

# Hospitality Market Snapshot

Mid-Year 2025

**PARTNER**  
Valuation Advisors

## Market Overview

The hospitality sector entered a phase of stabilization in Q2 2025. While RevPAR growth has moderated, it remains positive nationally, driven by strength in luxury segment, even as economy and midscale properties face contraction. Transaction volume remains subdued, with buyers placing greater emphasis on historical EBITDA and cash flow risk. Operational headwinds such as labor costs, softening demand or ADR in some locations/segments, and reduced international travel continue to weigh on performance. However, new supply remains below long-term norms and economy occupancy is somewhat supported by reduction in hotel supply. Overall, luxury and branded residences are showing notable resilience in performance and from an investor standpoint.

## Key Trends

- **Segment Divergence:** Luxury segment remains strong, while economy and midscale segments contract given a divergence in consumer spending and confidence.
- **Cautious Capital Markets:** Buyers are focusing on historical EBITDA and cash flow risk, with neutral cap rates to debt acceptable short-term.
- **Operational Pressures:** Labor costs and soft ADR in some markets are compressing margins despite stable topline performance.

[www.PartnerVal.com](http://www.PartnerVal.com)

## Notable Transactions

- A joint venture between Henderson Park, Eagle Realty, and Pyramid Global Hospitality acquired the 705-room Arizona Biltmore, LXR Hotels & Resorts, for just under \$1 million per room. The deal was financed with a \$460 million loan and closed at a 7.54% cap rate.
- JW Marriott Desert Ridge Resort & Spa in Phoenix, AZ changed hands in an \$865-million transaction (\$910,500 per room), reflecting strong investor appetite for high-performing, full-service resorts in warm-weather markets.
- The 292-room Kimpton Eventi sold for \$174.5 million on May 1, 2025. The deal was under contract since December 2024, benefiting from stronger market conditions prior to the announcement of tourism-impacting tariffs and the enactment of the Safe Hotels Act.
- Park Hotels & Resorts announced plans to sell \$300–\$400 million in non-core hotel assets in 2025, while simultaneously investing \$330 million in renovations across key properties. This includes a \$100 million repositioning of the Royal Palm South Beach Miami, which will close for upgrades in late 2025.

### Transaction Volume

Remains muted given higher debt costs and uncertainty.

### Cap Rates

Stable, with a focus on long-term cash flow sustainability.

### Outlook

Greater certainty could unlock more deal flow in H2 2025; uncertainty may prolong market inaction.



**McKenna Luke**  
MAI  
Managing Director

McKenna Luke, MAI, leads Partner Valuation Advisors' National Hospitality Practice Group. Ms. Luke has overseen and completed thousands of assignments spanning hospitality properties from small, independently owned motels to the most expensive resorts in the U.S.

✉ [mluke@partnerval.com](mailto:mluke@partnerval.com)

📞 303-704-2636