Massachusetts Lodging Association

OUTLOOK 2027

August 20, 2026

Pinnacle
ADVISORY GROUP

Agenda

- National Lodging Market
- FIFA World Cup 26 (Greater Boston)
- Suburban Boston Markets
- Boston & Cambridge Market
- Profitability
- Key Take Aways, 2026 & 2027 Projections

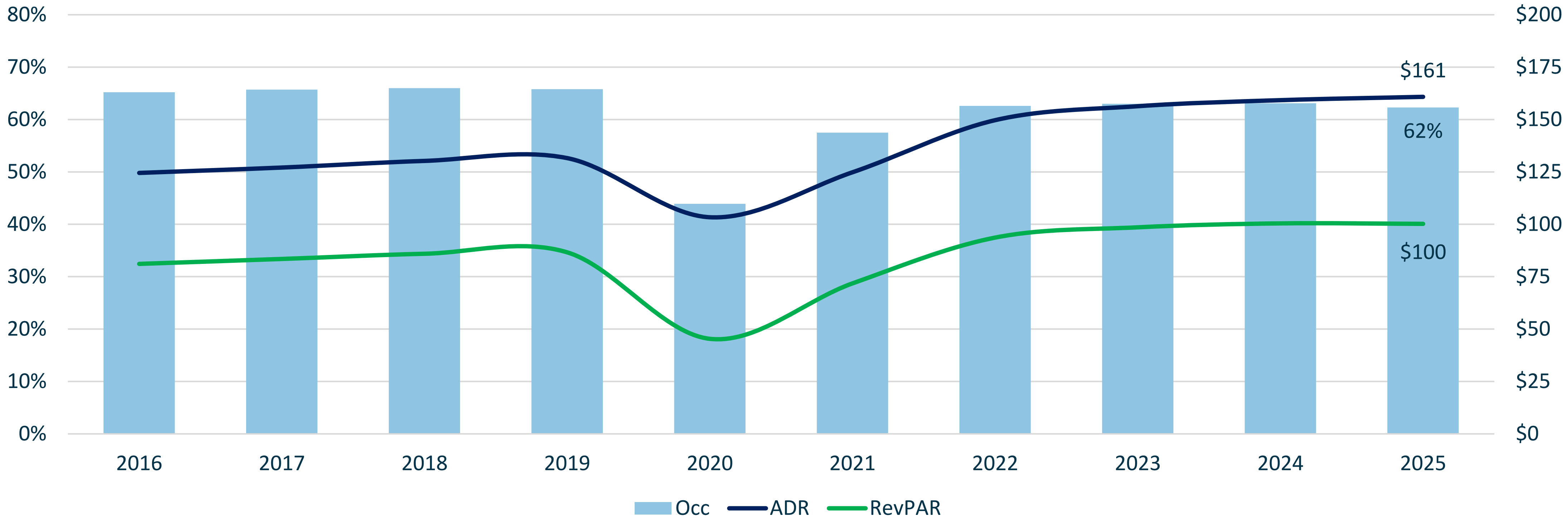
Antitrust Disclaimer

This presentation is intended solely for informational and educational purposes. Any forecasts, projections, or market observations presented reflect Pinnacle Advisory Group’s independent analysis and should not be interpreted as recommendations regarding room rates, pricing strategies, inventory, capacity, or other competitive business decisions. Each hotel owner and operator should independently determine its own pricing and business strategies based on its individual circumstances.

NATIONAL LODGING MARKET

Post Recovery Stabilization

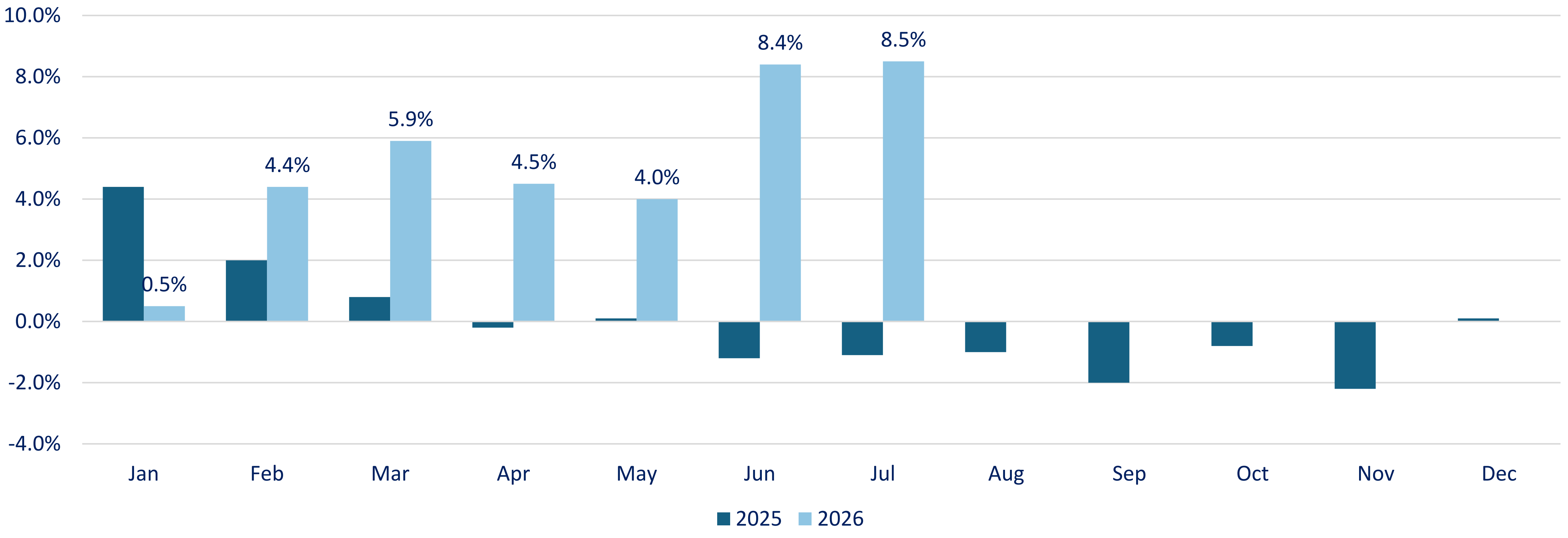
Performance, 2016-2025



Source: CoStar

'25 to '26: From Contraction to Growth

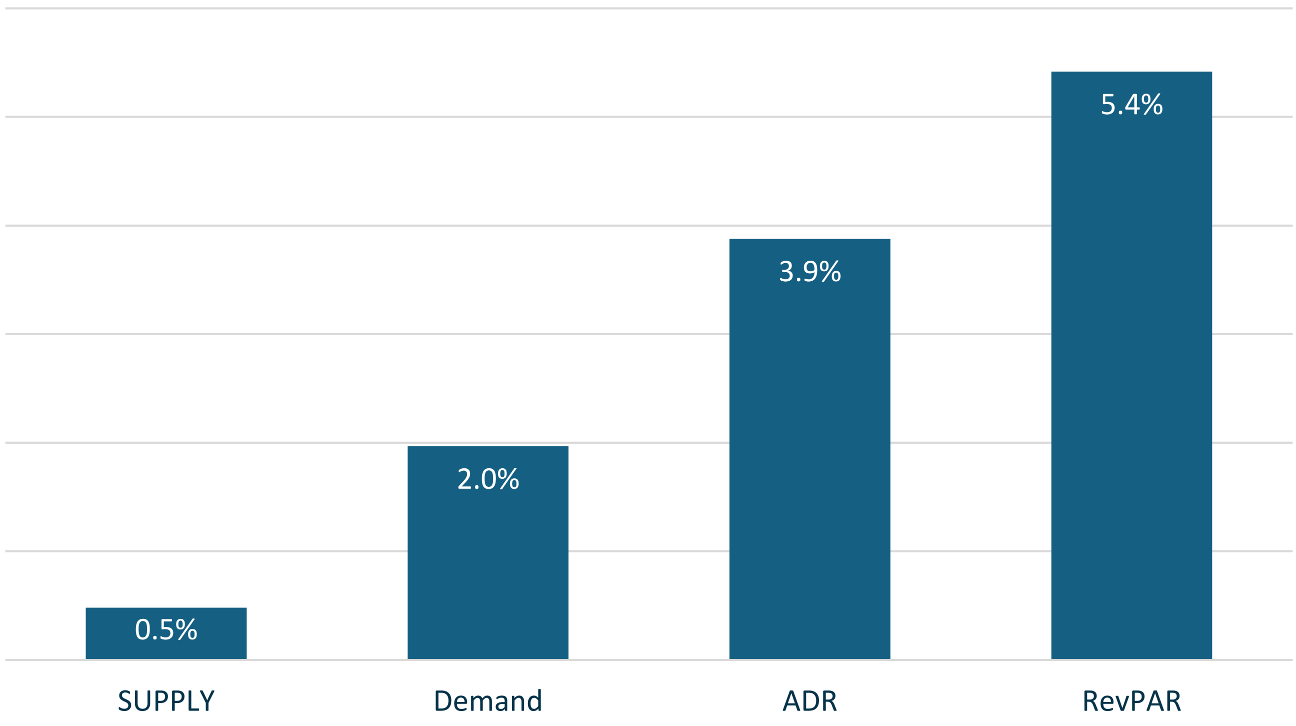
U.S. RevPAR, YOY % Change by Month



Source: CoStar, includes preliminary July 2026 data

2026, Growth Where Needed

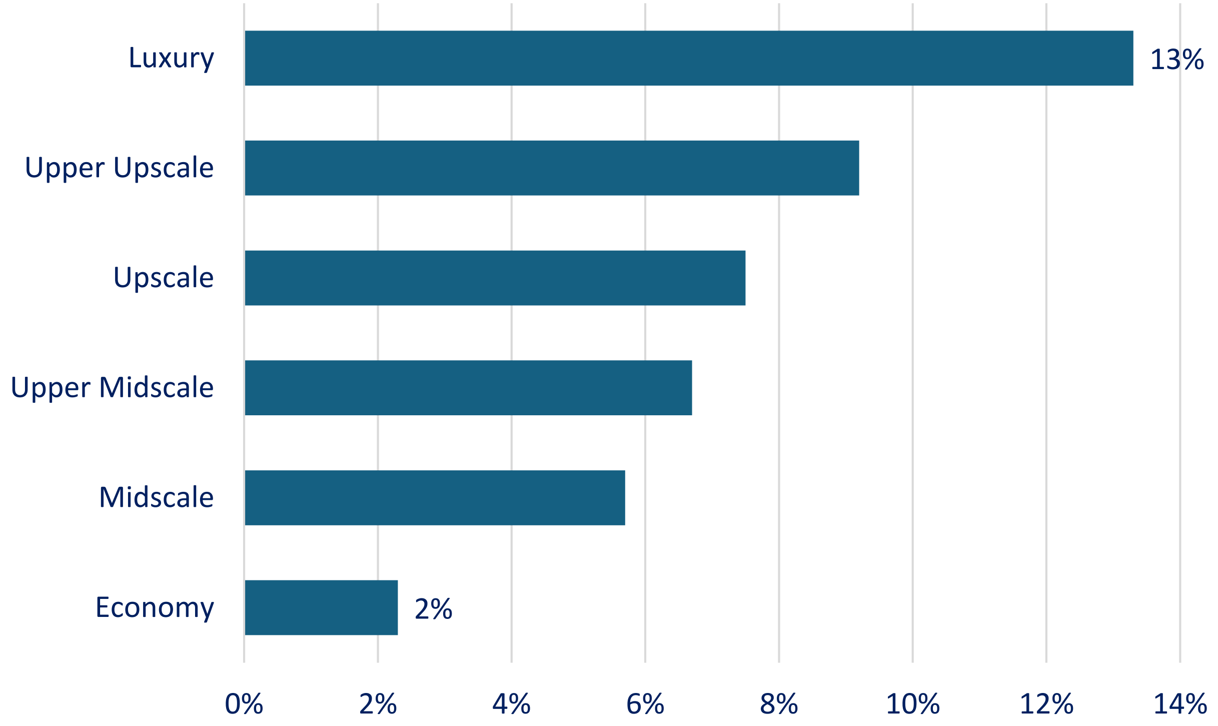
YTD Performance, July 2026



Source: CoStar, includes preliminary July 2026 data

National Averages Mask Market Realities

U.S. RevPAR YTD June 2026, YOY % Change



Source: CoStar

Mixed Economic Signals, Resilient Consumer

- Economic growth remains positive despite slower job growth
- Consumers remain cautious in sentiment, but keep spending
- Corporate activity and business travel have strengthened in ’26
- Travel continues to capture discretionary spending, led by high-income consumers

Demand is Broadening, ADR is Responding

- **Corporate** – Strong profits and investment at corporate level are supporting renewed business travel.
- **Group** – Strengthening convention calendars and meeting activity are driving incremental demand.
- **Leisure** – Consumers remain selective, but travel continues to win the wallet.
- **ADR** – Rate growth is accelerating, but pricing power remains uneven and has only recently caught up with inflation.
- **Supply** – Limited supply growth, creates opportunity.

Moderate Growth, Upward Adjustments

2026

	CBRE	COSTAR	LARC
Occ (pts)	+0.5	+0.8	0.0
ADR	+1.7%	+3.1%	+3.4%
RevPAR	+2.5%	+4.4%	+3.4%

2027

CBRE	COSTAR	LARC
+0.2	+0.3	+0.5
+1.7%	+1.6%	+1.1%
+2.1%	+2.1%	+1.8%

Source: CBRE (August 2026), CoStar (August 2026), LARC (June 2026)

FIFA WORLD CUP 26
GREATER BOSTON

FIFA: Short-Term Demand, Pricing Power

Five-Week Performance, YOY % Change

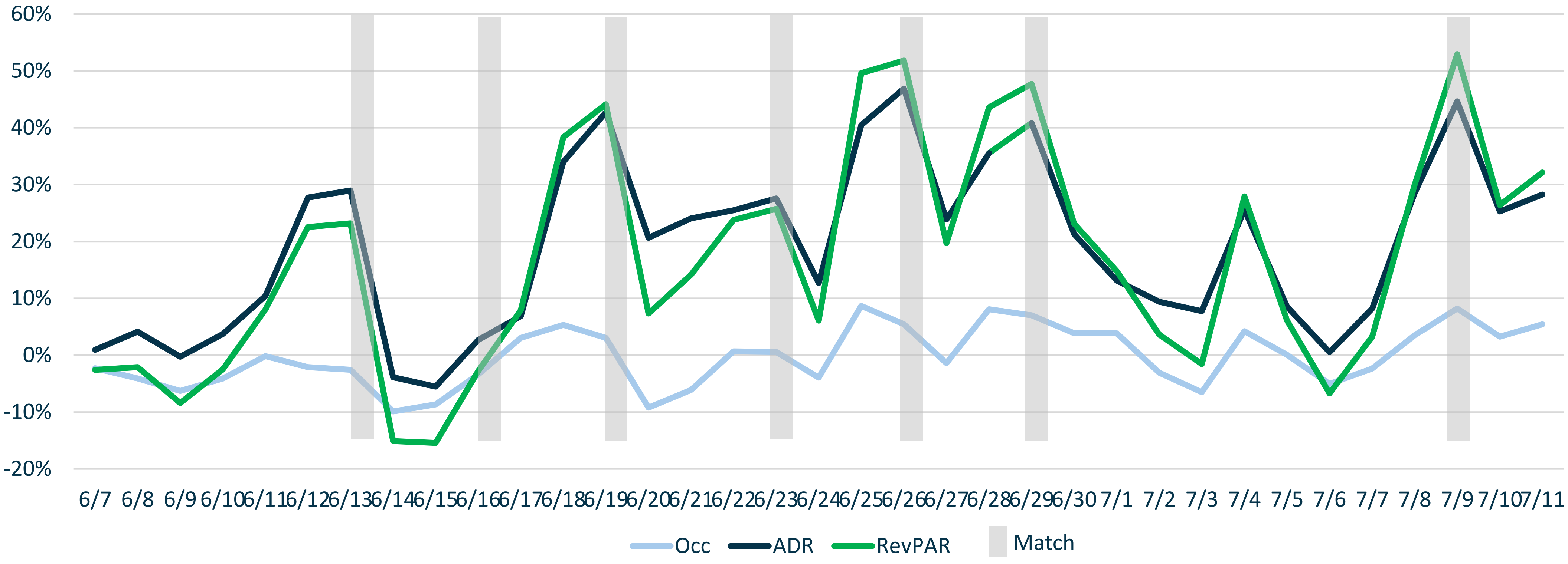
Greater Boston	
Demand	-0.1%
ADR	26.6%
RevPAR	23.8%

- The anticipated demand surge didn’t materialize as expected
- Demand came in shorter, concentrated windows
- Pricing power was the real win
- Some markets faired better than others, as did chain scales

Five-week period: June 7 to July 11, 2026
Source: CoStar

Peaks & Valleys Delivering Pricing Power

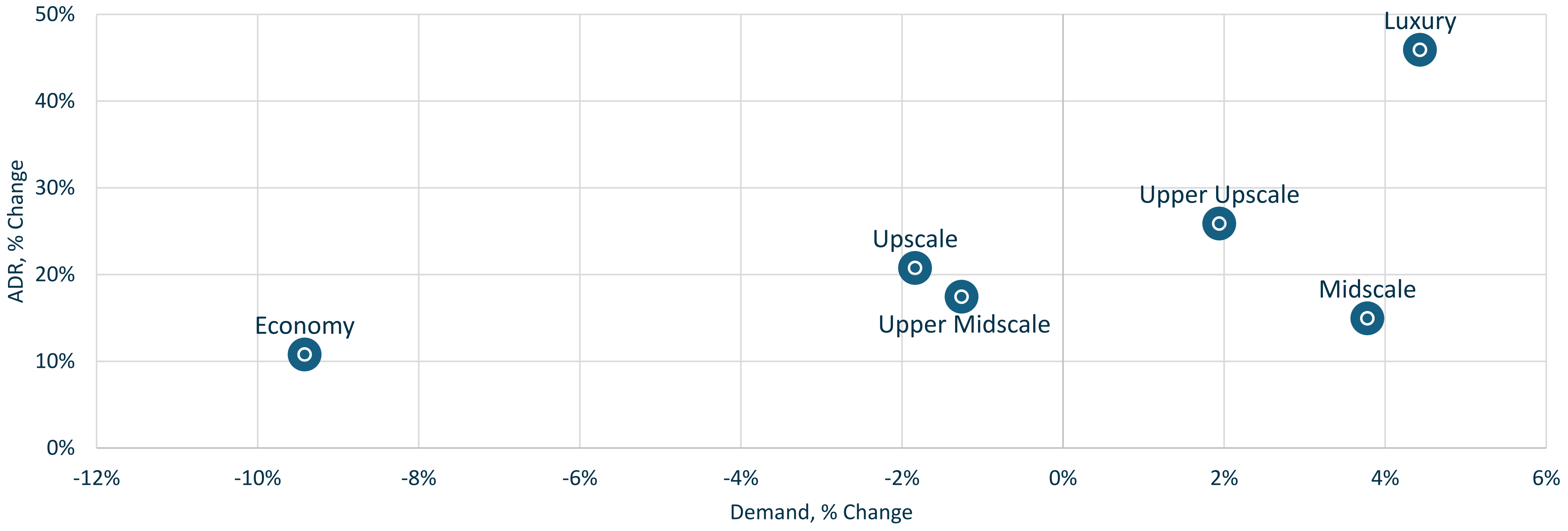
Daily Performance, YOY % Change



Source: CoStar

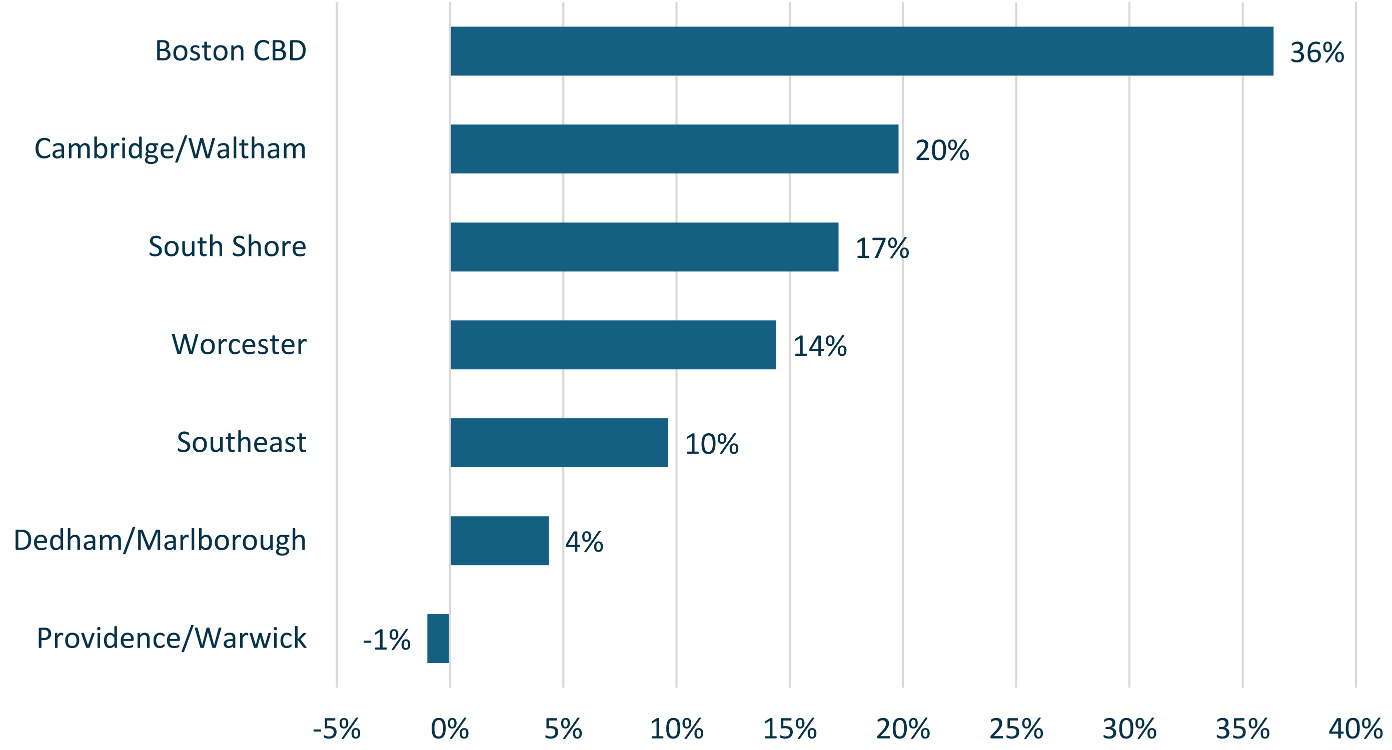
Demand & ADR Varied by Scale

Five-Week Period, Demand & ADR YOY % Change



Gains Varied by Submarket

Five-Week Period, RevPAR YOY % Change

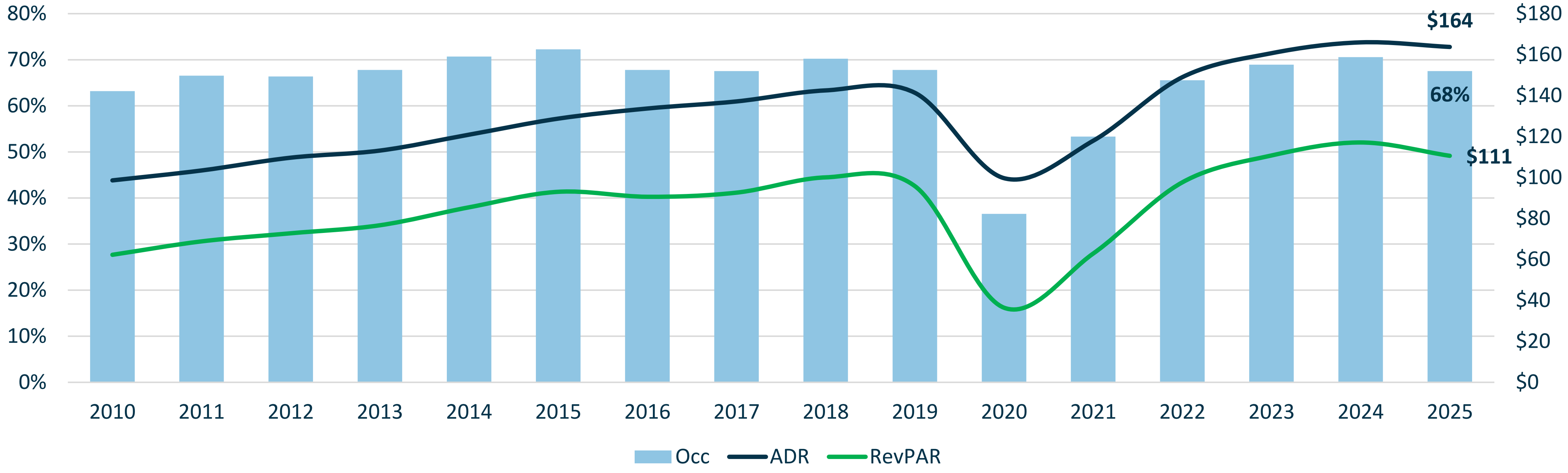


Five-week period: June 7 to July 11, 2026
Source: CoStar

SUBURBAN BOSTON LODGING MARKETS

Recovery Complicated by Pandemic-Era Displacement

Performance, 2010-2025



Source: CoStar

Suburban Performance Remains Challenged

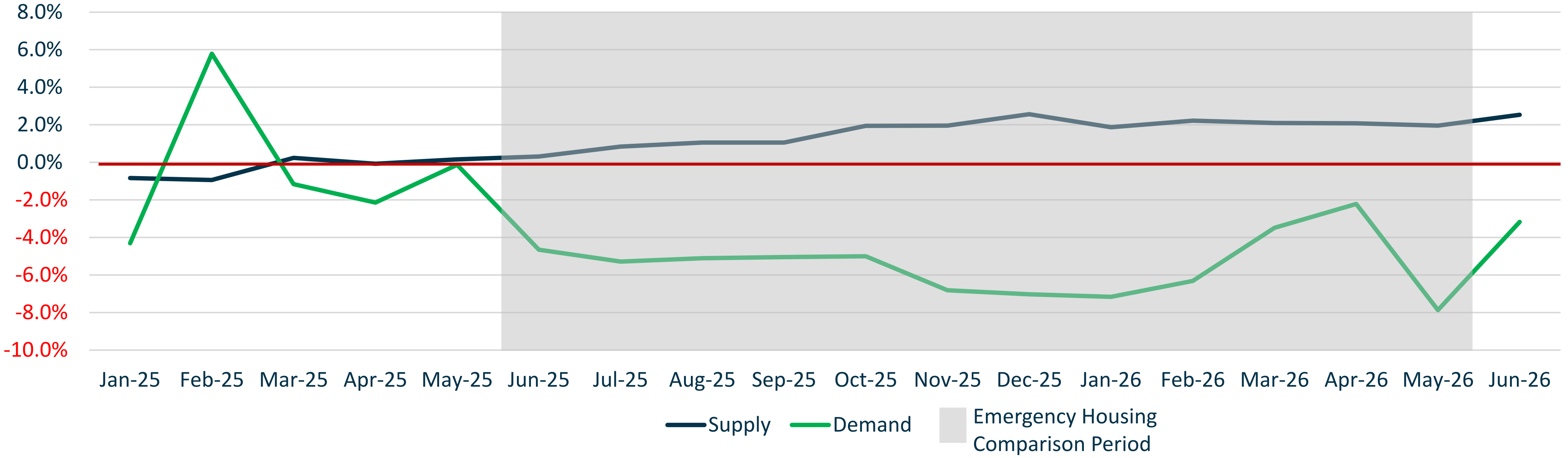
Performance, YTD June 2025 vs 2026

	YTD June 25	YTD June 26	% Change
Supply	5.7m	5.8m	2.1%
Demand	3.8m	3.6m	-4.9%
Occ	66.5%	61.9%	-4.6pts
ADR	$155	$157	1.2%
RevPAR	$103	$97	-5.8%

Source: CoStar

Emergency Housing Rooms Return to Market

Monthly Supply & Demand, YOY % Change



The release of rooms being used in the Emergency Assistance Family Shelter system is distorting year-over-year comparisons, creating an artificial decline in demand and an increase in supply as hotels transition back to traditional lodging use.

New Supply Delivering in Pockets

New Supply, 2026 & 2027

Property Name	Rooms	City/Town	Submarket Name	Scale	Est Opening
The Highliner	11	Gloucester	Northeast & Airport	Independent	Jan 2026
The Courier Hotel	21	Salem	Northeast & Airport	Independent	May 2026
Beacon Suites Hotel	35	Somerville	West	Independent	May 2026
The Drew Hotel	25	Plymouth	South Shore	Independent	Q3 2026
TownePlace Suites by Marriott Haverhill	74	Haverhill	Northeast & Airport	Upper Midscale	Q3 2026
Fairfield by Marriott Inn & Suites Haverhill	38	Haverhill	Northeast & Airport	Upper Midscale	Q3 2026
Home2 Suites by Hilton Danvers	116	Danvers	Northeast & Airport	Upper Midscale	Q4 2026
Holiday Inn Walpole, MA	61	Walpole	West	Upper Midscale	Q4 2026
Residence Inn by Marriott Peabody	142	Peabody	Northeast & Airport	Upscale	Q1 2027
AVID Walpole MA	120	Walpole	West	Midscale	Q1 2027
WoodSpring Suites Tewksbury	122	Tewksbury	Northwest	Economy	Q1 2027
Holiday Inn Express	95	Methuen	Northeast & Airport	Upper Midscale	Q1 2027
Home2 Suites by Hilton Boston Stoughton	90	Stoughton	South Shore	Upper Midscale	Q2 2027
Hawthorn Suites by Wyndham Revere	56	Revere	Northeast & Airport	Midscale	Q2 2027
La Quinta Inns & Suites Revere	100	Revere	Northeast & Airport	Upper Midscale	Q2 2027
Babson Hotel	71	Wellesley	West	Independent	Q3 2027
Tru by Hilton Revere	104	Revere	Northeast & Airport	Midscale	Q3 2027
Hilton Garden Inn Bridgewater Boston	106	Bridgewater	South Shore	Upscale	Q4 2027
Home2 Suites by Hilton Westwood Boston	131	Westwood	West	Upper Midscale	Q4 2027
Holiday Inn Express	120	Danvers	Northeast & Airport	Upper Midscale	Q4 2027

+3.0%

+3.6%

Suburban Outlook: The Building Blocks

Demand Stabilizing, Rate Growth Moderating

- **SUPPLY: The Headwind**

New development remains concentrated in select pockets
3.0% growth expected in 2026, and another 3.6% supply growth in 2027
New supply will outpace projected demand growth and constrain occupancy recovery

- **DEMAND: Gradual Improvement**

Underlying lodging demand is healthier than reported YOY comparisons suggest
Emergency housing displacement continues to distort 2026 results
Corporate and group demand improving, but recovery remains uneven by submarket

- **ADR: Modest Growth**

Rate has remained relatively resilient despite occupancy pressure
Limited compression constrains meaningful pricing power
Expect modest ADR growth as markets work back toward normalized occupancy

Projections, Normalization Before Growth

	2025	2026	% Change
Occ %	67.6%	64.1%	-3.5pts
ADR	$164	$167	2.0%
RevPAR	$111	$107	-3.2%

2027	% Change
62.9%	-1.2pts
$169	1.0%
$106	-1.0%

Estimating about 15% of the suburban market demand was housing. That supply, previously running at/around 100% occ, largely returned to the market in Q3 2025. Those YOY comparisons (demand and occ declines) end soon.

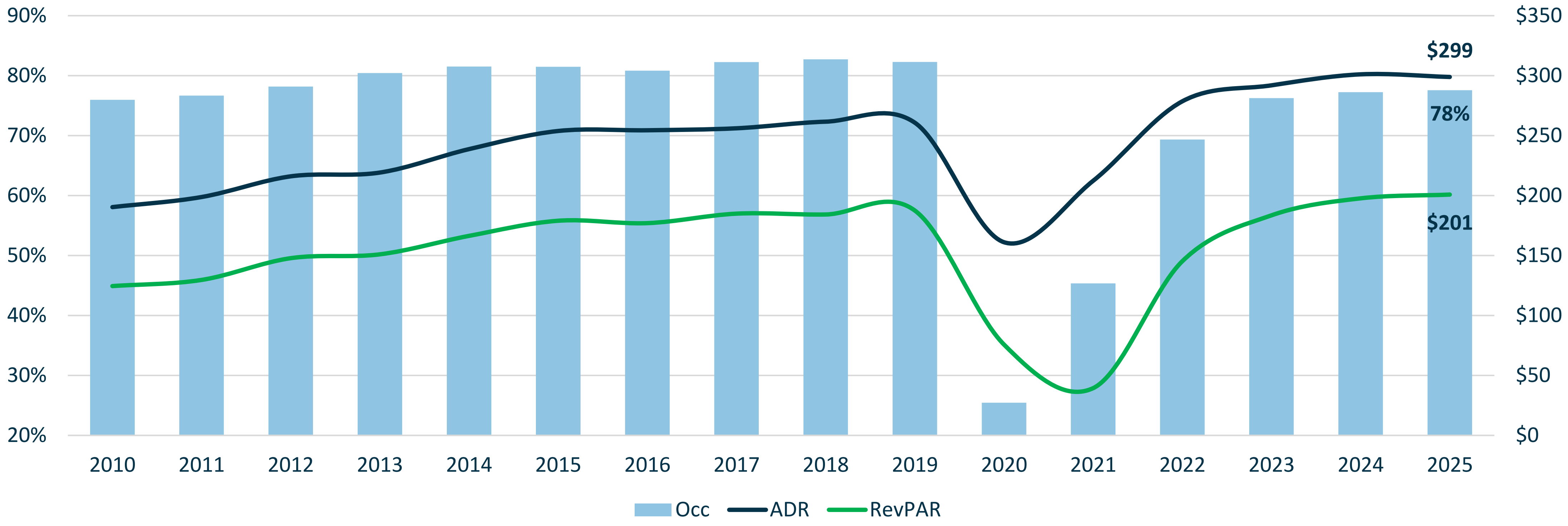
New supply (+3.6%) outpaces demand (+1.6%) in 2027.

Source: Pinnacle Advisory Group

BOSTON & CAMBRIDGE LODGING MARKET

Recovery Normalizing / Stabilizing

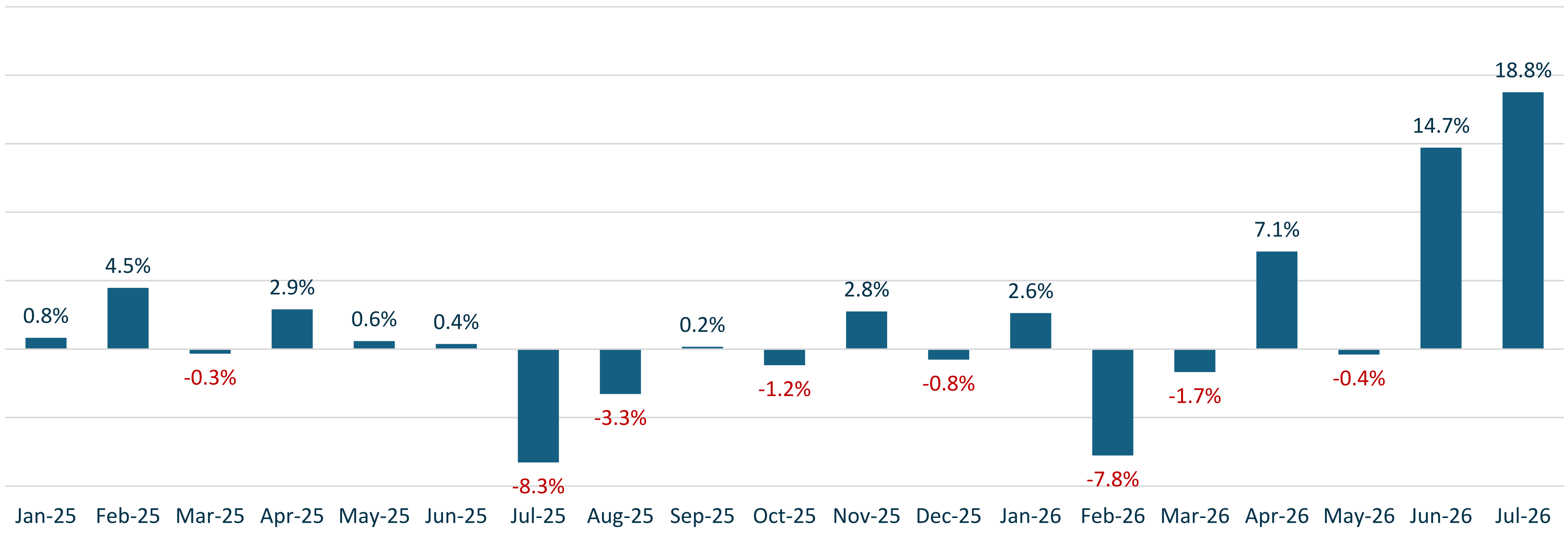
Performance, 2010-2025



Source: Pinnacle Perspective, includes preliminary July 2026 data

Post Recovery Fluctuations

Monthly RevPAR, YOY % Change



Source: Pinnacle Perspective, includes preliminary July 2026 data

A Strong Summer Changes the Story

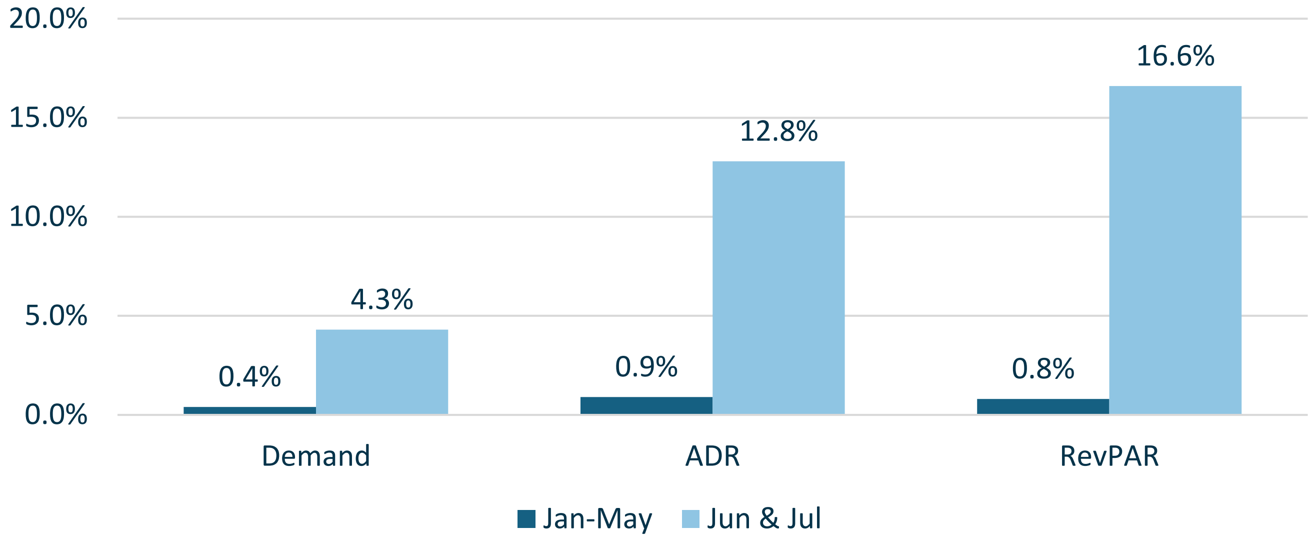
YTD Performance, July 2026

	YTD July 25	YTD July 26	% Change
Occ	76.3%	76.9%	0.6pts
ADR	$291	$307	5.3%
RevPAR	$222	$236	6.1%

Source: Pinnacle Perspective, includes preliminary July 2026 data

But Growth Has Been Highly Concentrated

January to May vs June & July 2026

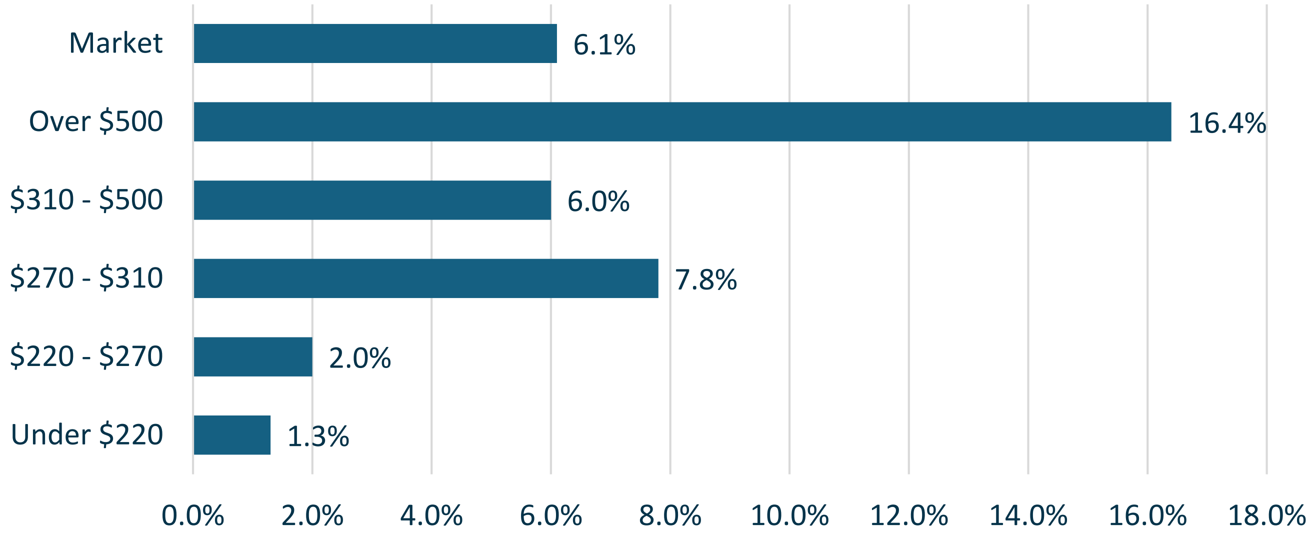


Of the growth recorded through July,
85% of occupied roomnights and 88% of room revenue were realized in June & July.

Source: Pinnacle Perspective, includes preliminary July 2026 data

Strength at the Upper End

YTD July Performance, YOY % Change



K-Shape economy prevalent in Boston.

Source: Pinnacle Perspective, includes preliminary July 2026 data

Limited New Supply

The Atlas Hotel
246 Rooms
February 2026

Cambridge Common House
16 Rooms
April 2026

Cambria Logan Airport
124 Rooms
September 2026

The Strider, Curio
170 Rooms
April 2027

Supply projected to increase 0.9% in 2026, and 0.8% in 2027.

Well below the long-term average of 2.3%.

Mixed Economic Signals, Resilient Consumer

- **Industry** - Boston is an innovation hub, anchored by world-class healthcare, life sciences and higher education, but has captured a relatively limited share of the AI investment boom currently driving U.S. venture capital and technology growth.

- **Employment** – Job growth is the clearest concern. Massachusetts ranked behind 41 states in private-sector job growth over the past five years. This year, it was sluggish through May but, driven by gains in June, Boston's employment base posted modest gains through the first half of year (+.6% YOY).

- **Office** – No longer trending downward but still not recovered.

- **Airport** - Logan's overall traffic is essentially flat through the first half of 2026 (-0.5% YOY). Middle East traffic dragging down (-32% YOY) while Canadian passengers surged in June (+20%).

Boston's economic fundamentals remain strong, but slower job growth, high housing costs and population migration elsewhere are creating longer-term competitiveness headwinds.

Corporate Demand Trends

- **Corporate transient is improving, slowly.** Core weekday (Mon–Wed) occupancy improved YoY in April and May.
- **Growth is concentrated among existing accounts**. Limited new account activity, but largest accounts producing as recovering from 2025 declines. July saw pent up demand.
- **Federal funding and policy changes are pressuring Government & Education,** two of Boston's core economic anchors.
- **Hybrid work is here to stay**, but bleisure continues to support shoulder nights, particularly Thursday and Sunday.
- **Office conditions are stabilizing, but remain a constrained.** Elevated vacancy continues to limit traditional corporate demand.

Corporate demand is recovering, but remains well short of its historical role as a market driver.
Q2 trends locally and broader economic indicators point to steady recovery through 2027.

Group Demand Trends

- **Short-term corporate group has been a bright spot recently.** Stronger pickup in Mar/Apr, but booking windows remain very short.
- **Group demand is increasingly last-minute.** Pace is less reliable as groups book, move and adjust closer to arrival.
- **Education, life sciences and government-related group remain under pressure.** Important Boston demand sectors continue to face funding and industry headwinds.
- **Social / SMERF remains relatively stable.** Providing useful base demand, but not a significant growth driver.
- **International group headwinds are moderating**, although Canada remains a notable source of weakness.

Mar & Apr ‘26 showed signs of growth YOY but largely uneven. 2027 group outlook is mixed, good pockets of demand, but less consistent compression and some significant calendar gaps.

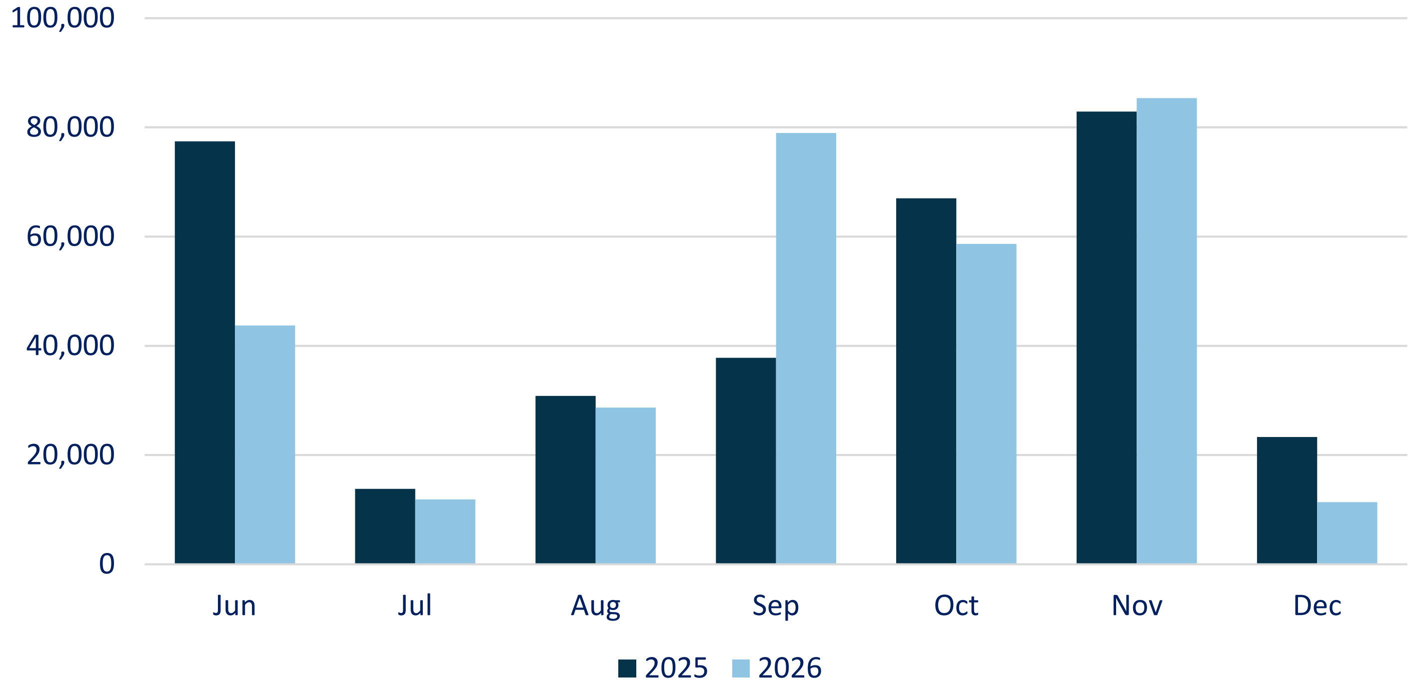
Conventions 2026 & 2027

	2026	2027	Change
Total Events	52	48	-4
Citywides	29	25	-4
Total Roomnights	569,000	549,500	-3%
Average Size	10,900	11,400	5%
MCEC Events	36	30	-6
MCEC Roomnights	475,000	464,200	-2%
Average Size	13,200	15,500	17%
Hynes Events	16	18	2
Hynes Roomnights	94,000	85,300	-9%
Average Size	5,900	4,700	-20%

**2027 brings fewer events, citywides and room nights overall;
hotel impact will depend increasingly on event size, timing and layering.**

2026: Shifting Demand Creates Compression Opportunities

Convention Roomnights by Month, Remaining 2026



Jun: 44K Room Nights | –44%
Lighter convention base coincides with FIFA-driven demand

Sep: 79K Room Nights | +109%
Large citywides + Hynes/MCEC layering drive compression

Oct – Nov: Strong Fall Base
Well-layered calendar culminates with 85K room nights in November

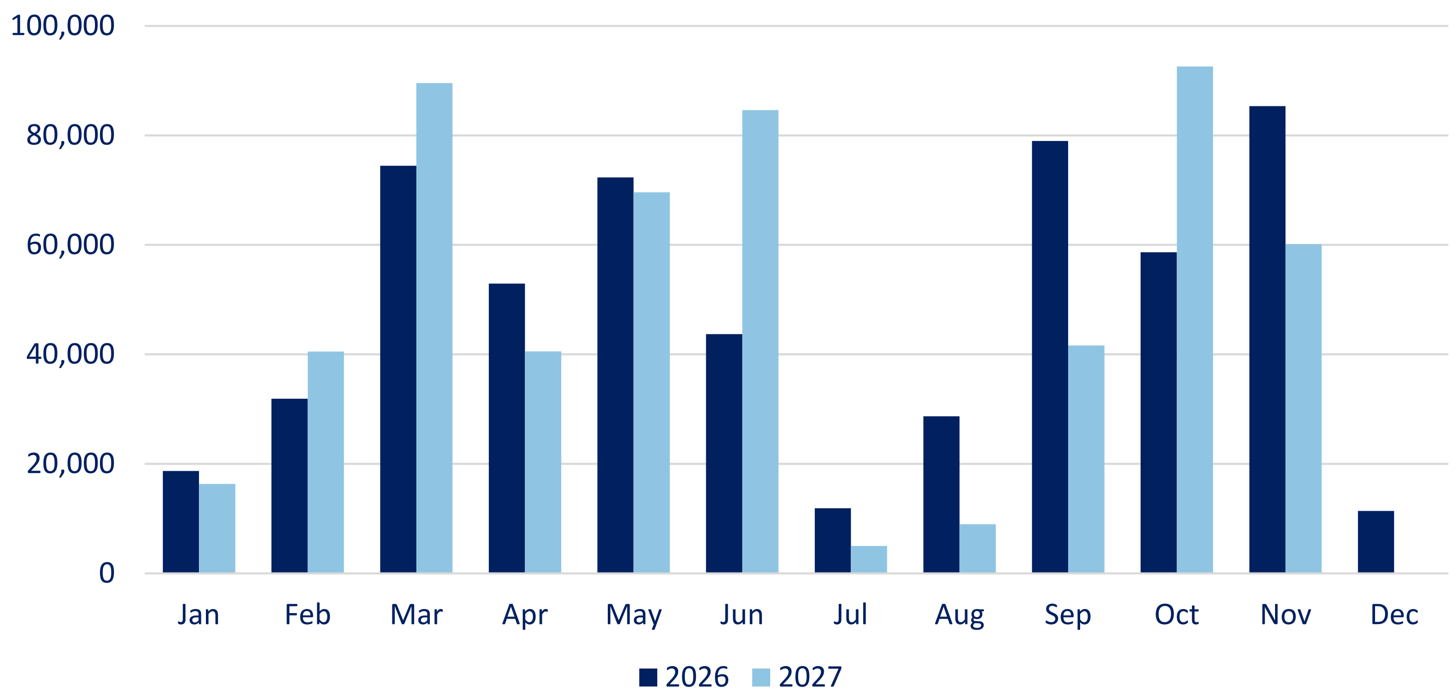
Jul, Aug, Dec: Lower Convention Base
Historically more reliant on transient demand

CY 2026: 569,000 Convention Room Nights, down 5.5% YoY to 2025

Source: MCCA

2027: Compression Concentrated in Key Months

Convention Roomnights by Month



MAR: 90K Room Nights | +20%
Large citywides + layering create repeated compression

JUN: 85K Room Nights | +94%
Convention demand rebounds following FIFA-disrupted 2026

OCT: 93K Room Nights | +58%
2027's strongest convention month + exceptional layering

Jul – Sep + Dec: Gaps Remain
Transient demand becomes increasingly important

CY 2027: 550,000 Convention Room Nights, down 3.4% YoY

Source: MCCA

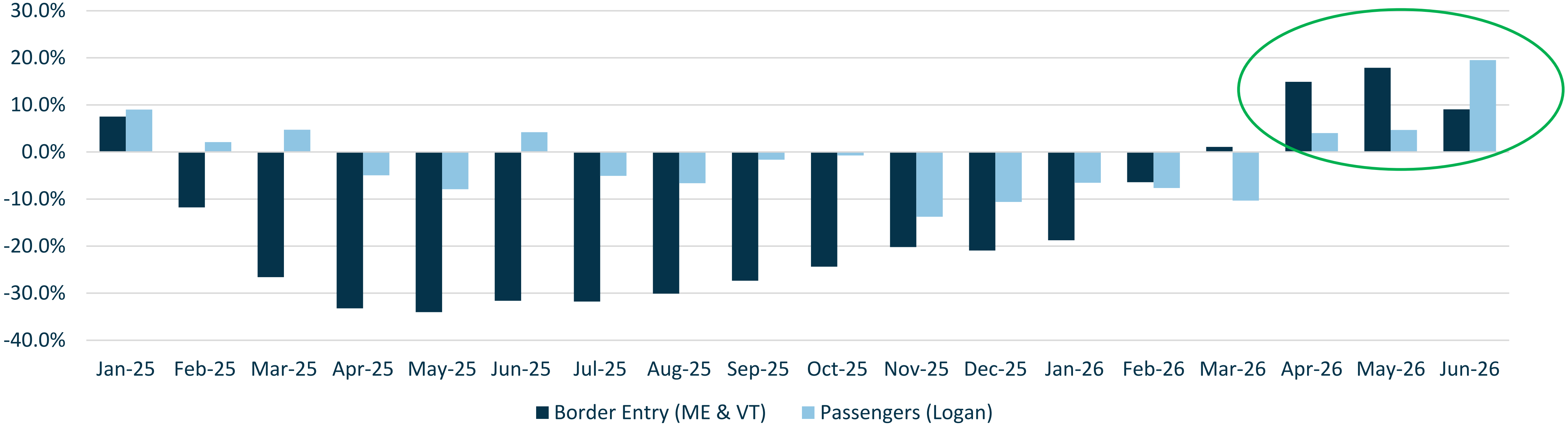
Leisure Demand Trends

- **Leisure demand remains resilient.** Particularly at the upper end as affluent consumers continue to prioritize travel and experiences.
- **International demand is moving in the right direction**, supported by Boston's strong global air connectivity and renewed international exposure. 2025 to serve as a hiccup.
- **Boston just experienced an exceptional summer.** World Cup, Tall Ships, concerts, sports and other events combined to drive unprecedented leisure demand and compression.
- **The World Cup put Boston on a global stage.** The opportunity now is to convert that exposure into sustained international and leisure visitation.
- **Canada is showing early signs of improvement.** Cross-border travel remains below historical levels, but declines began to reverse this spring.

Leisure remains a bright spot heading into 2027, with resilient higher-end travel and an improving economic backdrop

Canadian Visitation Showing Signs of Recovery

Canadian Border Crossing and Passenger Traffic, YOY % Change



Canadian visitation remains well below 2024 levels, but the sharp declines are beginning to reverse, with both drive and air traffic improving since April.

Strength in ADR Varies by Segment

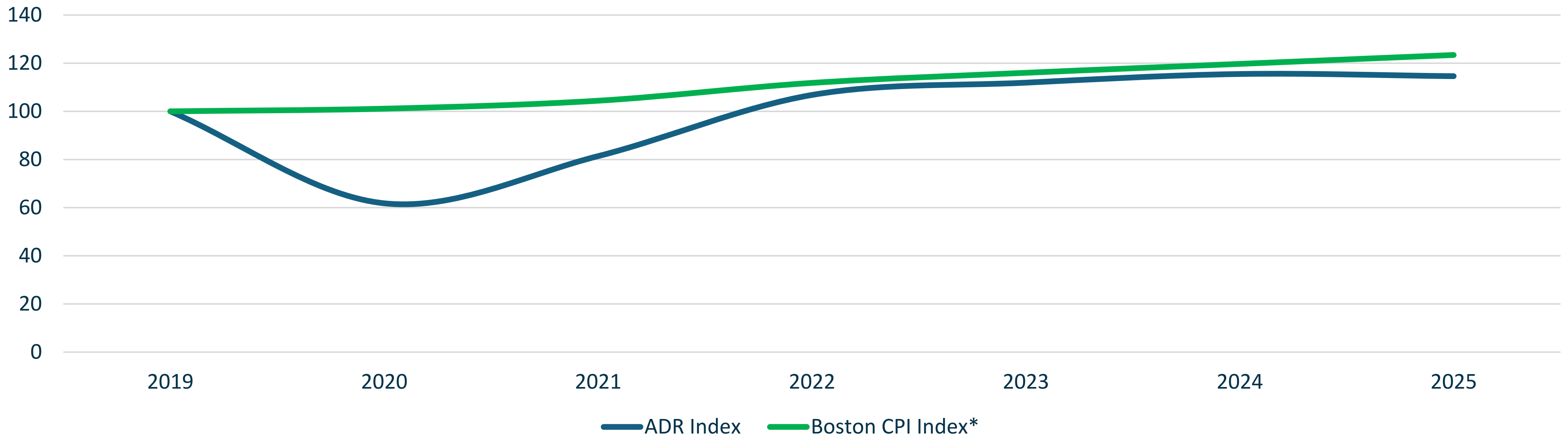
- Corporate – Moderate Growth
  - Improving midweek demand supports greater pricing power
  - Above inflationary growth is achievable on negotiated accounts
  - Growth varies by account and industry. Some industries under pressure may resist
- Group - Calendar Driven
  - Strong group periods during high demand months create broader compression
- Leisure – Product Matters
  - Luxury / Upper Upscale hotels continue to benefit from current economic environment
  - Event-driven periods support pricing power
  - Price-sensitive segments remain at a disadvantage

Overall: Moderate ADR growth, with outsized gains concentrated in compression periods and higher-rated hotels. YOY comparisons will remain challenging.

PROFITABILITY

ADR Growth vs Inflation

Are hotels actually achieving real pricing growth?

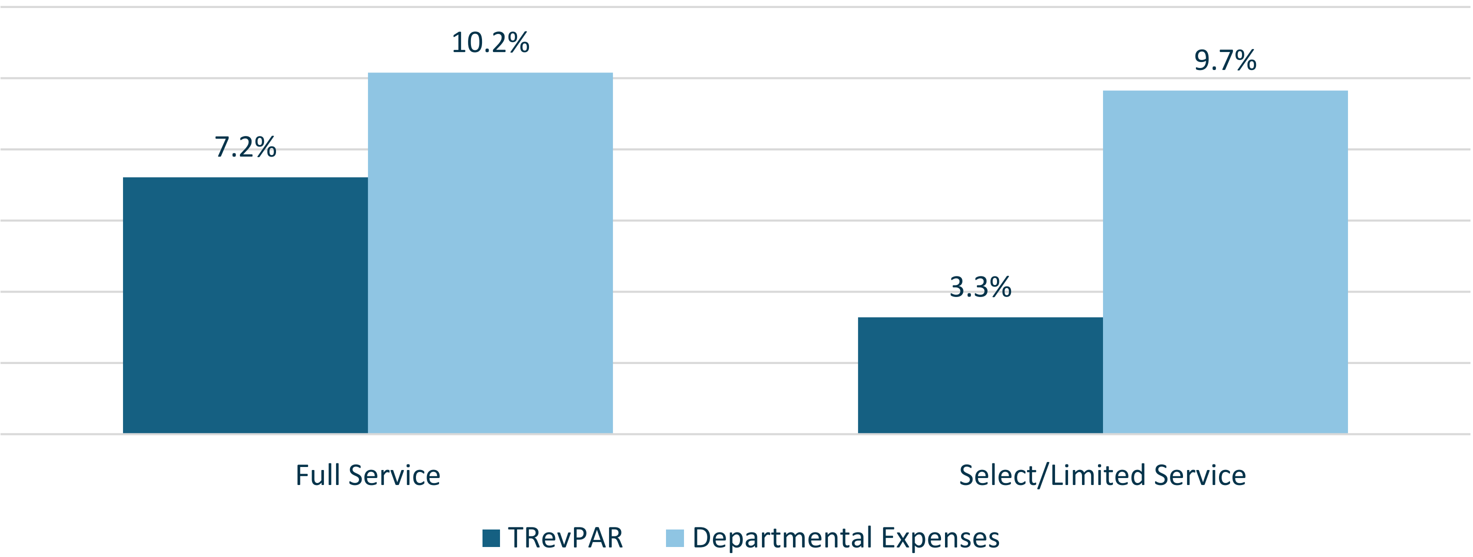


Higher room rates have not translated into real pricing growth, with ADR still trailing inflation since 2019.

**Boston-Cambridge-Newton CPI-U, All Items; annual averages.*
Source: BLS, Pinnacle Perspective

Departmental Expenses Outpacing Revenue Growth

TRevPAR and Dept Expenses PAR, % Change 2023-2025

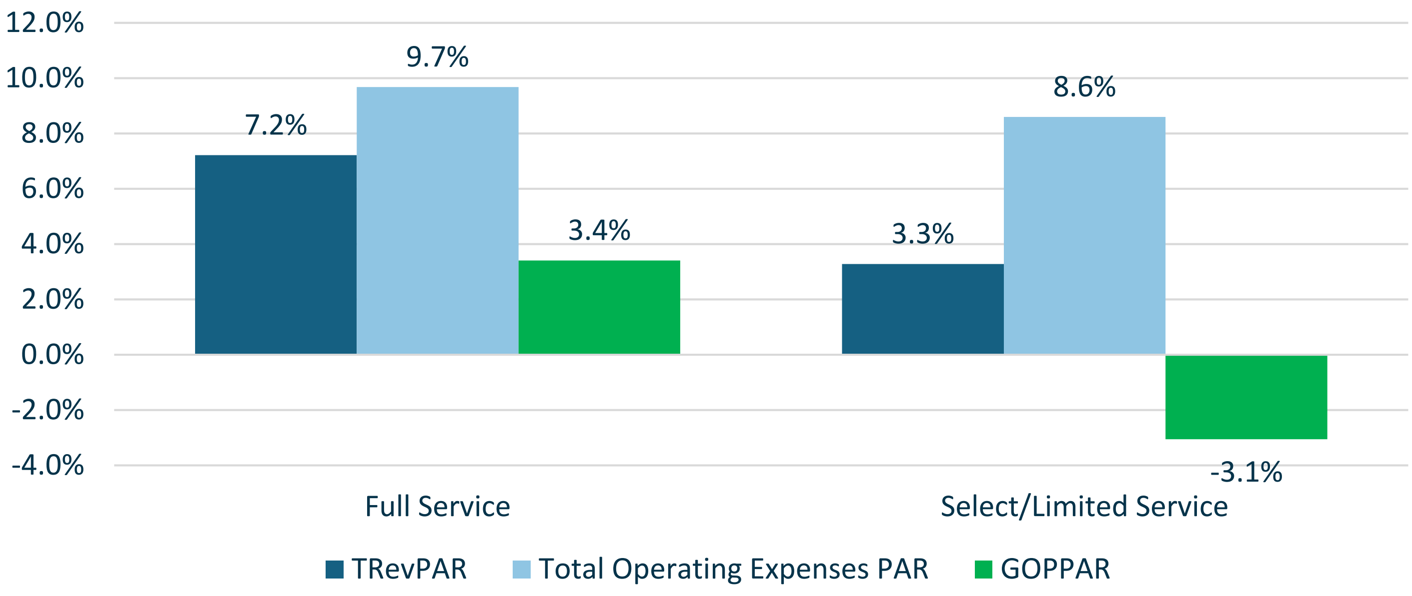


Departmental expenses have grown faster than revenue across both hotel segments, placing continued pressure on operating margins.

Source: Pinnacle Advisory Group

Rising Expenses Are Eroding Profit Growth

TRevPAR, Operating Expense PAR and GOPPAR — % Change, 2023–2025



Labor Costs Outpacing Revenue Growth

+13% at Full Service
+11% at Select/Limited Service

Rising operating costs are absorbing revenue gains, limiting GOP growth at full-service hotels and driving GOP declines at select/limited-service properties.

Source: Pinnacle Advisory Group

KEY TAKE AWAYS & PROJECTIONS

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Demand is Broadening, But Gradually

Corporate and group are reemerging alongside a resilient leisure base.

This is an important shift from the early post-COVID recovery, which was overwhelmingly leisure-led. Continued improvement in corporate transient and group demand provides a broader foundation for growth.

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Convention Totals Matter, So Does Timing

Despite a 3.4% decline in annual convention room nights, several high impact periods should create meaningful compression opportunities.

March, June, October and November provide large programs and favorable layering supporting transient pricing power.

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Performance Will Remain Uneven

Hotel positioning and customer mix will increasingly determine performance.

Luxury RevPAR greatly outperforming lower chain scales, exponentially as you get lower in price point.

Affluent consumers control a disproportionate share of travel spending while credit stress disproportionately affects lower-income travelers.

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Limited Supply Creates Opportunity

Existing hotels enter 2027 with an unusually favorable competitive backdrop.

~0.8% supply growth vs. 2.3% long-term average

This is structural, not cyclical, and probably the strongest fundamental argument for hotel ownership right now.

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Revenue Growth ≠ Profit Growth

The next battle is in the middle of the P&L.

Hotel rates have not fully kept pace with inflation, while labor and other operating costs continue to outpace revenue growth.

As a result, incremental revenue is becoming increasingly difficult to convert into bottom-line growth.

Boston & Cambridge Projections

	2025	2026	% Change
Occ %	77.6%	77.7%	-0.1pts
ADR	$299	$310	3.9%
RevPAR	$232	$241	4.2%

	2026	2027	% Change
Occ %	77.7%	77.9%	0.2pts
ADR	$310	$315	1.6%
RevPAR	$241	$245	1.8%

Source: Pinnacle Advisory Group

Thank you.

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