demand remains a headwind
- Margin pressure is building
- K-Shaped recovery diverges by segment
- Corporate & Group segments slow

TAILWINDS

- Luxury demand outpaces the market
- 2026 events calendar provides a catalyst
- Leisure traveler rising in secondary markets
- Improving macro backdrop for Q3 and Q4
- Guest behavior points to durability

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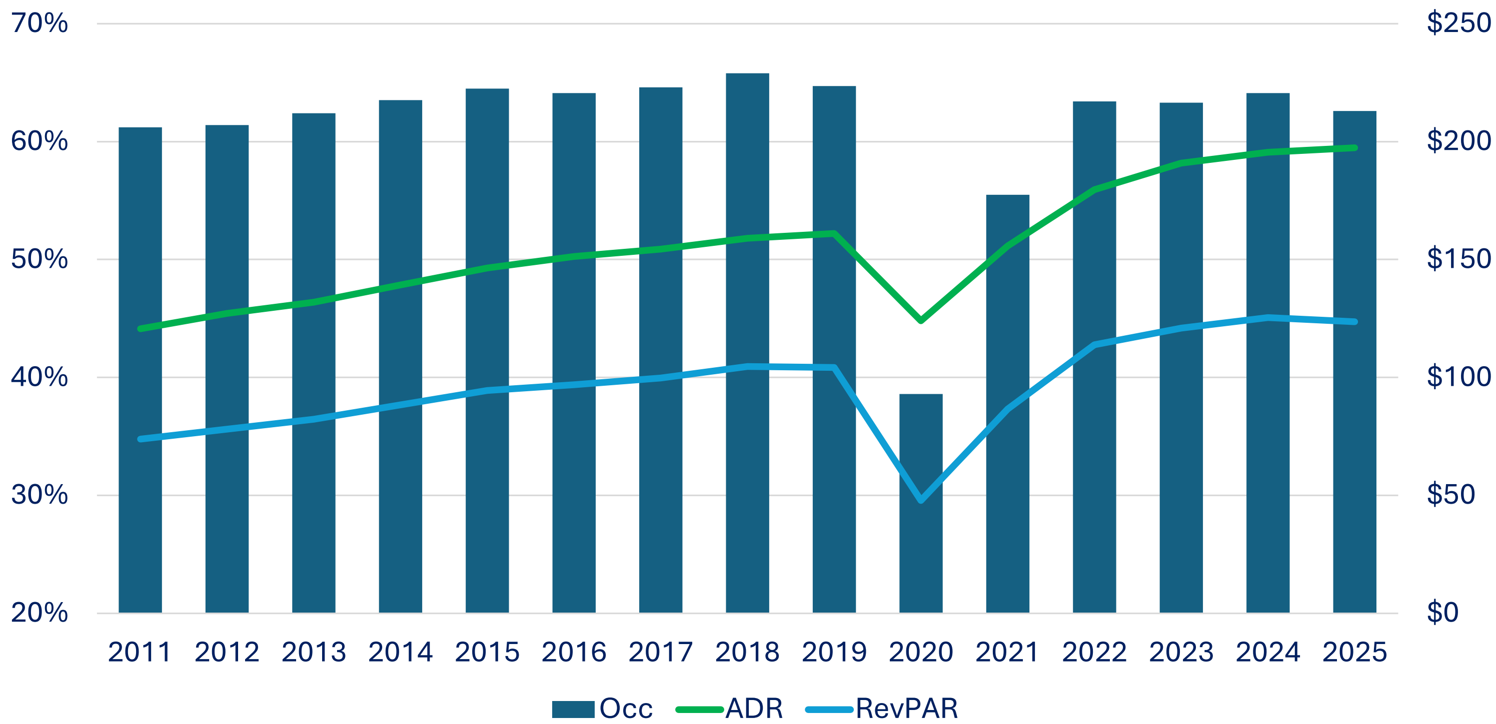
New England Lodging Market



Source: CoStar

2025

+0.6% Supply

-1.8% Demand

-1.5 pts Occ

+1.0% ADR

-1.4% RevPAR

New England Lodging Market 2025 Detail

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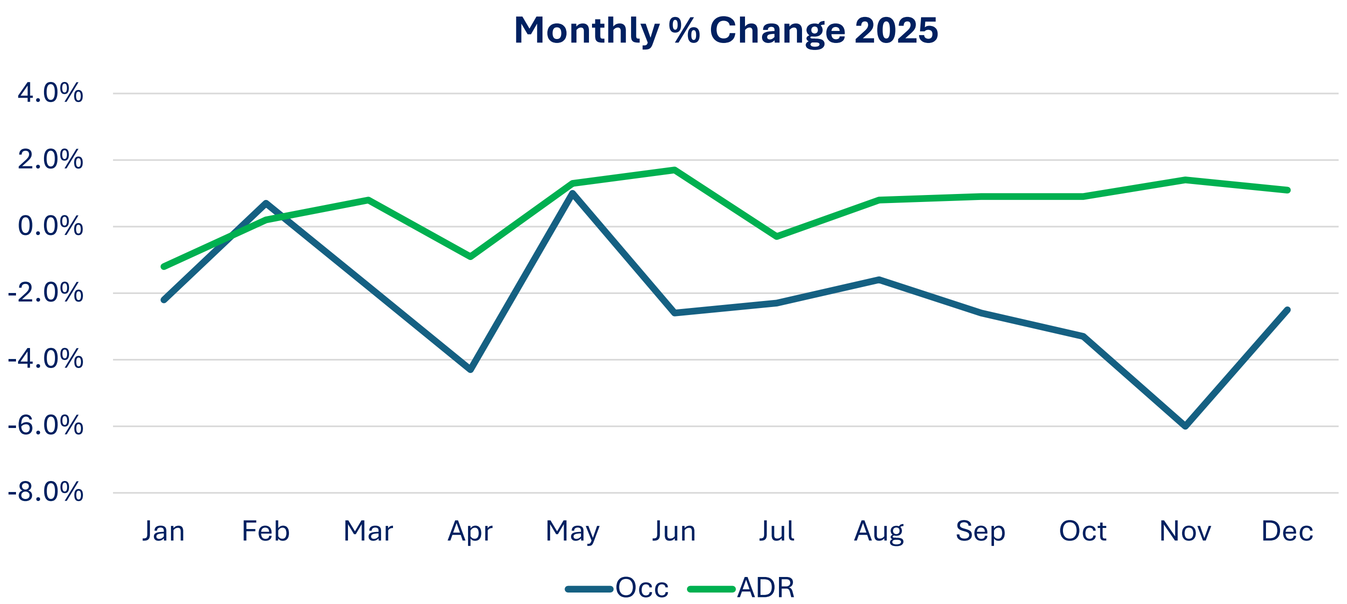

Source: CoStar

New England Lodging Market Q1 2026

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	Q1 2025	Q1 2026	% Change
Occupancy	52.9%	51.9%	-2.0%
ADR	$151	$152	0.6%
RevPAR	$80	$79	-1.3%

- **Regional factors drove Q1 softness**
- **Winter demand underperformed**
- **Calendar shifts and Canadian visitation added pressure**

*Source: CoStar **

** 35% data contribution*

Cape Cod & The Islands Historic Performance

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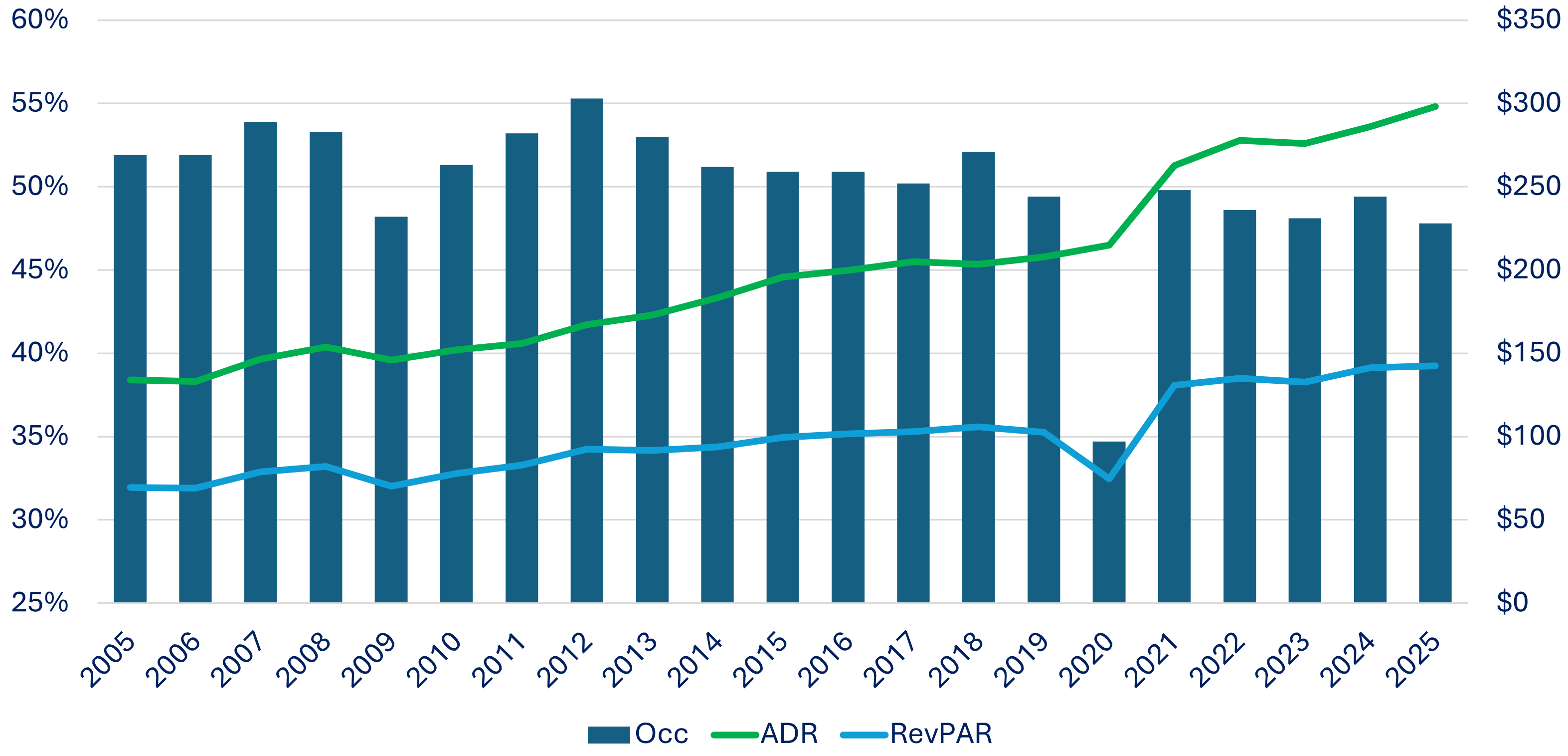
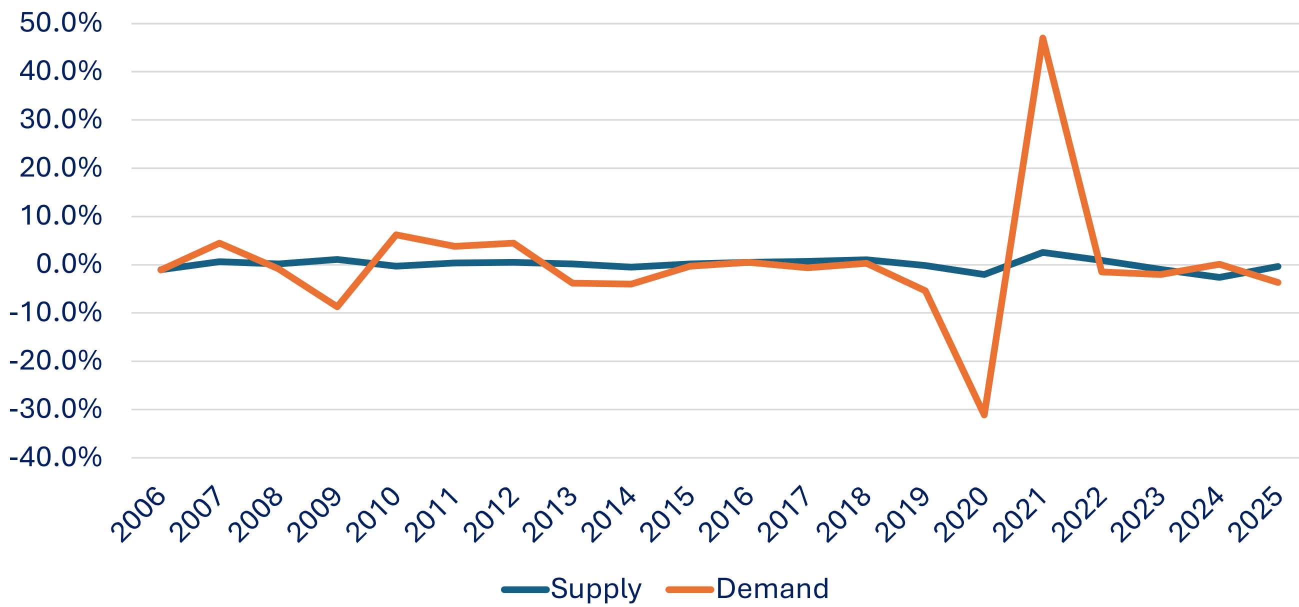


*Source: CoStar **
** 35% data contribution*

Cape Cod & The Islands Historic Supply & Demand



*Source: CoStar **
** 35% data contribution*

Cape Cod & The Islands Supply by Scale 2005 - 2025

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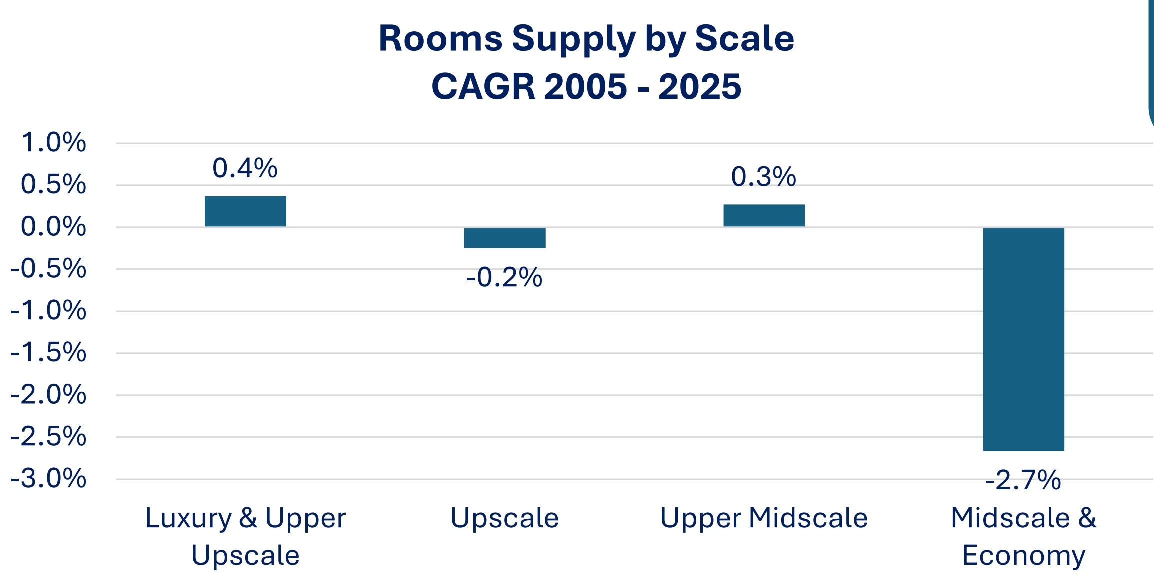
-1,500 rooms
(- 0.7% CAGR)
Total Market Supply Change



*Source: CoStar **

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Cape Cod & The Islands 2025 Detail

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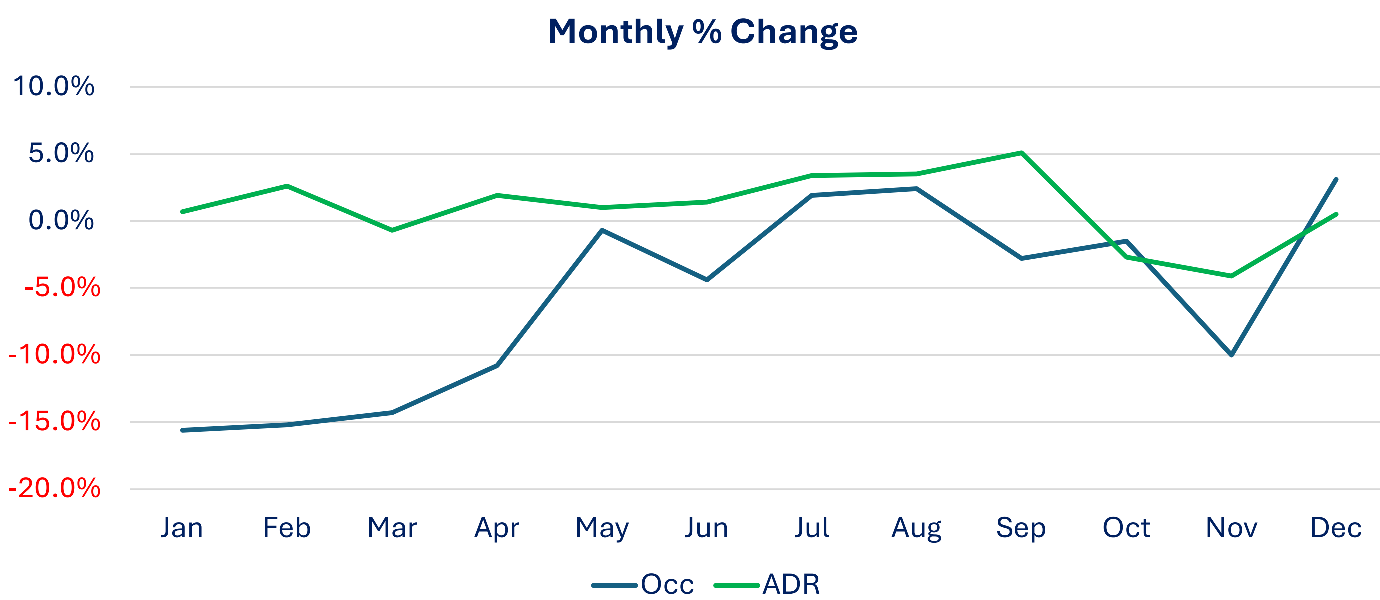

*Source: CoStar **

** 35% data contribution*

Cape Cod & The Islands
Q1 2026

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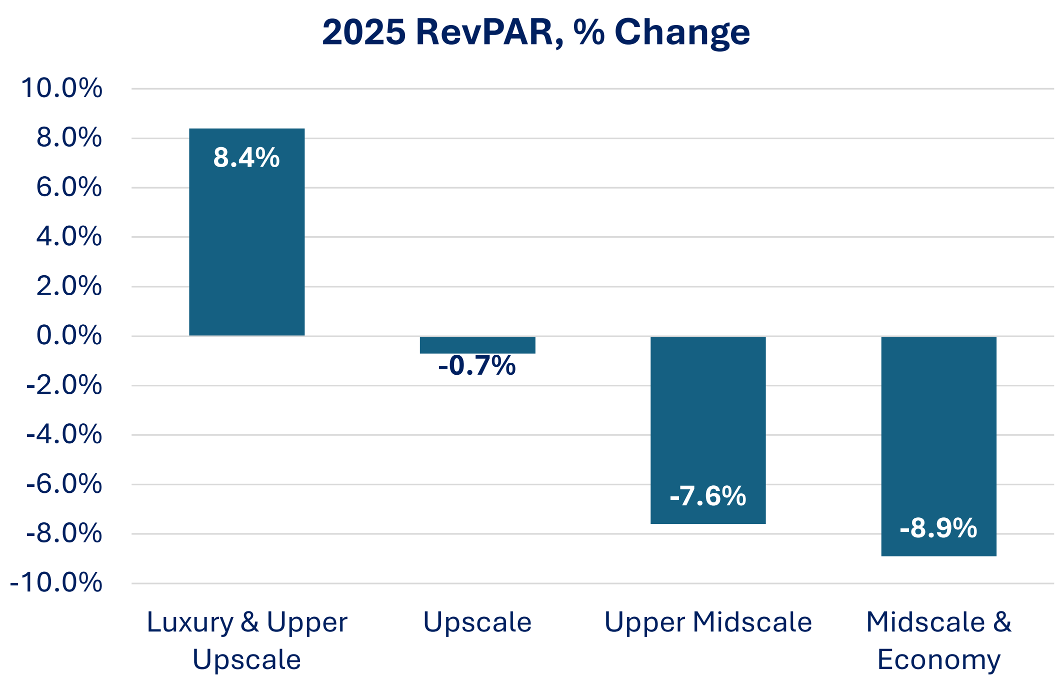
	Q1 2025	Q1 2026	% Change
Occupancy	28.6%	30.4%	+6.4%
ADR	$132	$138	+5.1%
RevPAR	$38	$42	+11.8%

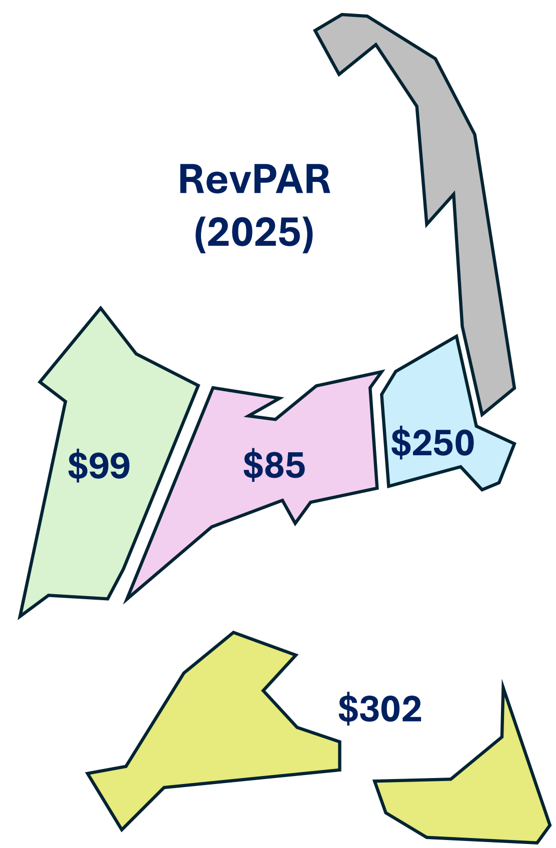
- **Supply flat, little change through March**
- **Demand growth largely a correction for 2025, still down to 2024 by 13%**
- **Rate growth of 4% to 6% each month, largely driven by Luxury & Upper Upscale segment**

*Source: CoStar **

** 35% data contribution*

Cape Cod & The Islands 2025 Detail





*Source: CoStar **
** 35% data contribution*

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Upper Cape Profile

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Supply:

- 45 hotels approx. 1,500 rooms
- Skews midscale / upper midscale, limited brands

Demand:

- Weekend leisure, small group/social
- High degree of seasonality with shorter LOS given proximity to bridges
- Some corporate/government activity more balance but still seasonal

2026:

- No major commercial developments or employer expansions to materially change demand mix
- Potential impact with restricted access from bridge work

46% Occupancy

$216 ADR

$99 RevPAR

Q1 +7.4% RevPAR *

2026 Trajectory:
Minor gains in occupancy
Rate growth of 2-3%
RevPAR growth of 3-3.5%

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Mid Cape Profile

Supply:

- 95 hotels approx. 5,700 rooms
- Largest concentration of supply, 35% branded inventory

Demand:

- Commercial year-round hub, anchored by Hyannis
- Diversified demand across all segments
- Seasonality, but lesser degree of other submarkets
- Corporate, airport, healthcare support shoulder and off-season

2026:

- Cape Cod Gateway Airport continued service expansion
- Expansion at hospital, multiple residential and mixed-use commercial development
- Cape Cod Potato Chip & SencorpWhite departure

44% Occupancy

$193 ADR

$85 RevPAR

Q1 +2.3% RevPAR

2026 Trajectory:
Minor gains in occupancy
Rate growth of 2-3%
RevPAR growth of 3-4%

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Lower Cape Profile

Supply:

- 35 hotels about 1,600 rooms
- Mix of boutique inns, resorts, upscale independent hotels

Demand:

- Leisure focused, high-end destination
- Affluent traveler, extended stay, high degree of repeat
- High degree of seasonality, limited off season traffic

2026:

- Almost entirely leisure driven, no new employers or commercial developments
- Economy directly tied to tourism, second home ownership, small local businesses

52% Occupancy

$480 ADR

$250 RevPAR

Q1 +16.2% RevPAR *

2026 Trajectory:
Flat occupancy
Rate growth of 5-7%
RevPAR growth of 5-7%

Outer Cape Profile

Supply:

- 80+ hotels about 2,400 rooms
- Mix of independent inns, B&Bs, and guesthouses

Demand:

- Highly seasonal, tourism dependent
- P-Town and National Seashore serve as main draw
- Wide range in segments from high net worth to long stay, lifestyle driven

2026:

- Access (ferry or plane) more expensive with capacity constraints.
- Almost entirely leisure drive, no new employers or commercial developments
- Economy directly tied to tourism, second home ownership, small local businesses

2026 Trajectory:
Flat occupancy
Rate growth of 2-5% *
RevPAR growth of 2-5%

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The Islands (MV & ACK) Profile

Supply:

- 68 hotels about 1,900 rooms. Average size below 30 rooms.
- Mix of boutique inns, resorts, upscale/luxury independents

Demand:

- Highest-end leisure markets in the region
- Affluent traveler, extended stay, destination events
- Highest ADRs in New England
- High degree of seasonality, limited off season traffic

2026:

- Access (ferry or plane) more expensive with capacity constraints.
- Similar to Lower/Outer Cape, almost entirely leisure driven, no new employers or commercial developments

55% Occupancy

$547 ADR

$302 RevPAR

Q1 +11.9% RevPAR

2026 Trajectory:
Occupancy growth 2-3 pts
Rate growth of 7-9%
RevPAR growth +10%

Cape Cod & The Islands Short Term Rentals

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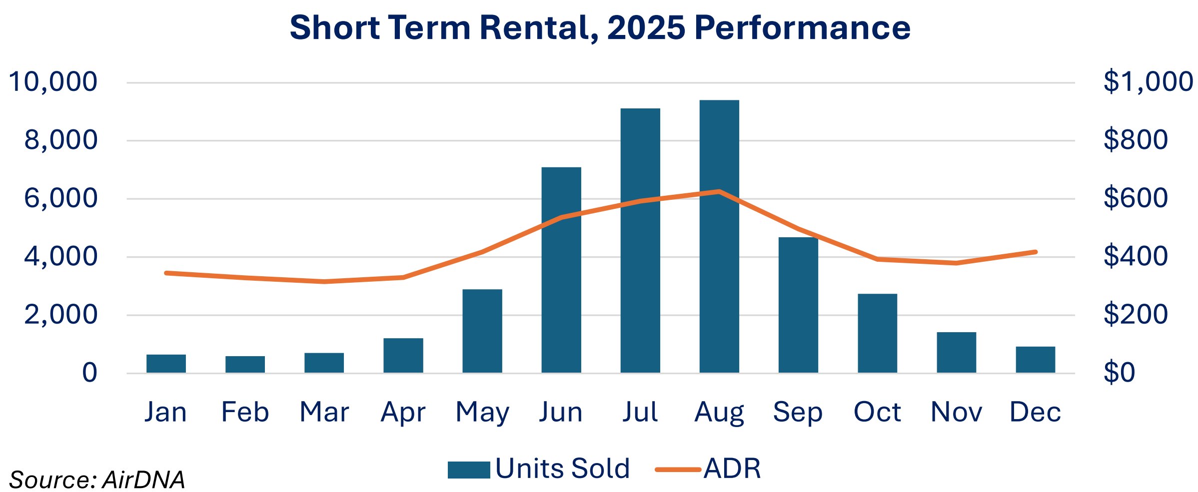

Source: AirDNA

- **Revenue grew approx. 6% in 2025 from prior year, driven both by occupancy and ADR**
- **Both listings and units sold increased approx. 2% (over 41,000 units sold)**
- **ADR increased 2.4%**
- **Stable, mature market — Cape Cod STR has settled into a steady seasonal pattern; outsized swings in any one metric are unlikely without a demand shock.**

Forces Shaping 2026
Cape Cod & The Islands

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HEADWINDS

- STR capturing peak leisure demand
- Intl demand is mixed but net drag
- Seasonality drives extreme volatility
- Margin pressure with workforce constraints
- Weather remains biggest single variable

Forces Shaping 2026
Cape Cod & The Islands

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TAILWINDS

- **Peak season remains exceptionally strong**
- **Tight supply environment support pricing**
- **Shoulder season is key opportunity**
- **Luxury demand is durable, growing**
- **Drive-to market, insulated to air volatility**
- **New connectivity through Hyannis**

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Key Takeaways for 2026

Segment	Projected RevPAR
Luxury & Upper Upscale	+ 6.0% – 7.0%
Upscale	+ 3.0% – 4.0%
Upper Midscale	+ 1.0% - 2.0%
Midscale & Economy	+ 0.0% - 0.5%

K-Shape Economy continues. Performance will skew higher at the top-end and lag in the mid and lower- tier markets/scales.

Supply is expected to contract slightly and occupancy gains will be moderate. Lower Cape and Island will see considerable growth in ADR.

The post-pandemic tailwind is behind us. Broad-based demand is no longer reliable source for performance. Cape Cod is back to being a highly segmented, supply-constrained market where growth will be driven by rate, positioning, and execution.

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Thank you.