

Metropolitan Memphis Hotel & Lodging Association

28th Annual Lodging Industry Update

Interesting Times
February 20, 2026



ATLANTA ♦ BOISE ♦ BOSTON ♦ JACKSONVILLE ♦ NASHVILLE ♦ WASHINGTON DC ♦ WILLIAMSBURG

Agenda

- The Economy
- What's the sentiment?
- U.S. and Memphis Hotels

- **The Economy**
- What's the sentiment?
- U.S. and Memphis Hotels

How Do You Feel About Today's Economy?

Good?

Okay?

Bad?

What Will the Economy Look Like in a Year?

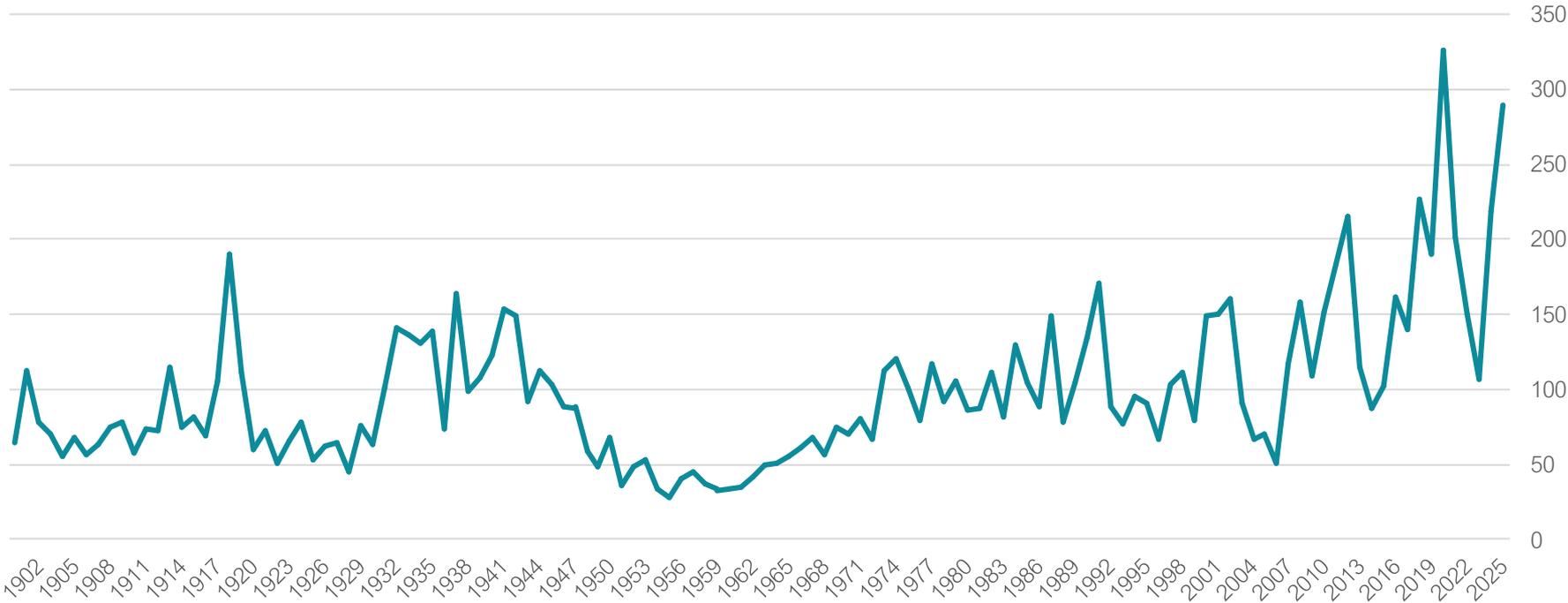
Better?

Same?

Worse?

Long-Term Economic Policy Uncertainty

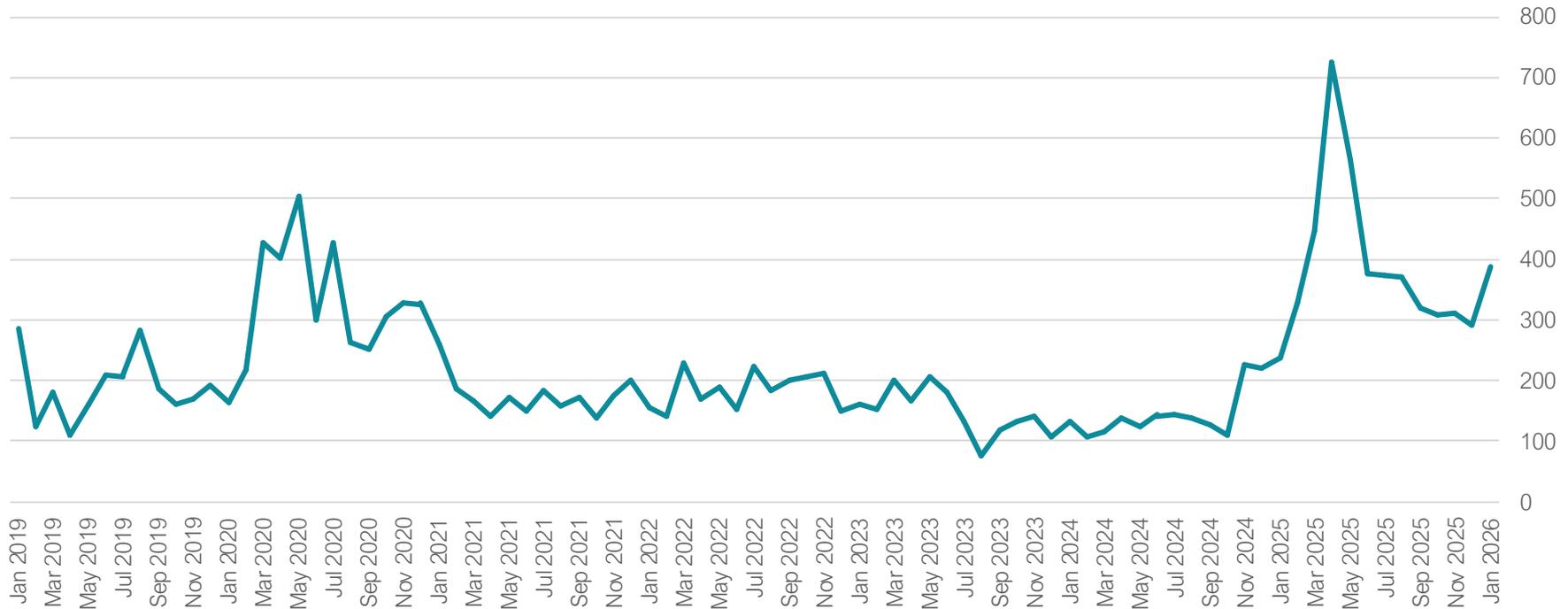
Economic Policy Uncertainty



Sources: Policy Uncertainty (Jan 2026)

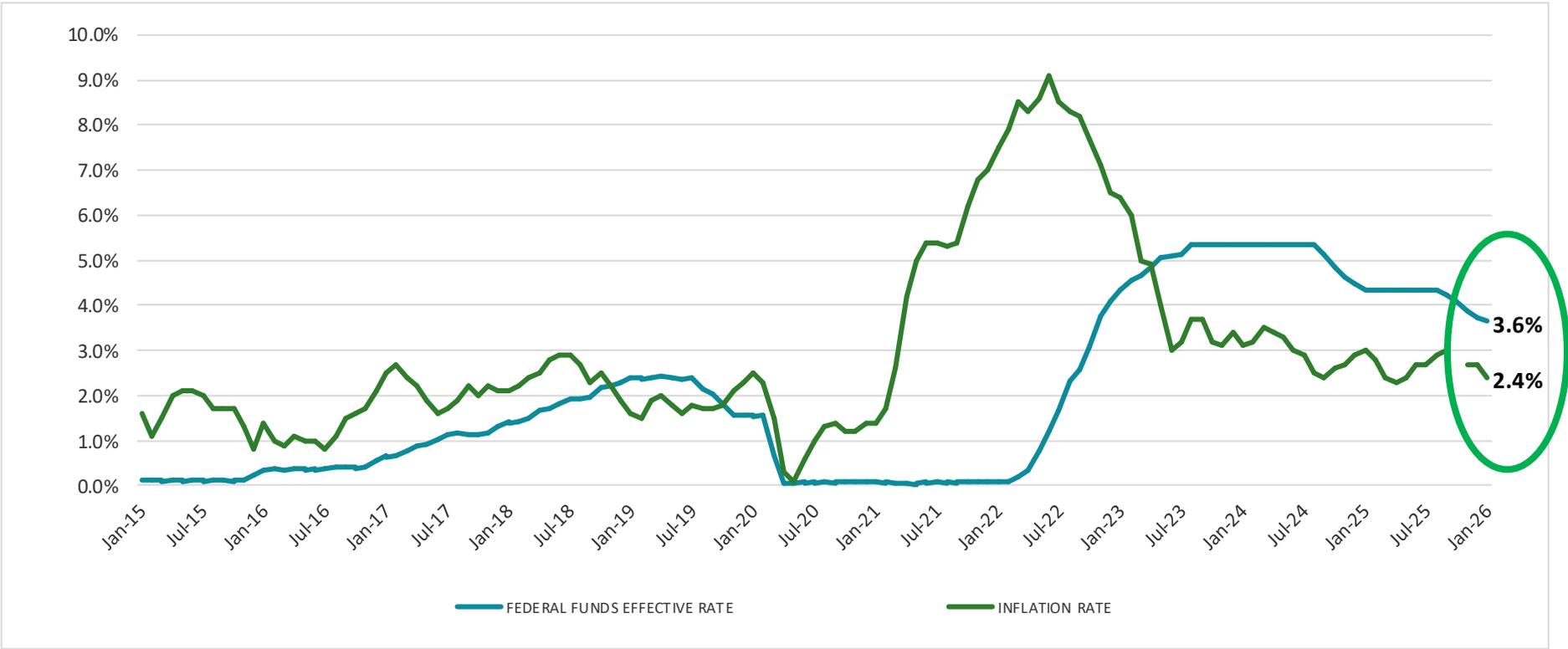
Economic Policy Uncertainty - One Year Prior to COVID-19

Uncertainty Index Since Pre-COVID



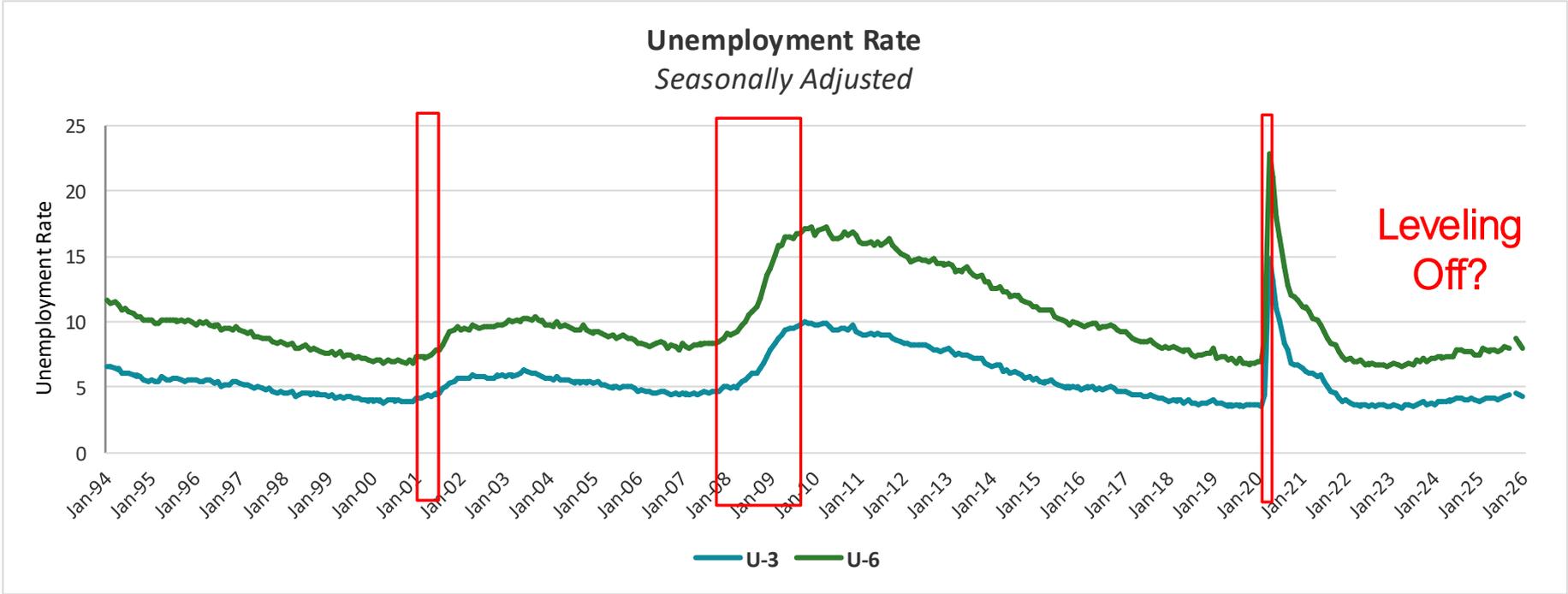
Sources: Policy Uncertainty (January 2026)

Macro Economics: Is Inflation Managed?



Source: FRED Economic Data, BLS.gov, (Oct 2025)

Unemployment Rate

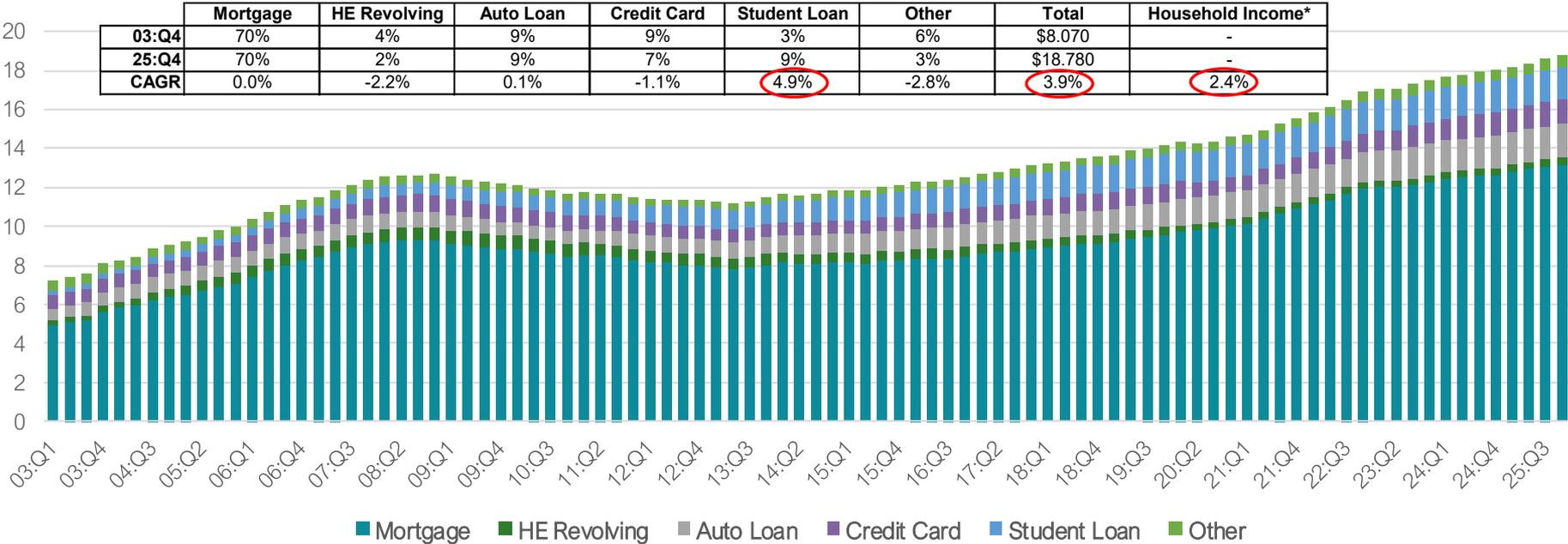


Note: U-3 measures unemployed individuals actively seeking work, serving as the 'standard' metric. U-6 includes all U-3 individuals plus those who have ceased job search and those pursuing part-time roles. Data for October 2025 is unavailable due to funding issues.

Source: FRED Economic Data (Jan 2026)

U.S. Household Debt Overview

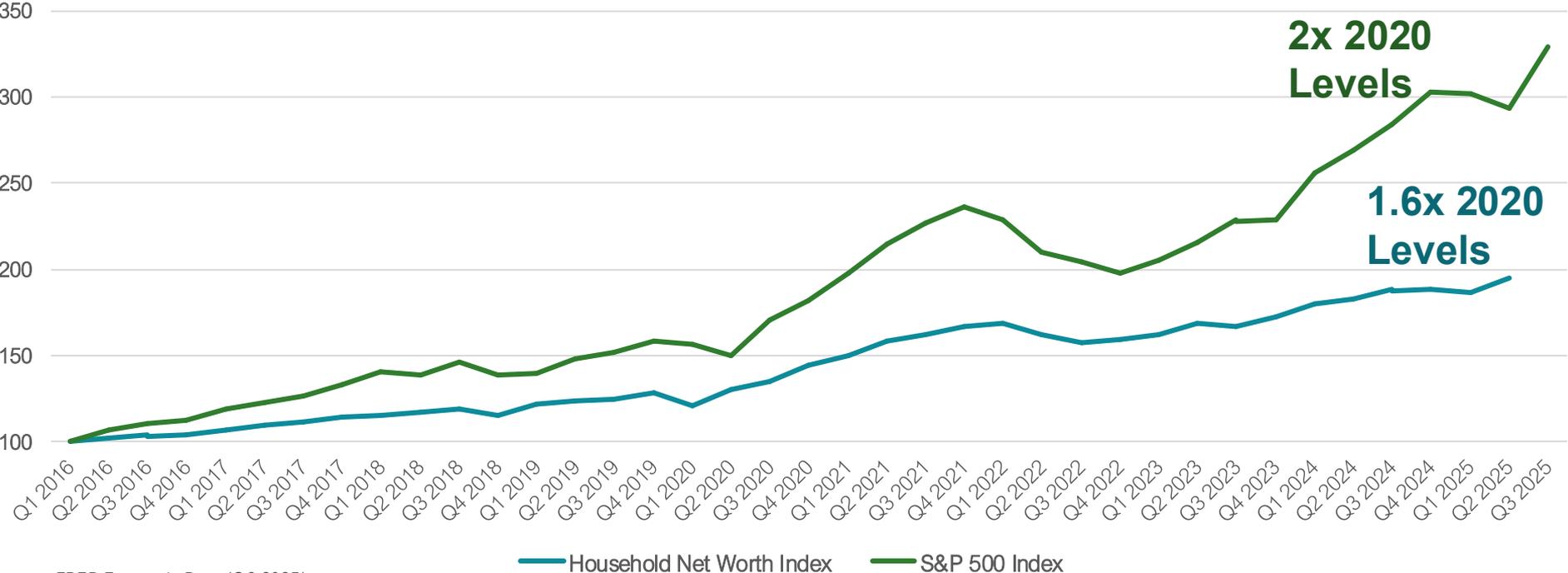
Total U.S. Household Debt (Trillion \$)



*Household Income CAGR reflects data from YE 2003 to November 2025.
 Source: Federal Reserve Bank of New York (Dec 2025).

U.S. Household Net Worth vs S&P 500 Index

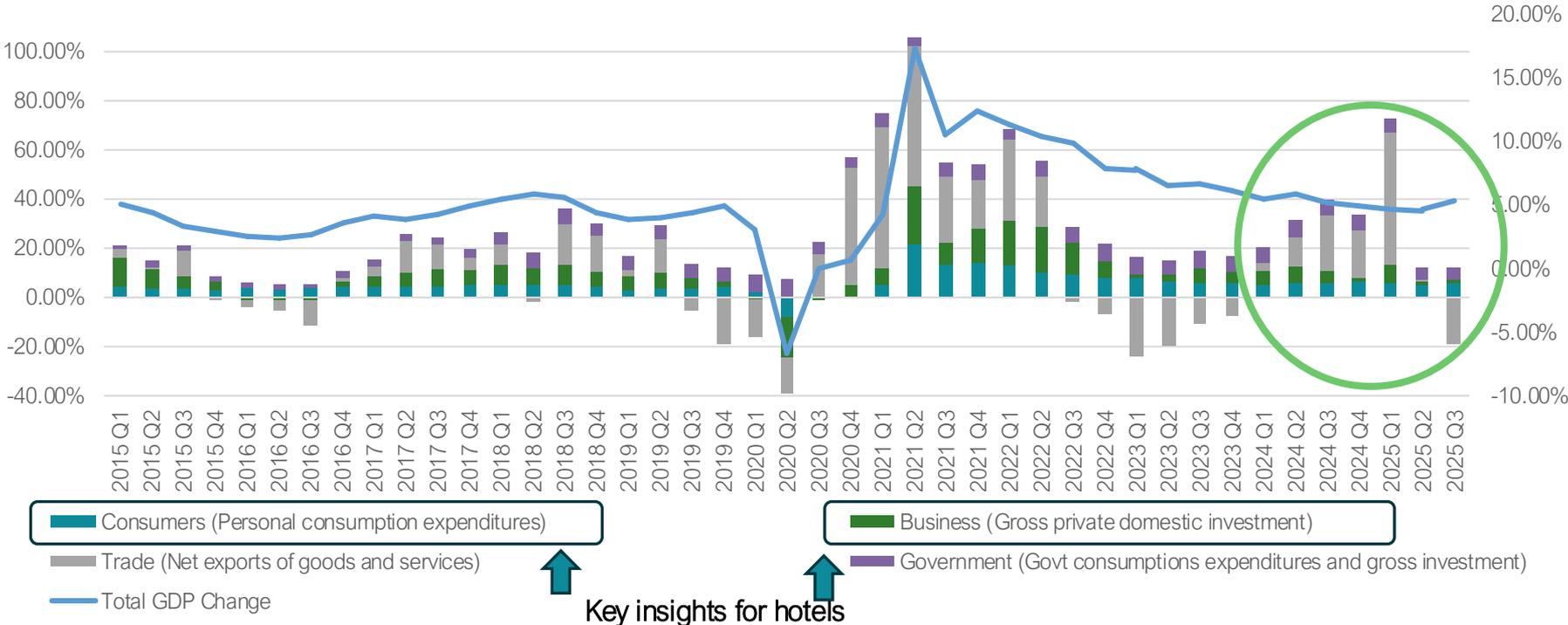
Quarterly Household Net Worth and S&P 500
Indexed to January 2016



Source: FRED Economic Data (Q3 2025)

Forecast for GDP Components

GDP By Major Component



Source: BEA (Q3 2025, latest data available)

Leading Economic Indicators – Conference Board

Ten Components of the Leading Economic Index® (LEI) for the U.S. This predictive tool identifies turning points in the business cycle approximately seven months in advance:

- Average weekly manufacturing hours;
- Average weekly initial unemployment claims;
- New orders for consumer goods and materials;
- ISM® Index of New Orders;
- New orders of nondefense capital goods (excluding aircraft);
- Building permits for new housing;

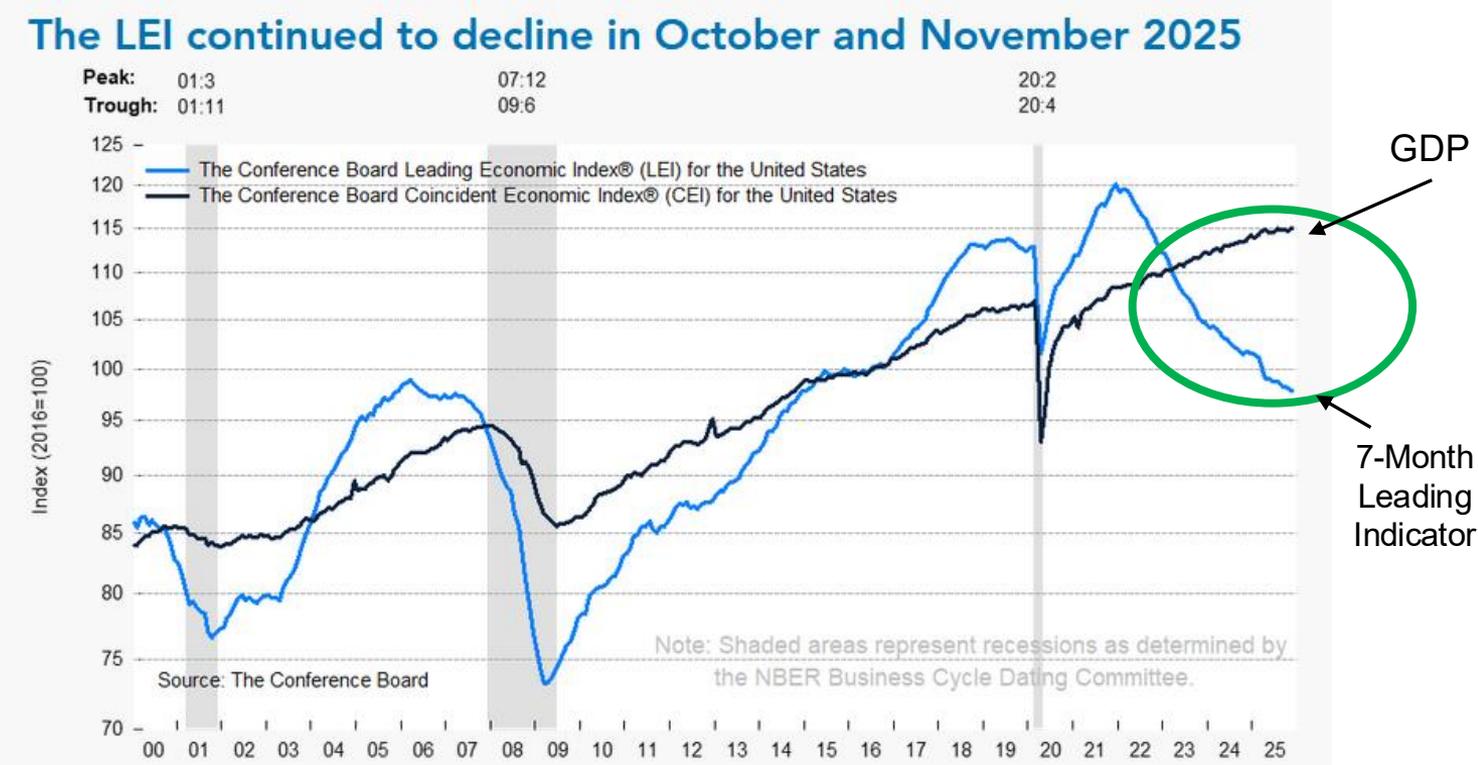
Four Components of the Coincident Economic Index® (CEI) for the U.S. Highly correlated with overall GDP:

- Non-agricultural payroll employees;
- Personal income excluding transfer payments;
- Industrial production;
- Manufacturing and trade sales.

- S&P 500® Stock Price Index;

Metropolitan Memphis Hotel & Lodging Association

Economic Indicators – The Conference Board



Sources: The Conference Board (Jan 2026)

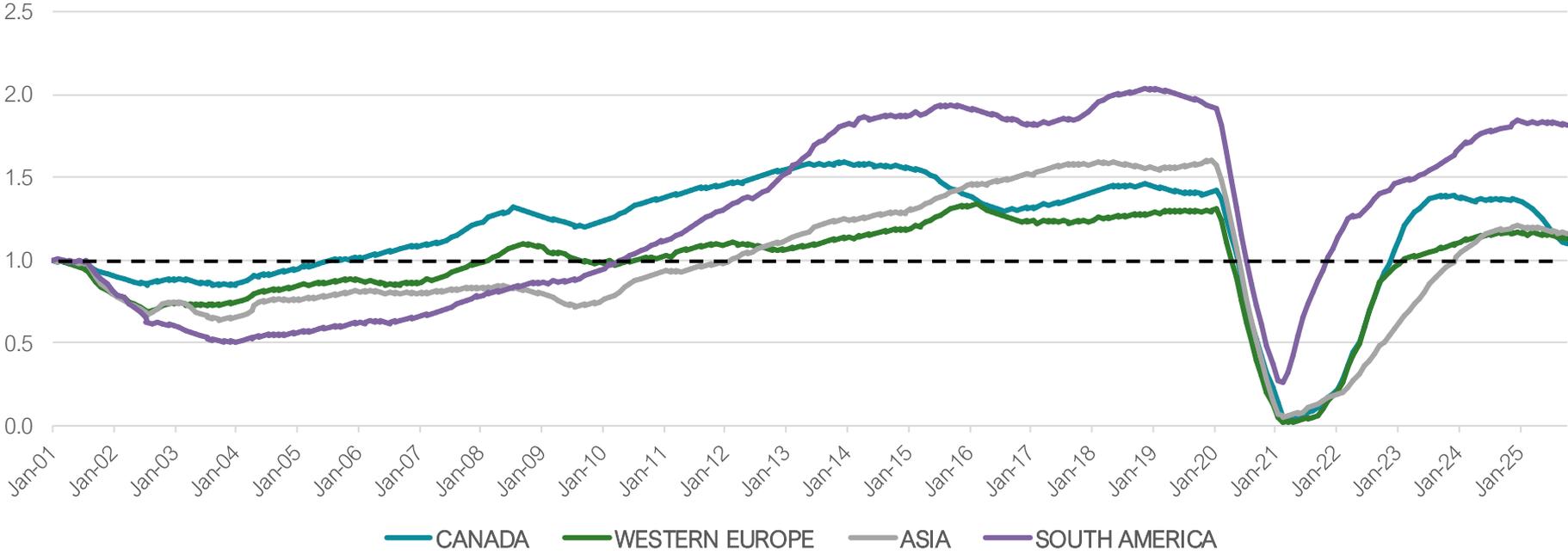
Economic Indicators – Insights

➤ "The US LEI declined again in October and November," stated Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators at The Conference Board. "In 2025, weakened consumer expectations caused a drop in the LEI, followed by a decrease in new orders. The other components of the leading index remained subdued in November, with positive contributions mainly from labor market indicators, such as initial unemployment claims and weekly manufacturing hours. Despite a 4.4% real GDP growth in Q3 2025, the LEI continues to indicate a slowdown for the US economy in 2026."

Sources: The Conference Board (Jan 2026)

International Inbound Visitation Index

Inbound International Travel (Indexed to Jan 2001)
Seasonally Adjusted

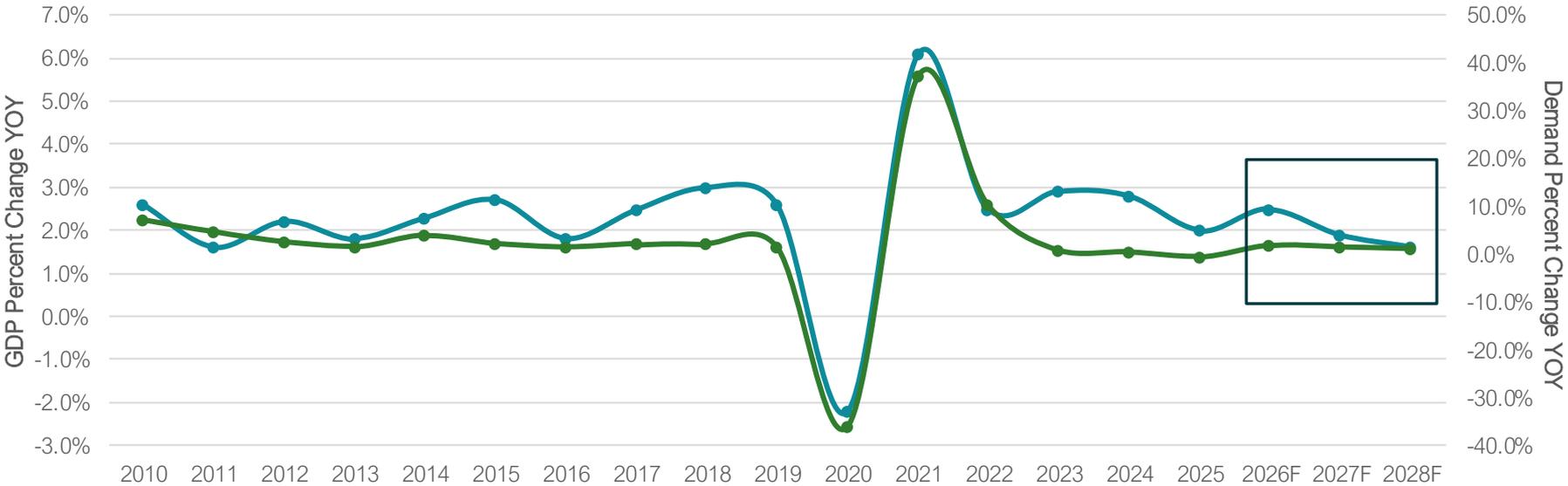


Source: Trade.gov APIS I-92 Data (Nov 2025, latest data available)

GDP Baseline Forecast

GDP vs Demand (+ Forecast) Year-Over-Year Change

—●— GDP YOY Change —●— Demand YOY Change

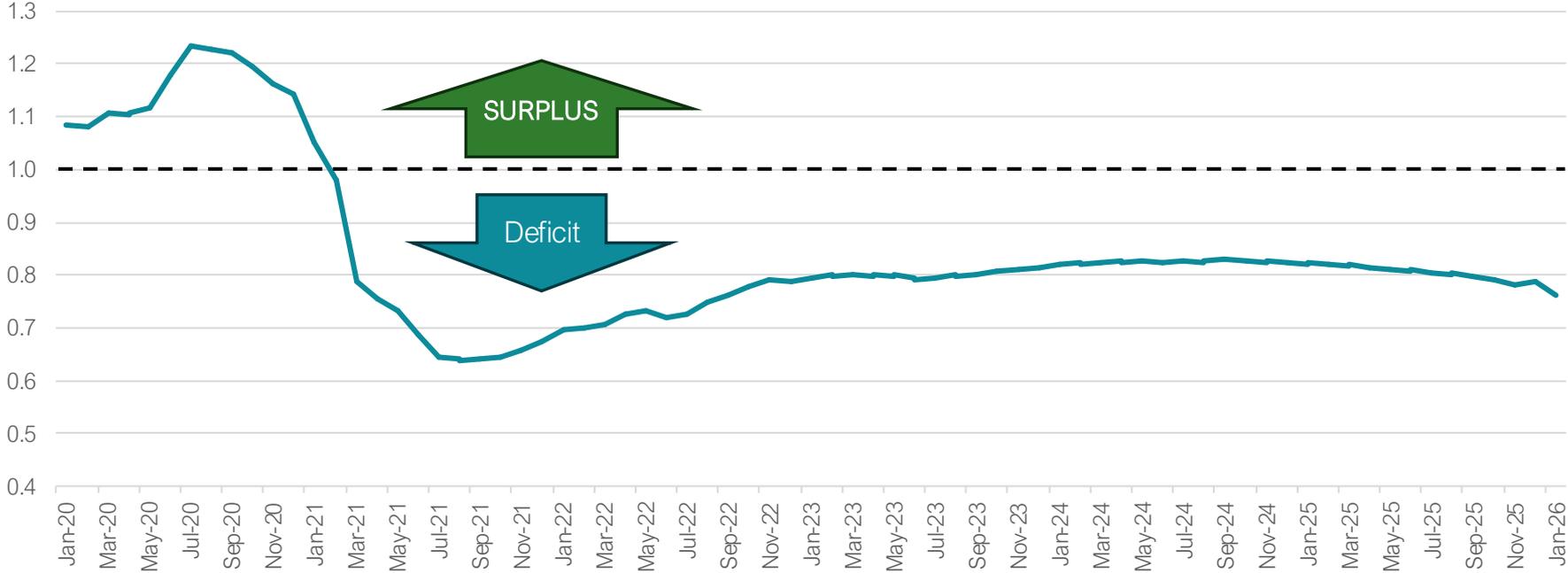


Source: Economic Outlook Group, CoStar (Jan 2026)



International Travel Ratio – Tourism Import/Export

International Air Travel: Non U.S. Citizen Inbound vs U.S. Citizen Outbound
Seasonally Adjusted



Source: Trade.gov APIS I-92 Data (Jan 2026)

CPI Baseline Forecast

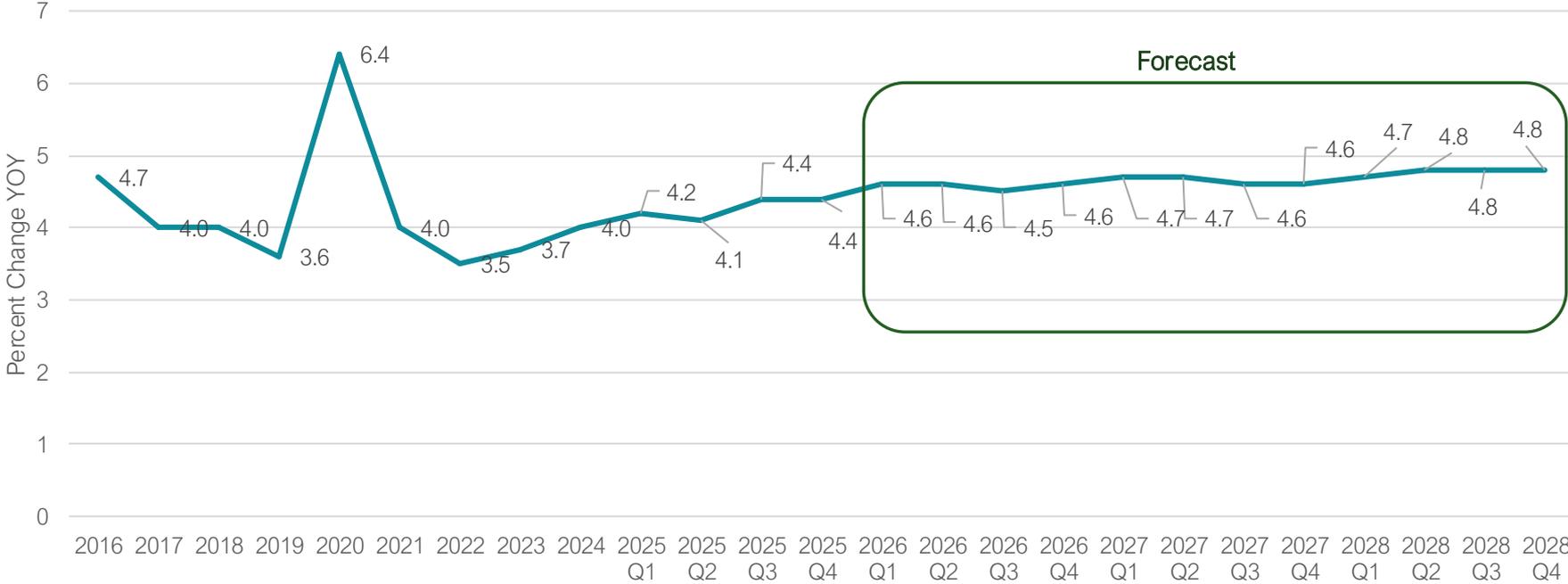
The Economic Outlook Group: Inflation/CPI Forecast



Source: The Economic Outlook Group, BLS (Q3 2025)

US Unemployment Forecast

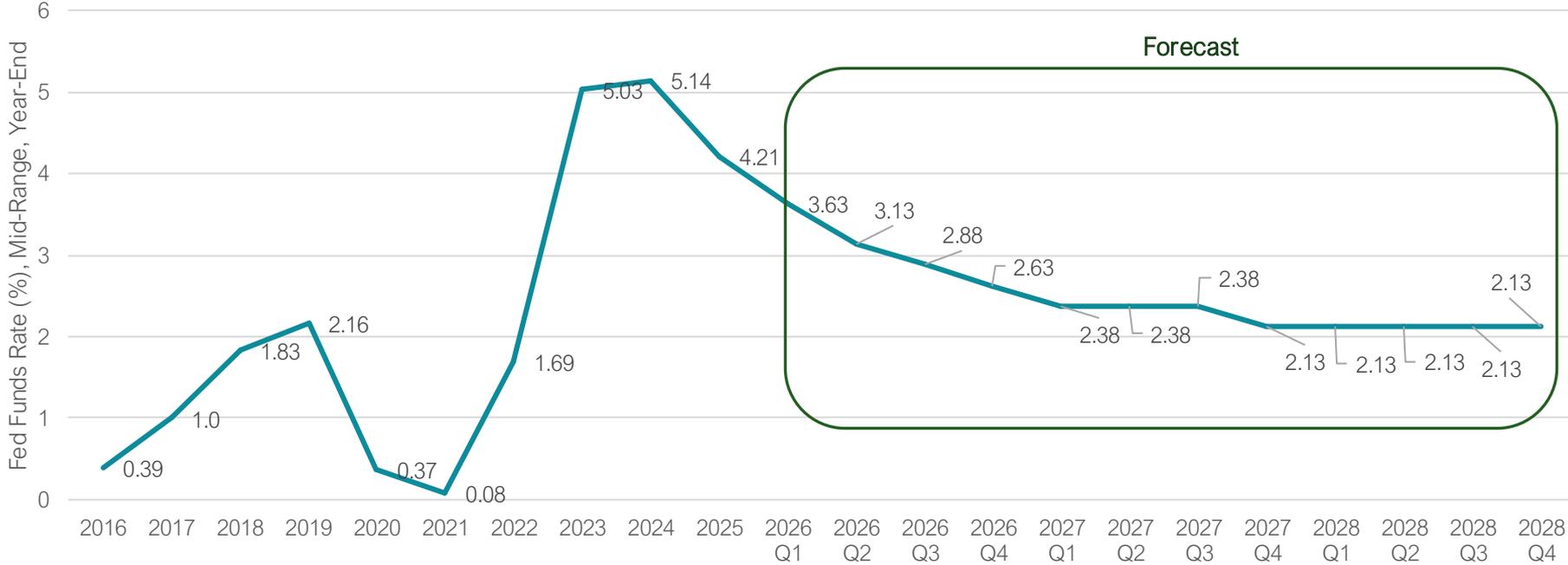
The Economic Outlook Group: Unemployment



Source: The Economic Outlook Group, FRED (Q4 2025)

Fed Rate Projections (Midpoint)

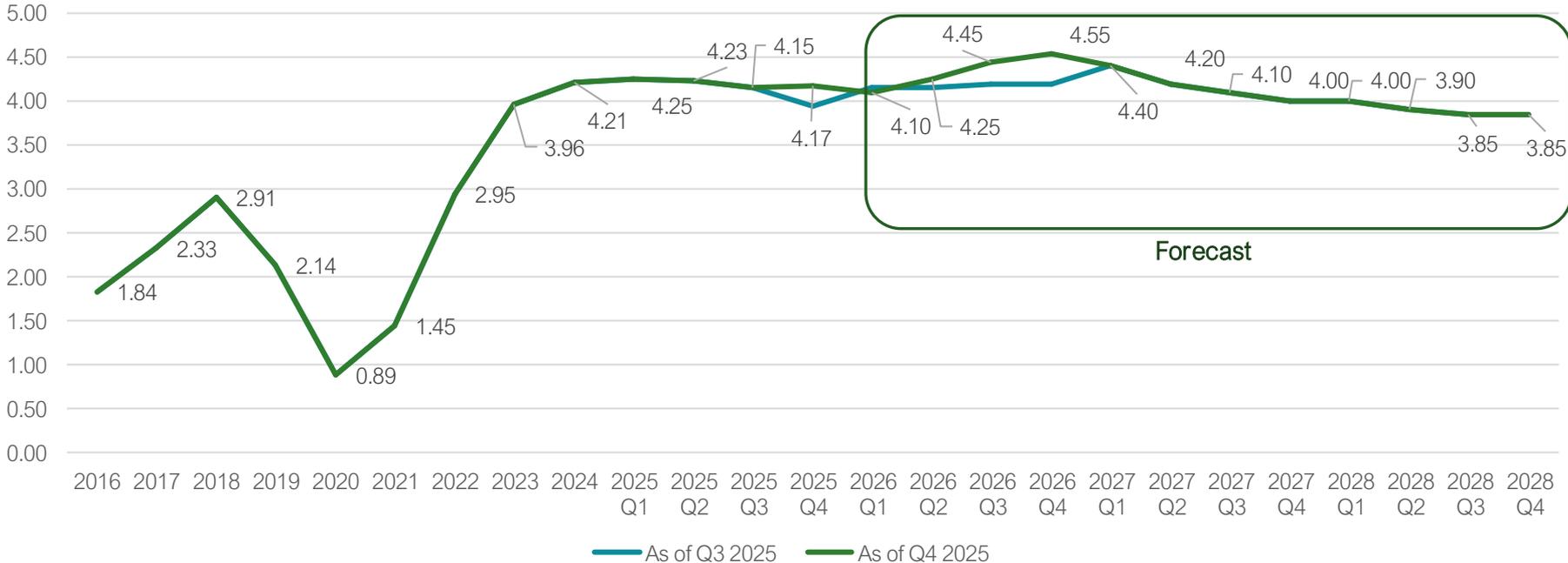
The Economic Outlook Group: Fed Funds Forecast



Source: The Economic Outlook Group, FRED (Q4 2025)

10-Year Yield Market Forecast

The Economic Outlook Group: 10Y Treasury Forecast



Source: Economic Outlook Group, FRED/US Treasury (Q4 2025)

Agenda

- The Economy
- **What's the sentiment?**
- U.S. and Memphis Hotels

Hotel Forecast Comparison Over Time

2024 Forecasts (in June 2024)						Actual YE (STR)
	CBRE	STR	PWC	LARC	Average	
Occupancy	65.4%	62.8%	63.6%	62.5%	63.6%	63.0%
ADR (YOY)	1.7%	2.2%	1.2%	2.6%	1.9%	1.8%
RevPAR (YOY)	2.0%	2.0%	2.2%	1.8%	2.0%	1.9%

2024 Accuracy Assessment					
	CBRE	STR	PWC	LARC	Average
Occupancy	-2.4%	0.2%	-0.6%	0.5%	-0.6%
ADR	0.1%	-0.4%	0.6%	-0.8%	-0.1%
RevPAR	-0.1%	-0.1%	-0.3%	0.1%	-0.1%

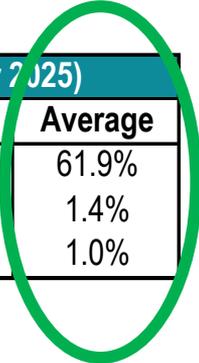
2025 Forecasts (in June 2024)					
	CBRE	STR	PWC	LARC	Average
Occupancy	65.9%	63.2%	64.0%	62.4%	63.9%
ADR (YOY)	2.3%	2.0%	0.0%	2.3%	1.7%
RevPAR (YOY)	3.2%	2.6%	0.7%	2.1%	2.2%

12 Months Later

2025 Forecasts (June 2025)					
	CBRE	STR	PWC	LARC	Average
Occupancy	62.5%	62.8%	63.7%	62.4%	62.8%
ADR (YOY)	1.0%	1.3%	1.2%	2.1%	1.4%
RevPAR (YOY)	0.1%	1.5%	2.2%	1.3%	1.3%

2025 Forecasts (November/December 2025)					
	CBRE	STR	PWC	LARC	Average
Occupancy	62.3%	62.3%	62.3%	61.4%	62.1%
ADR (YOY)	0.7%	0.9%	1.0%	0.8%	0.9%
RevPAR (YOY)	-0.5%	-0.2%	-0.2%	-0.7%	-0.4%

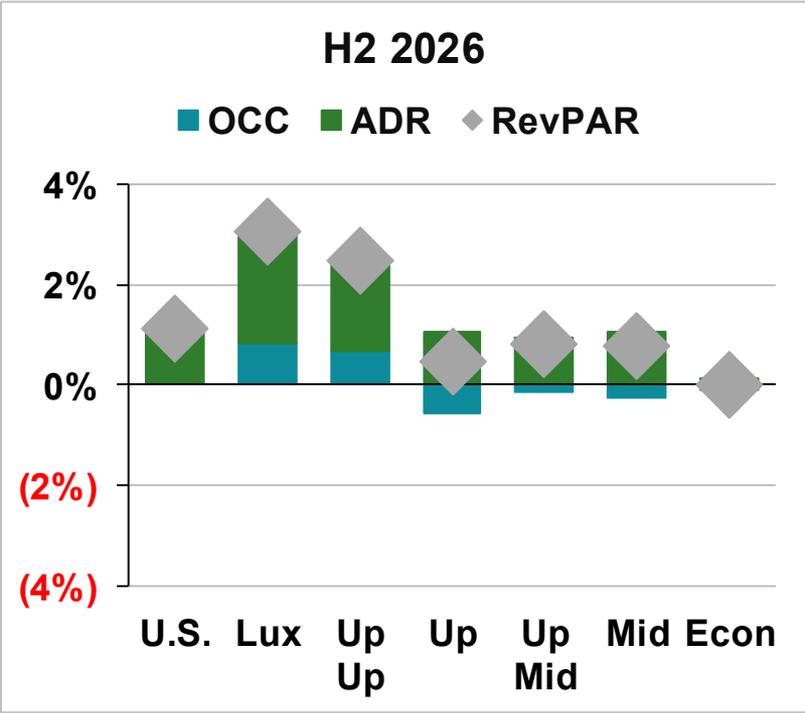
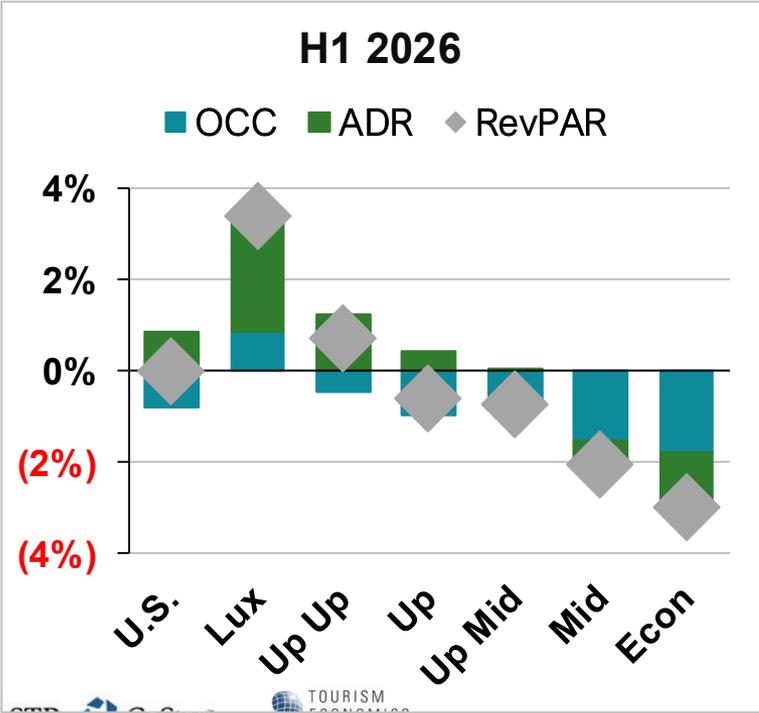
2026 Forecasts (in November/December 2025)					
	CBRE	STR	PWC	LARC	Average
Occupancy	62.4%	62.0%	62.2%	60.8%	61.9%
ADR	1.4%	0.8%	1.1%	2.1%	1.4%
RevPAR	1.5%	0.3%	0.9%	1.2%	1.0%



Source: CoStar, CBRE, PWC, LARC

CoStar U.S. Chain Scale Outlook – Feb 2026

2026 growth expected in H2; the first half shows little change.



Lackluster growth in 2026 with improvement in 2027

U.S., KPI % chg. YoY, 2025 – 2027

	2025 (actual)	2026 (forecast)	2027 (forecast)
Supply (YoY)	+0.7%	+0.7%	+0.9%
Demand (YoY)	-0.5%	+0.4%	+1.0%
Occupancy	62.3%	62.1%	62.2%
ADR (YoY)	+0.9%	+1.0%	+1.3%
RevPAR (YoY)	-0.3%	+0.6%	+1.4%

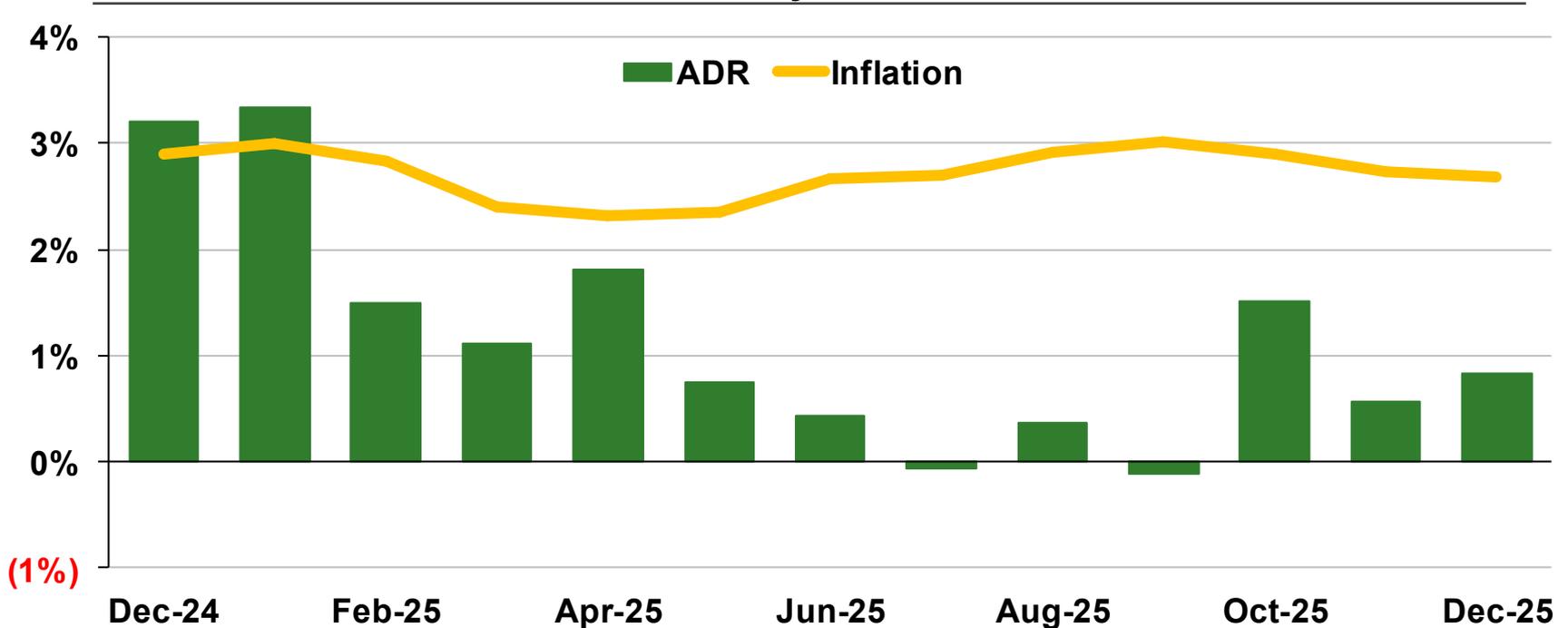
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ADR has increased at a rate lower than inflation over the last two years

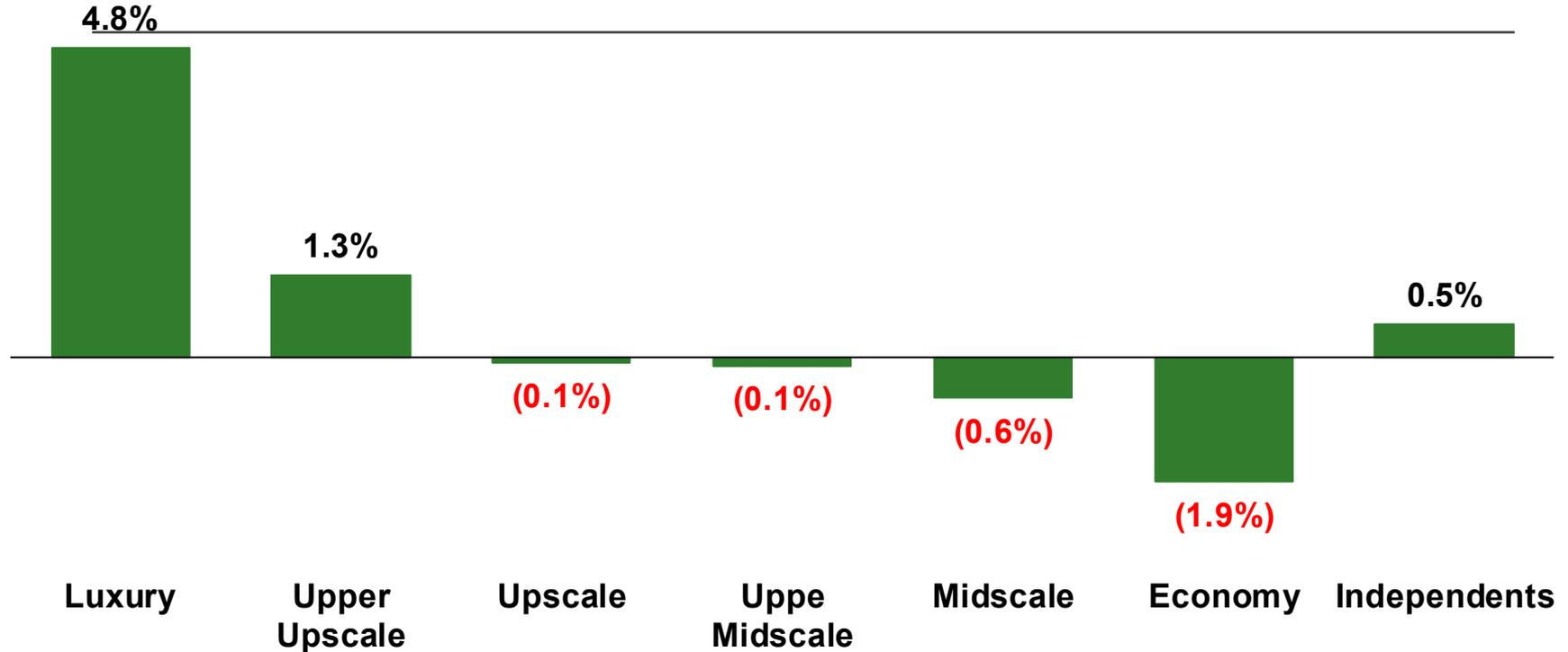
Changes in U.S. ADR

Monthly Trend



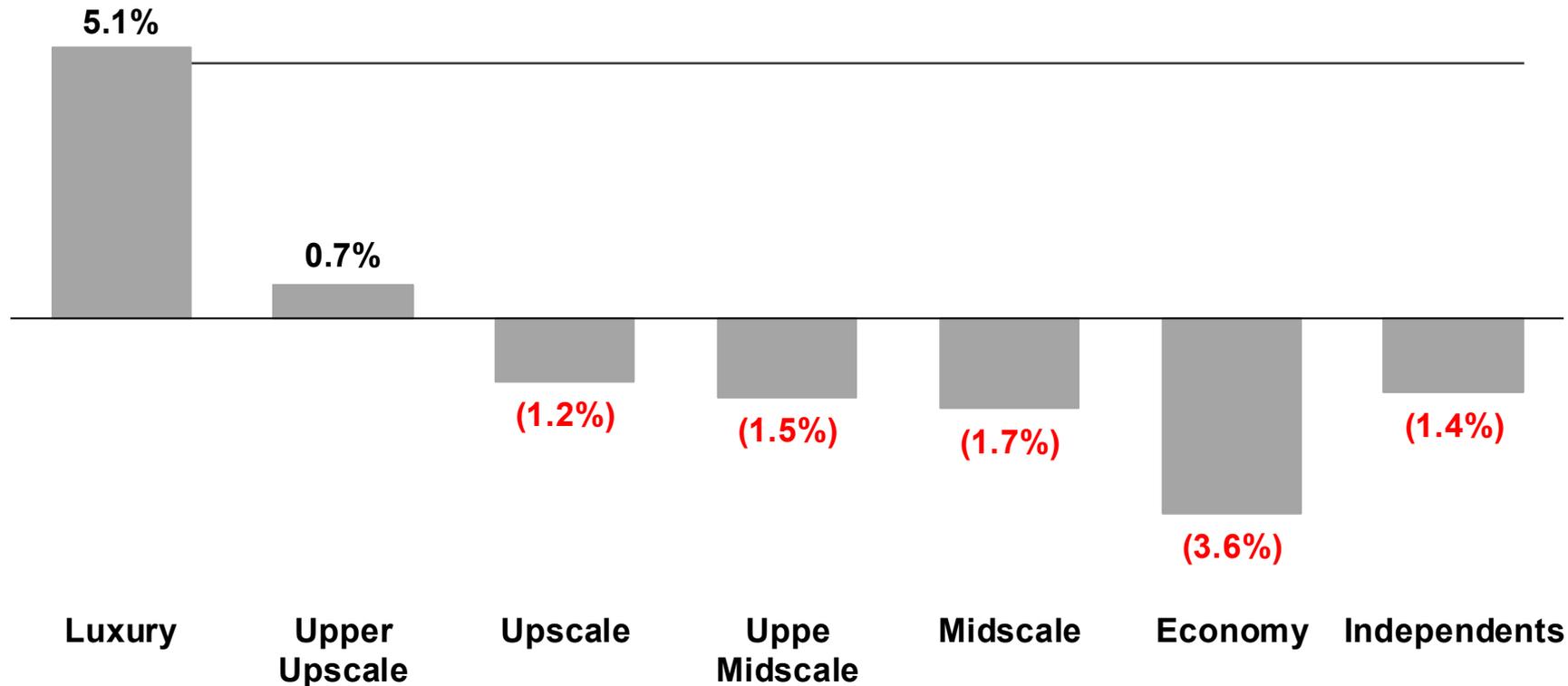
ADR Growth Restricted to Upscale Hotels

U.S. ADR Changes by Chain Scale, FY 2025



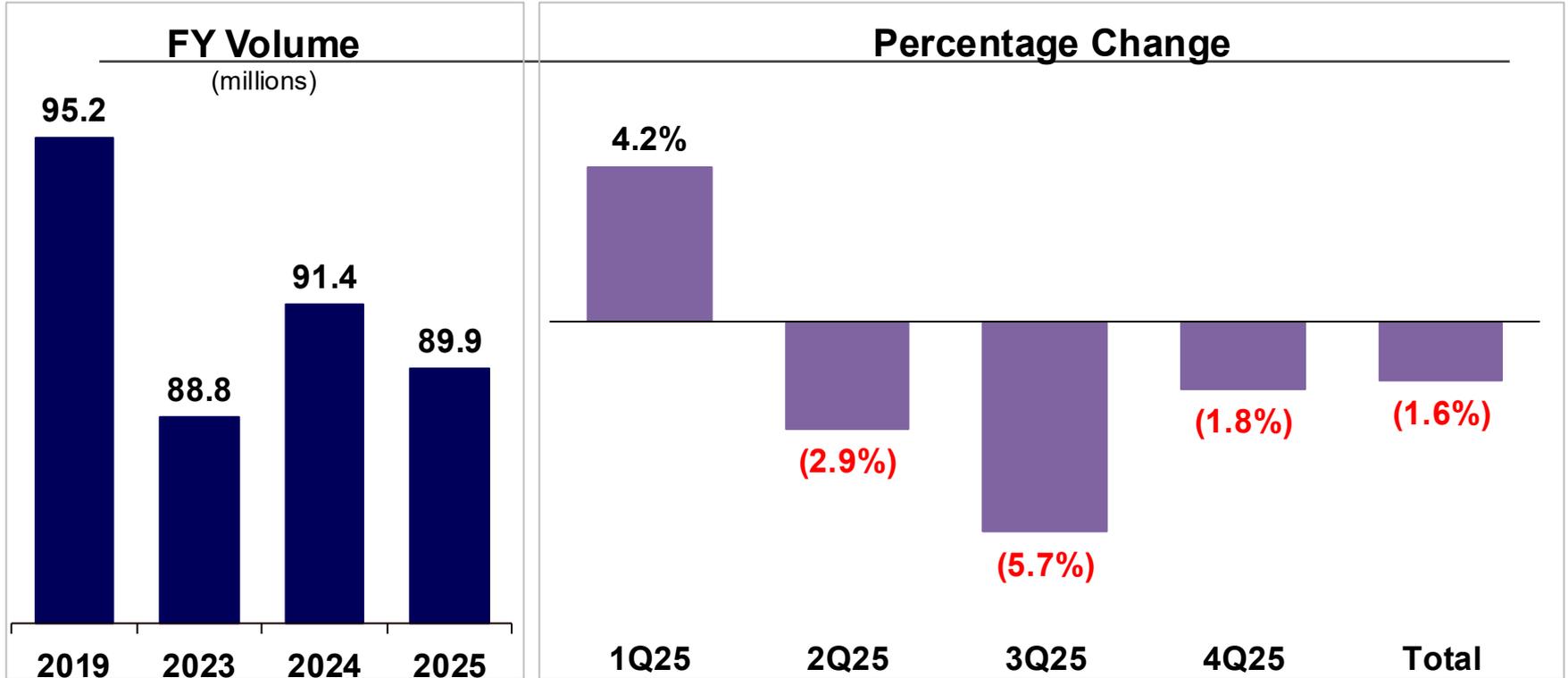
Excluding Luxury, full-year RevPAR fell by 0.9%

U.S. RevPAR Trends by Chain Scale, FY 2025

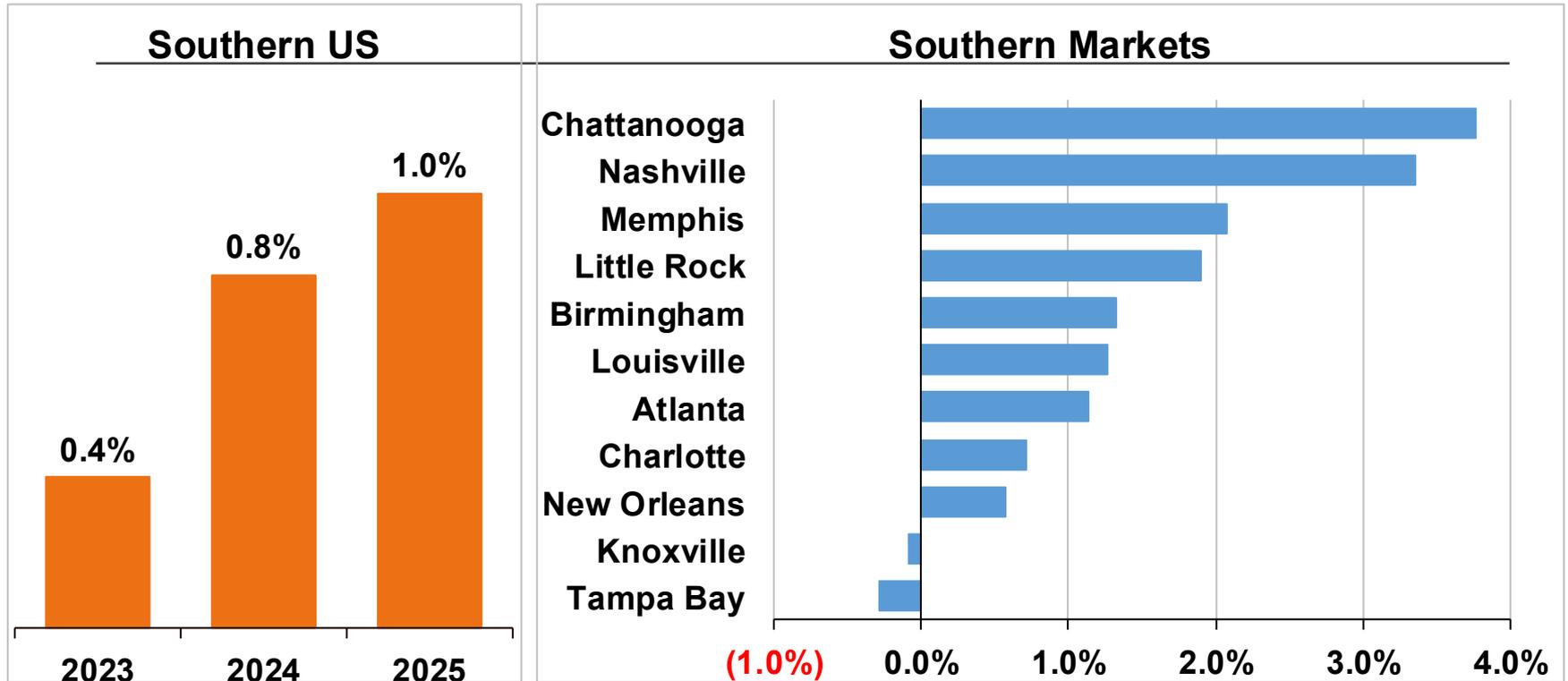


(excluding 2020)

U.S. Luxury & Upper Upscale Demand

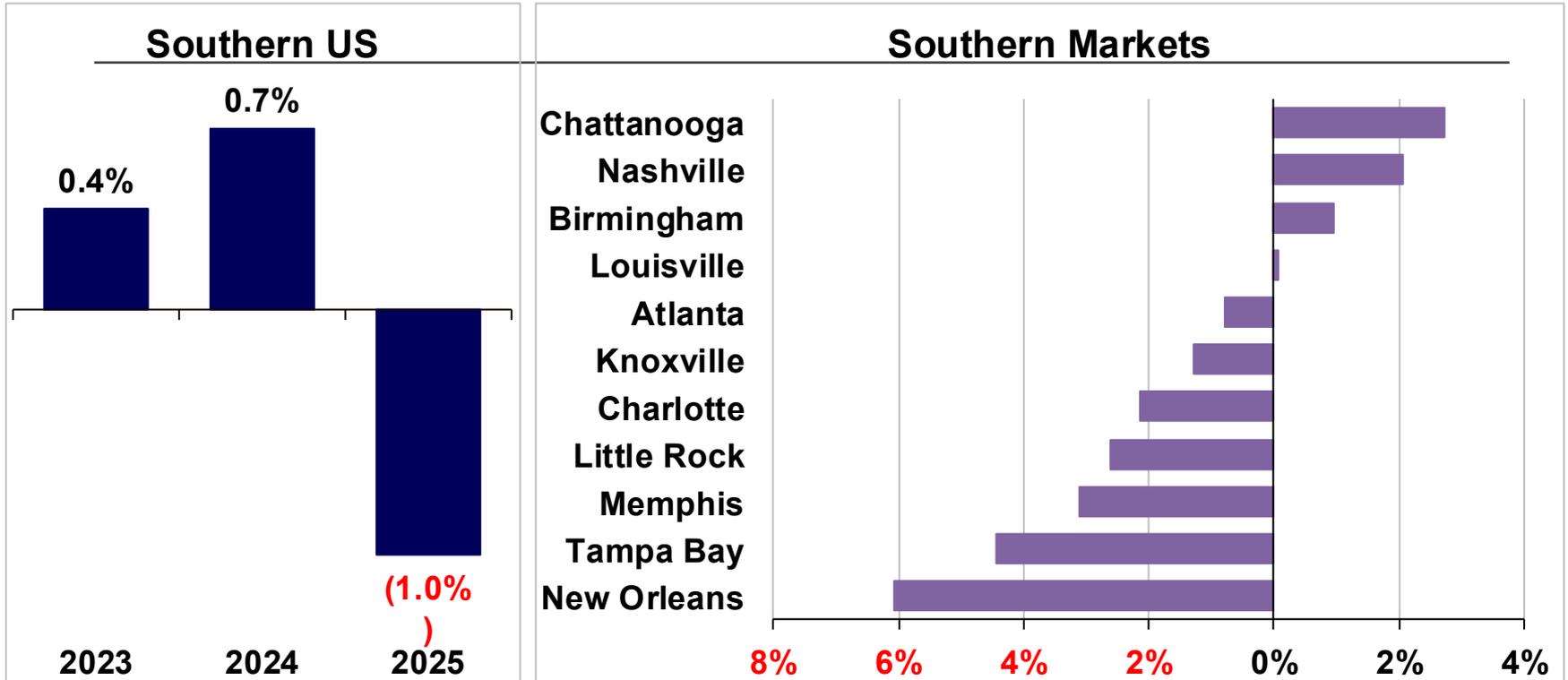


Room Supply Changes, FY 2025



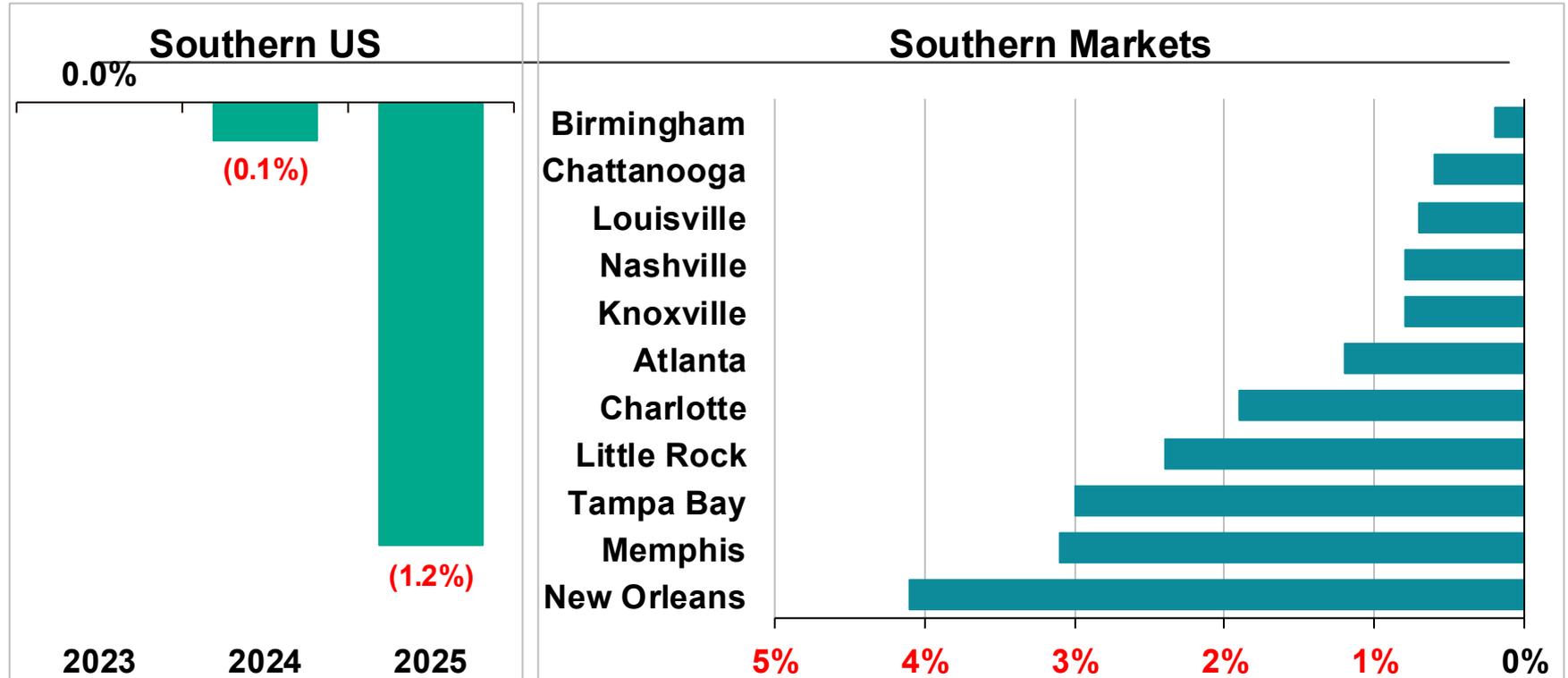
Overall demand declined in the south, with a few exceptions noted.

Room Demand Changes, FY 2025



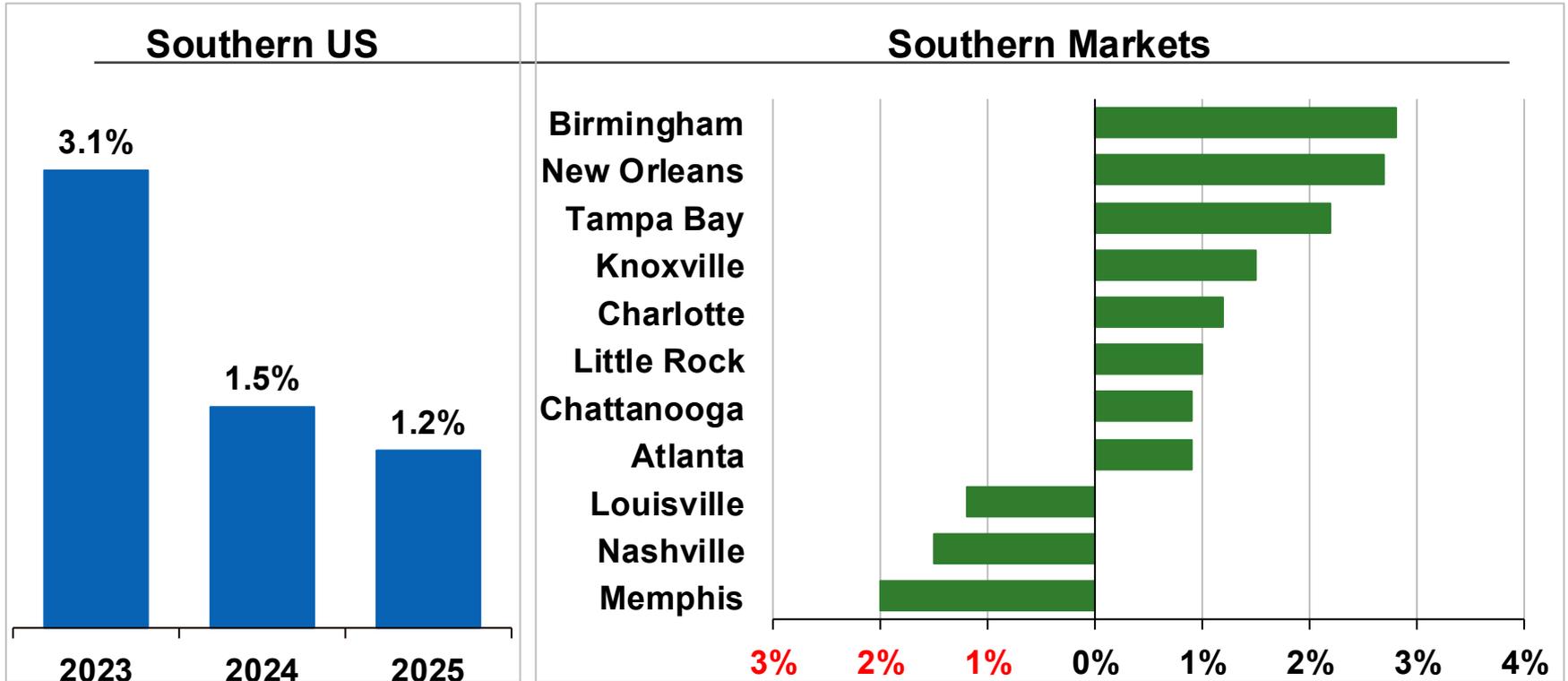
Southern occupancy dropped for the second consecutive year

Occupancy Change: Percentage Points, FY 2025



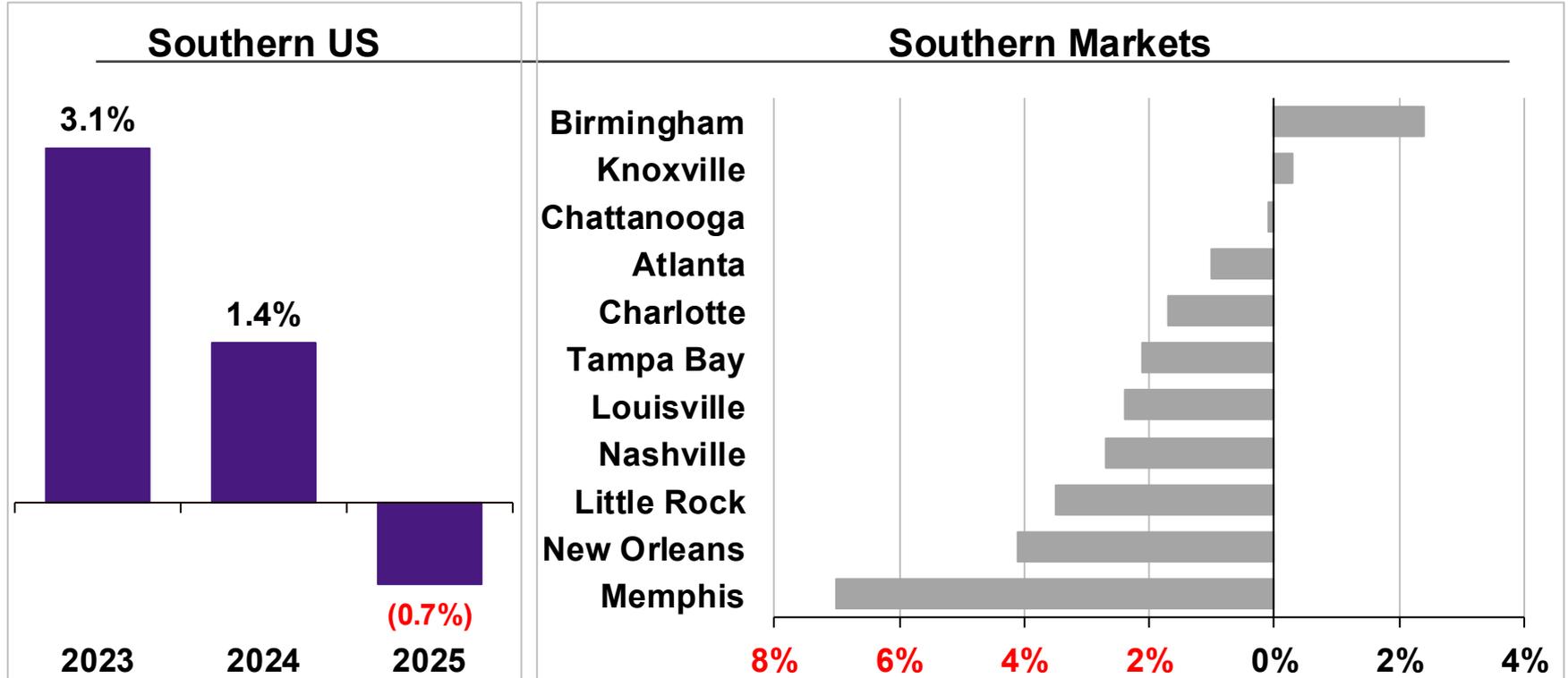
ADR also growing below inflation in most key southern markets

ADR change, FY 2025

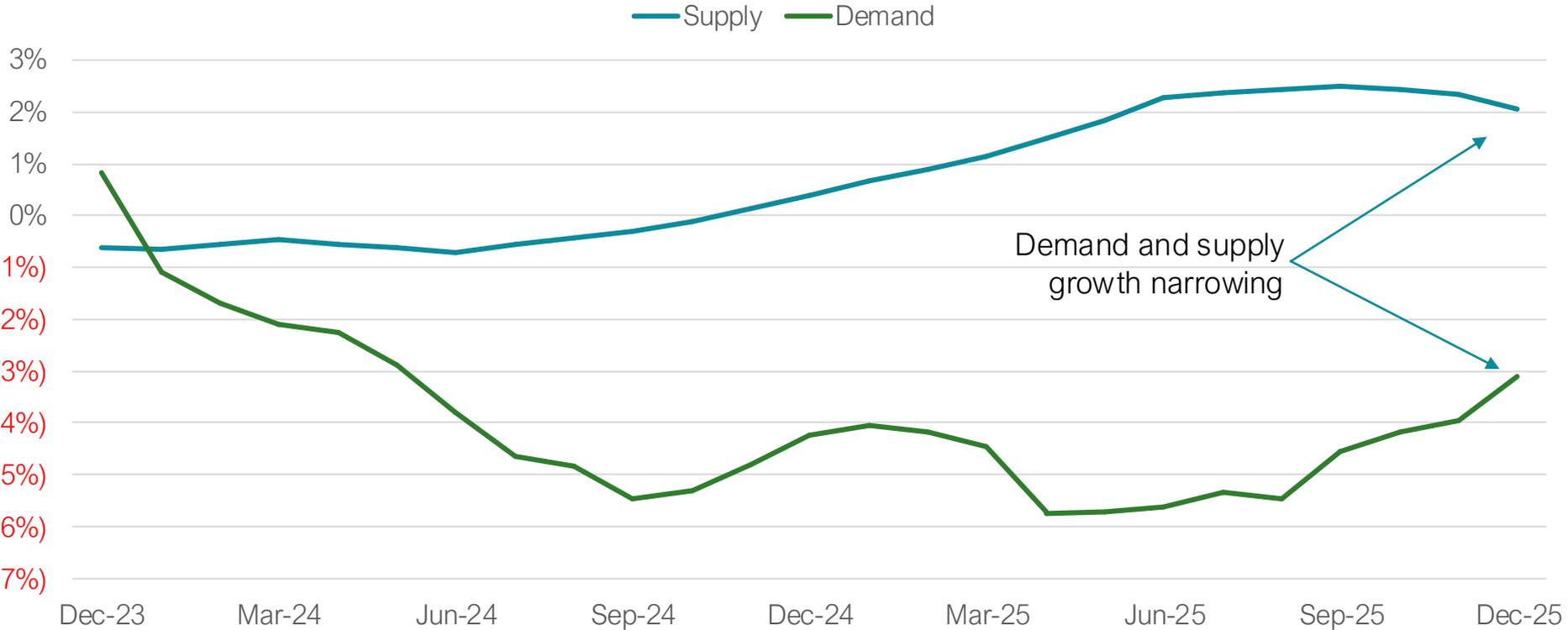


From 2010 through 2025, southern RevPAR has declined only twice

RevPAR change, FY 2025



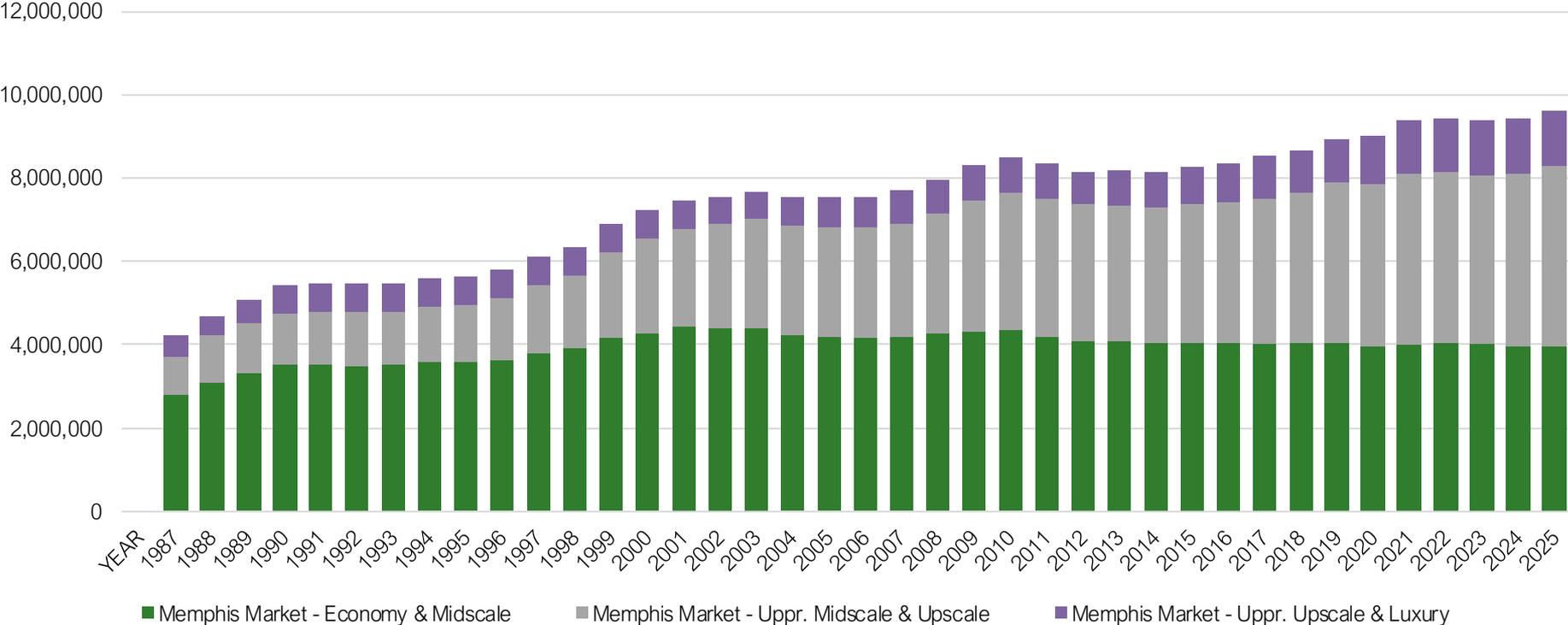
Memphis Supply Trends (2025 YE YOY)



Source: CoStar/STR (Jan 2026)

Memphis Supply Trends (2025 YE YOY)

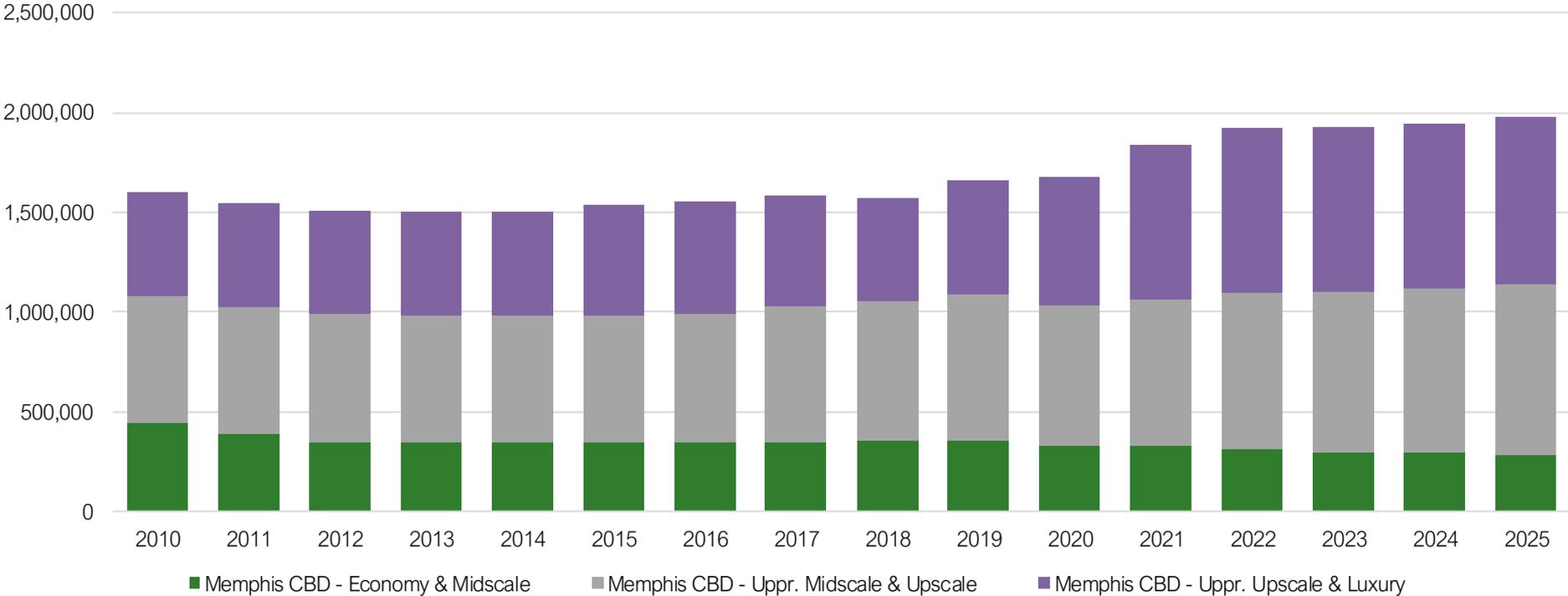
Memphis Supply by Chain Scale



Source: CoStar/STR (Jan 2026)

Memphis Supply Trends (2025 YE YOY)

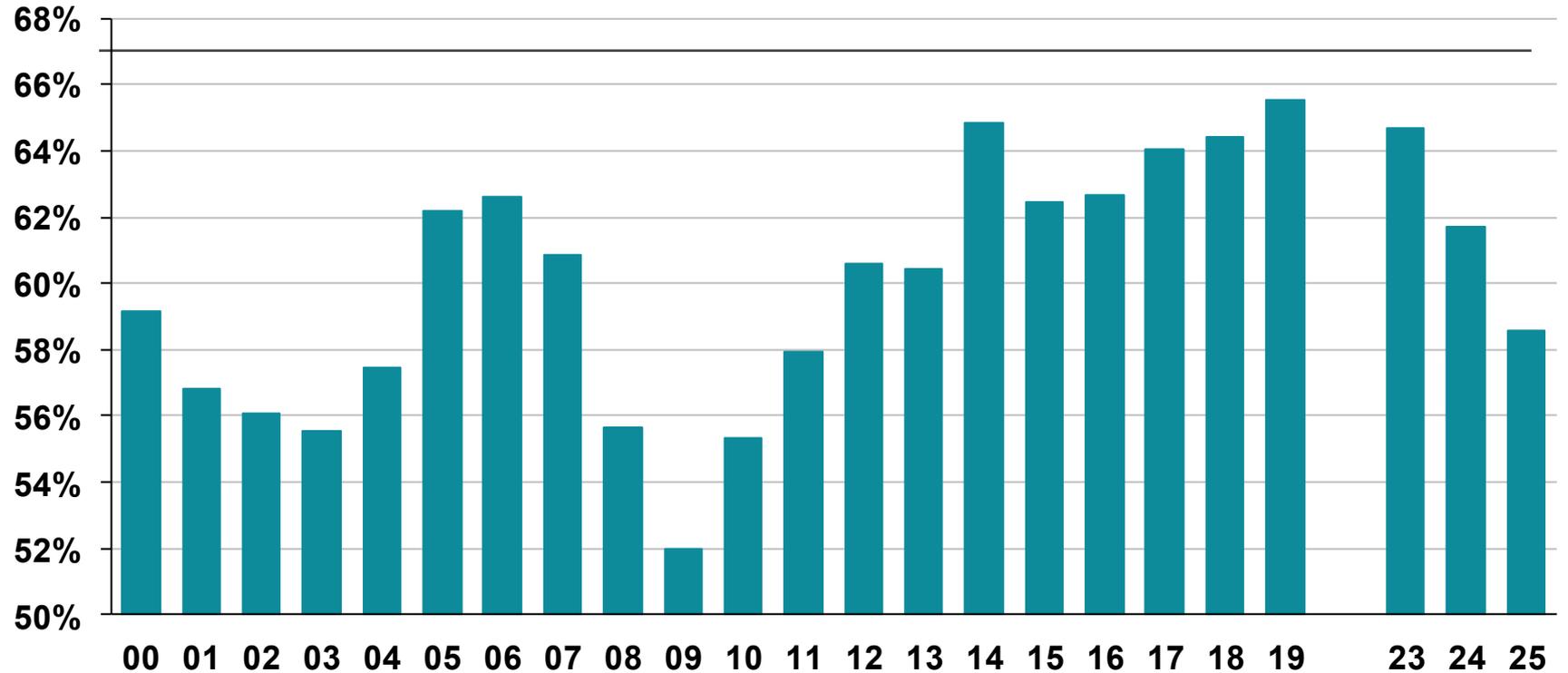
Memphis CBD Supply by Chain Scale



Source: CoStar/STR (Jan 2026)

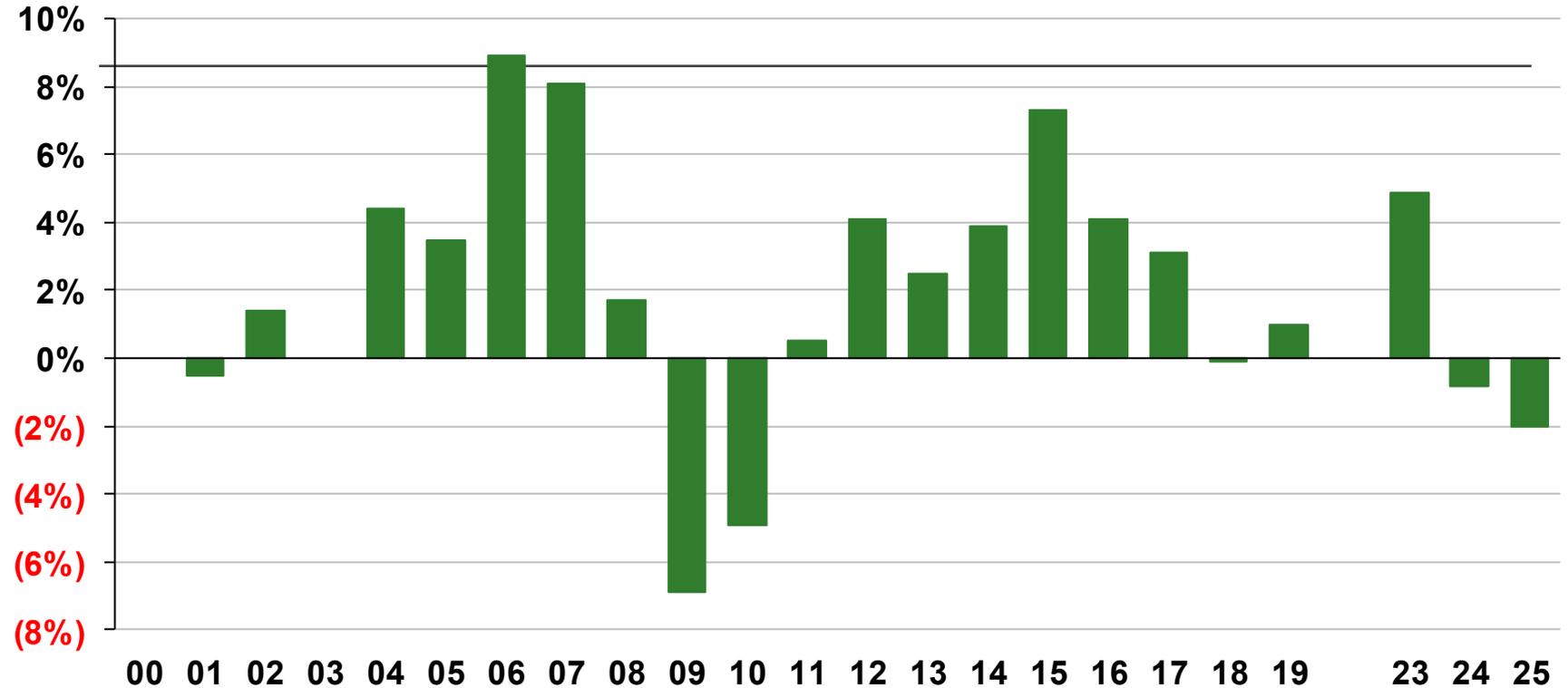
Memphis' occupancy at a level not seen since 2011, excluding pandemic

Memphis occupancy by year



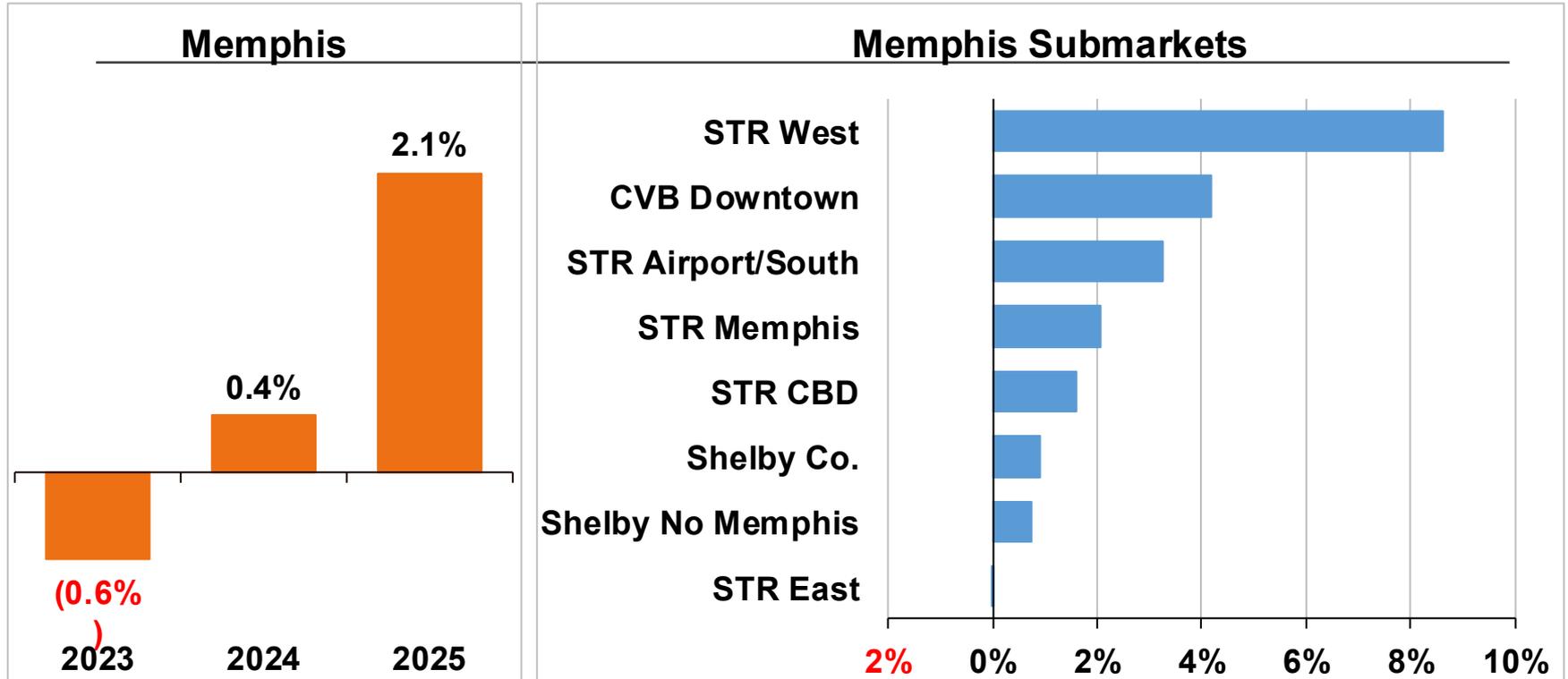
Memphis' ADR decrease like that of recessionary periods

Memphis ADR change by year



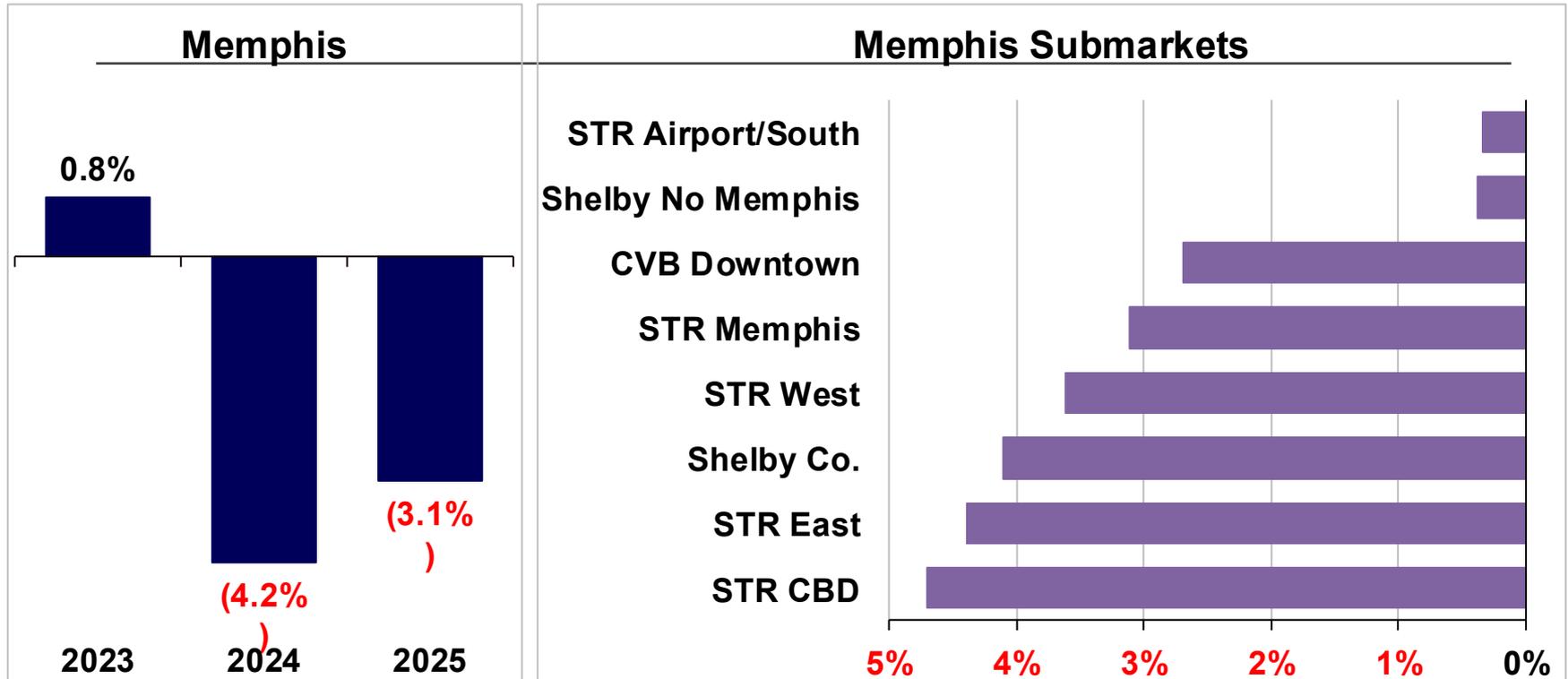
Memphis supply gains well above the national average

Room supply change, FY 2025



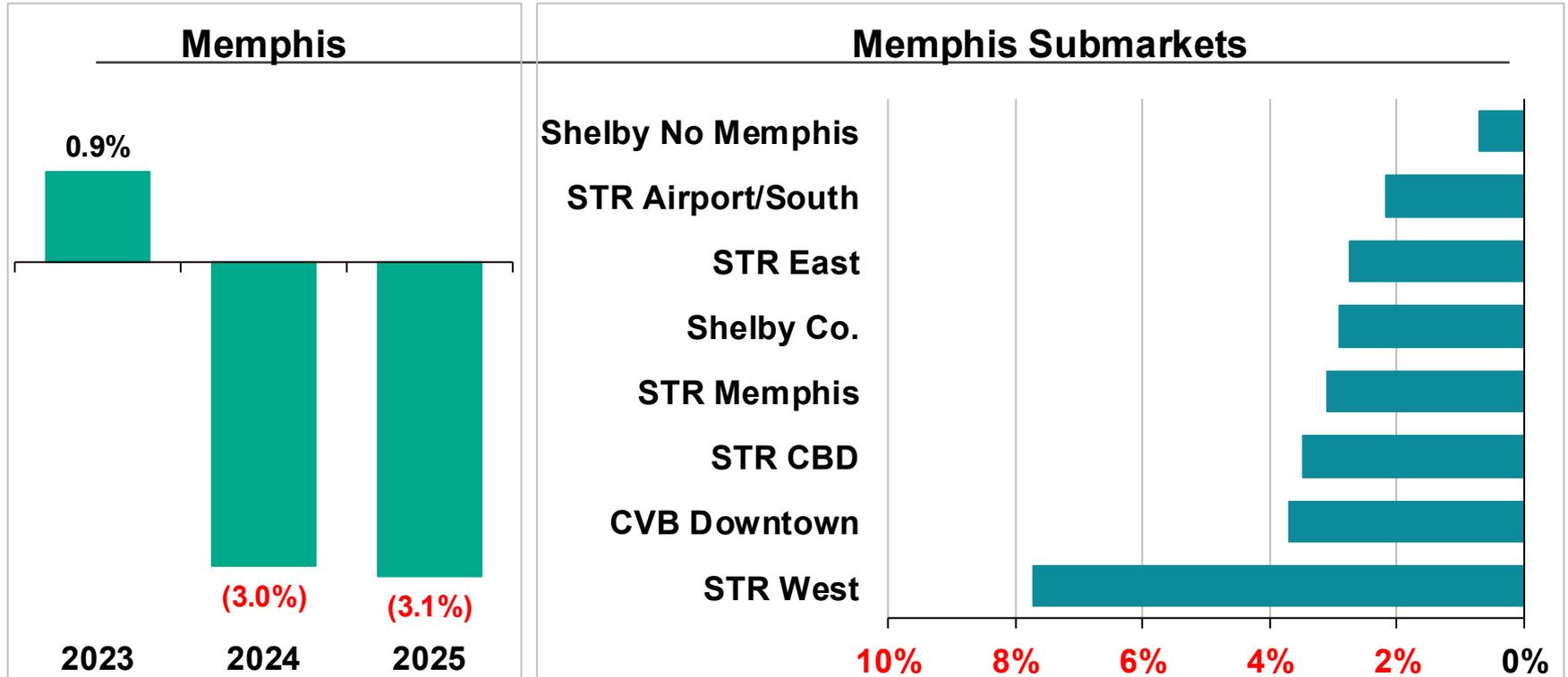
Demand down across the entire metro area, too

Room demand change, FY 2025



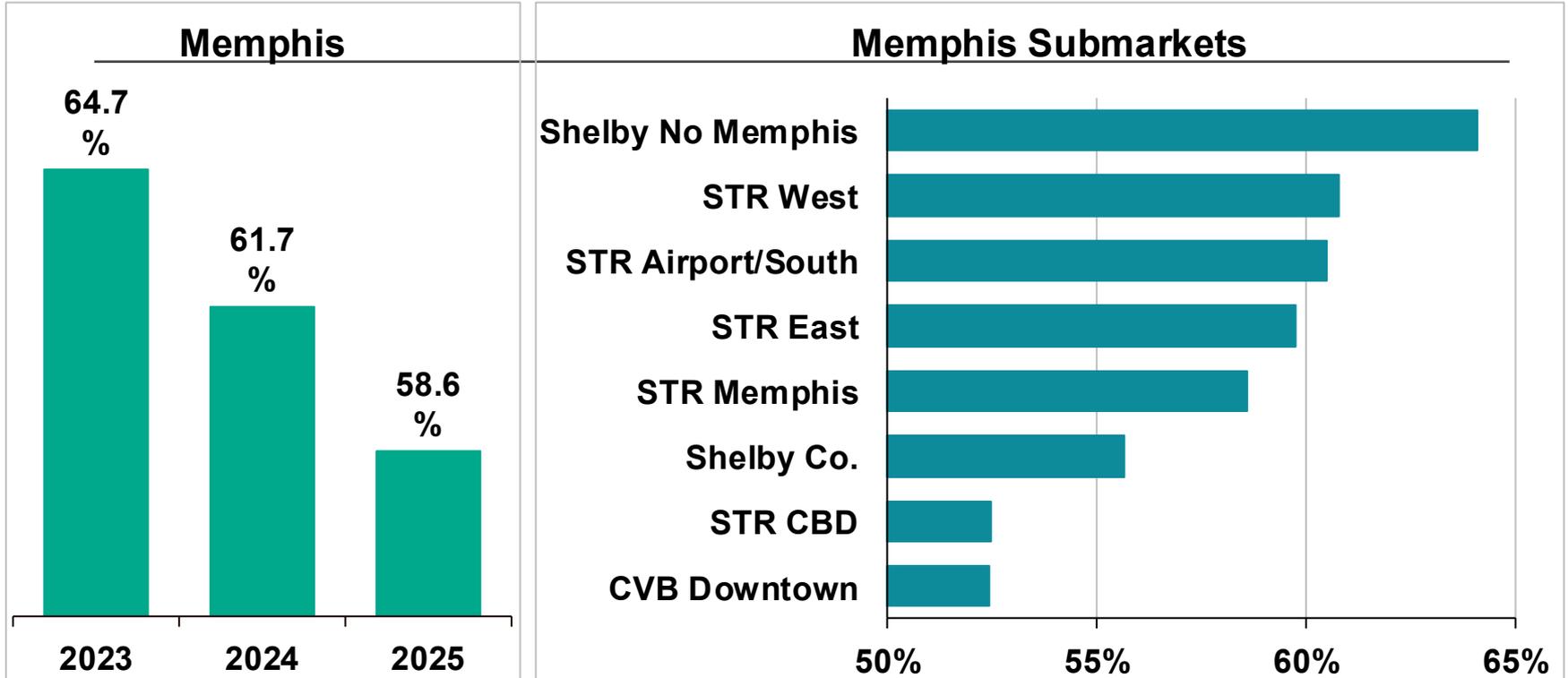
Memphis occupancy weakened significantly more

Occupancy change, percentage points, FY 2025



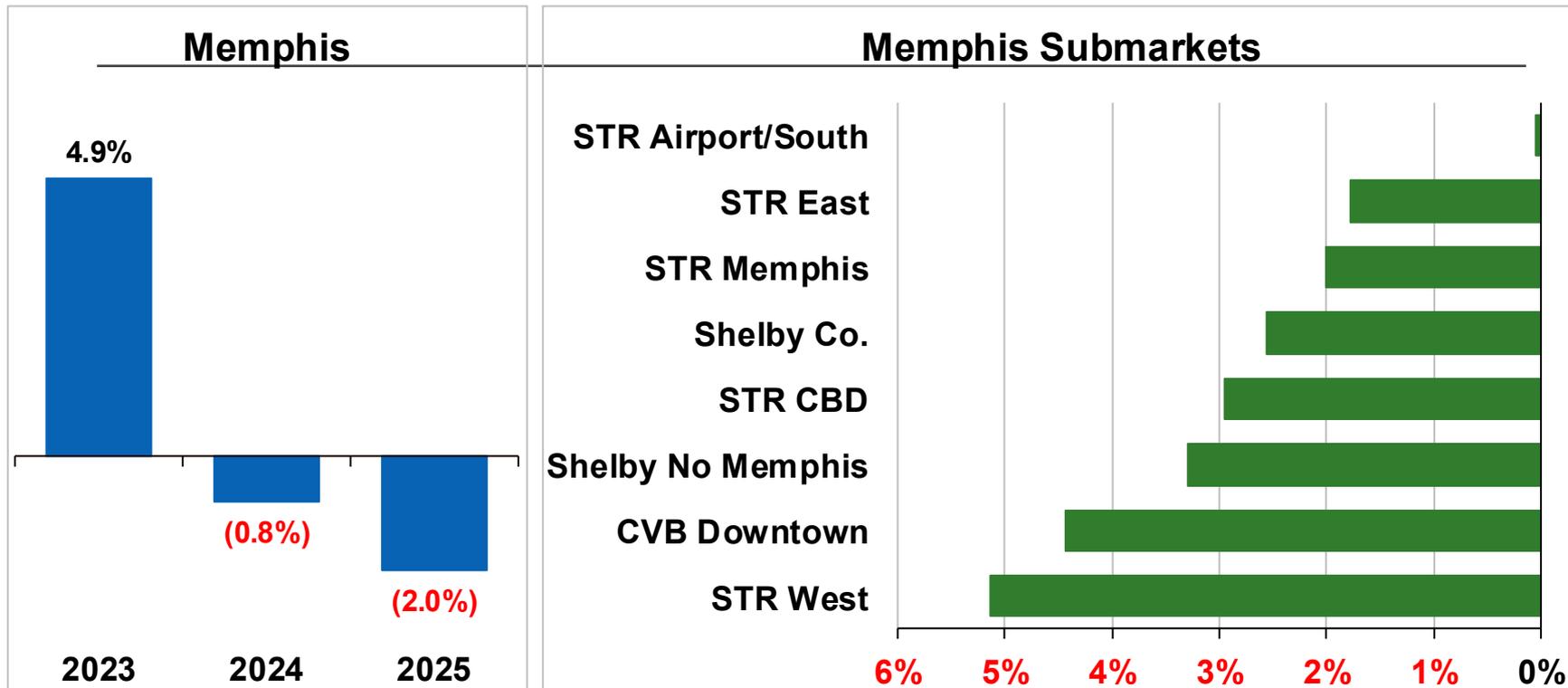
Memphis' occupancy level in the lower half of all markets

Occupancy, FY 2025



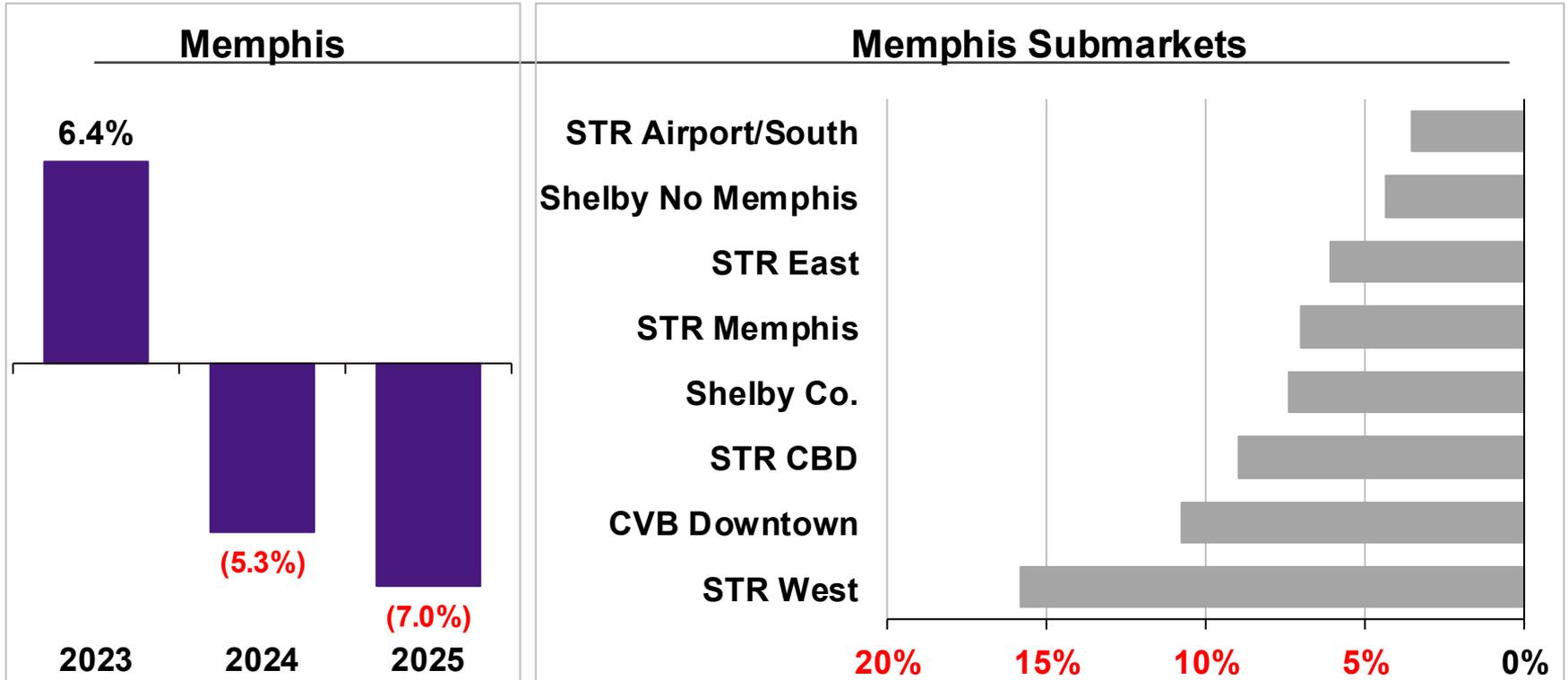
Memphis is among 16 markets that saw an ADR decline of 2% or greater

ADR change, FY 2025



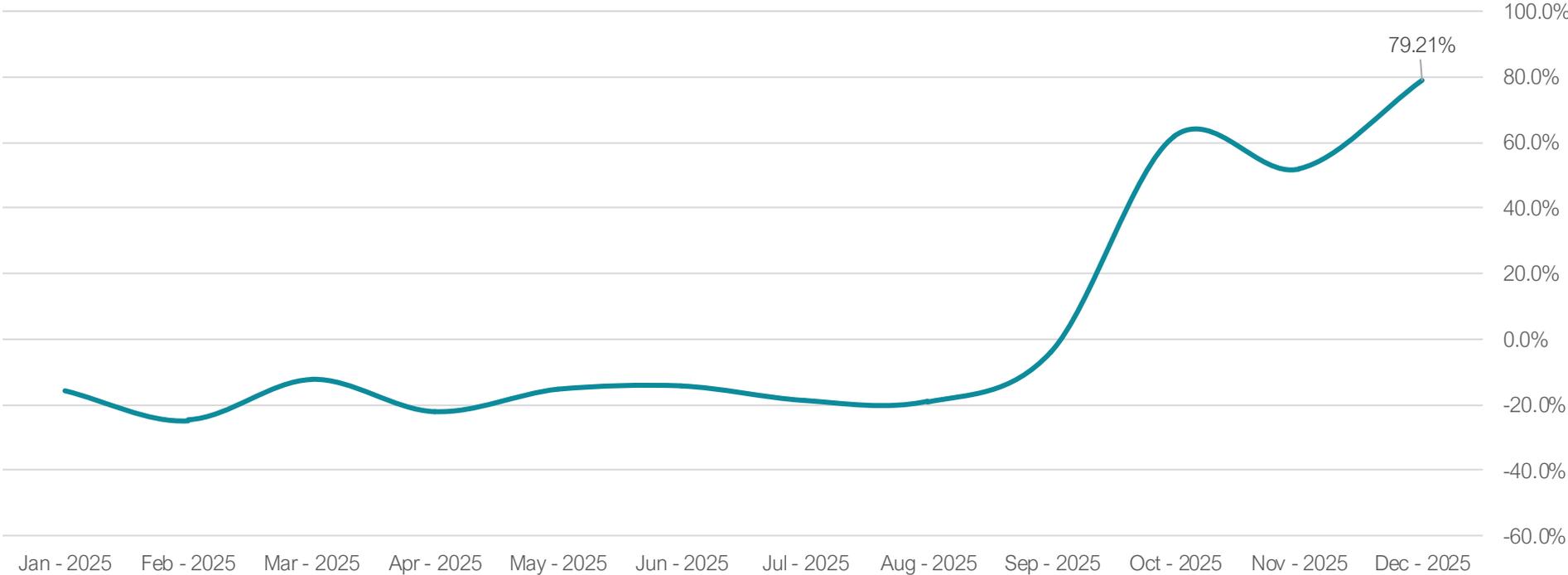
Memphis ranked among the top 8 markets with the steepest RevPAR fall

RevPAR change, FY 2025



Memphis Occ Trends (2025 YE YOY) - Government

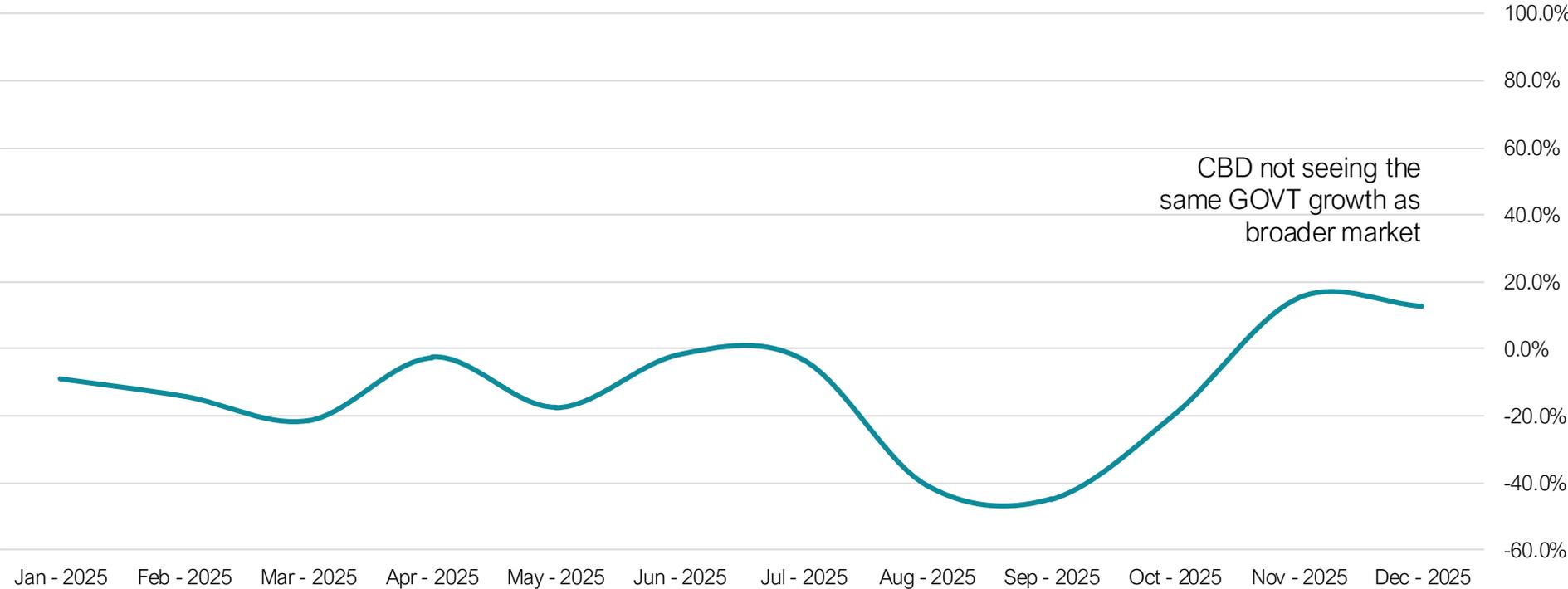
Memphis - Government Occupancy YoY Change - 2025 vs 2024



Source: Kalibri Labs (Jan 2026)

Memphis CBD Occ Trends (2025 YE YOY)

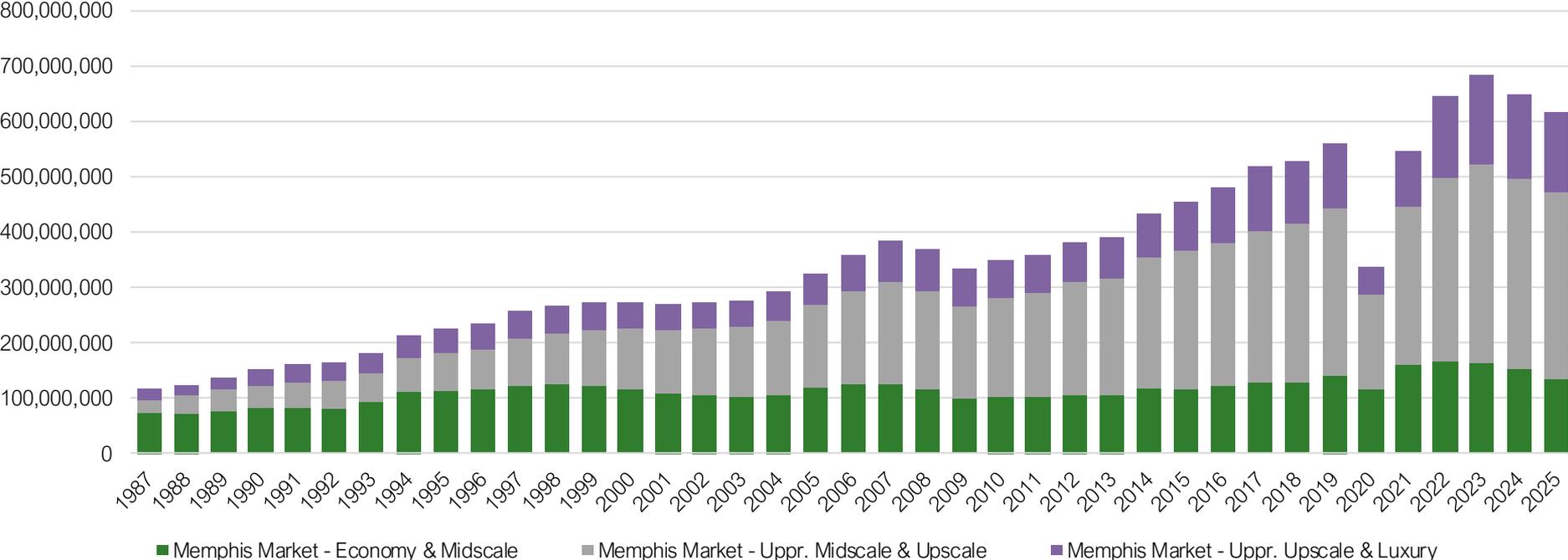
Memphis CBD - Government Occupancy YoY Change - 2025 vs 2024



Source: Kalibri Labs (Jan 2026)

Memphis Revenue Trends

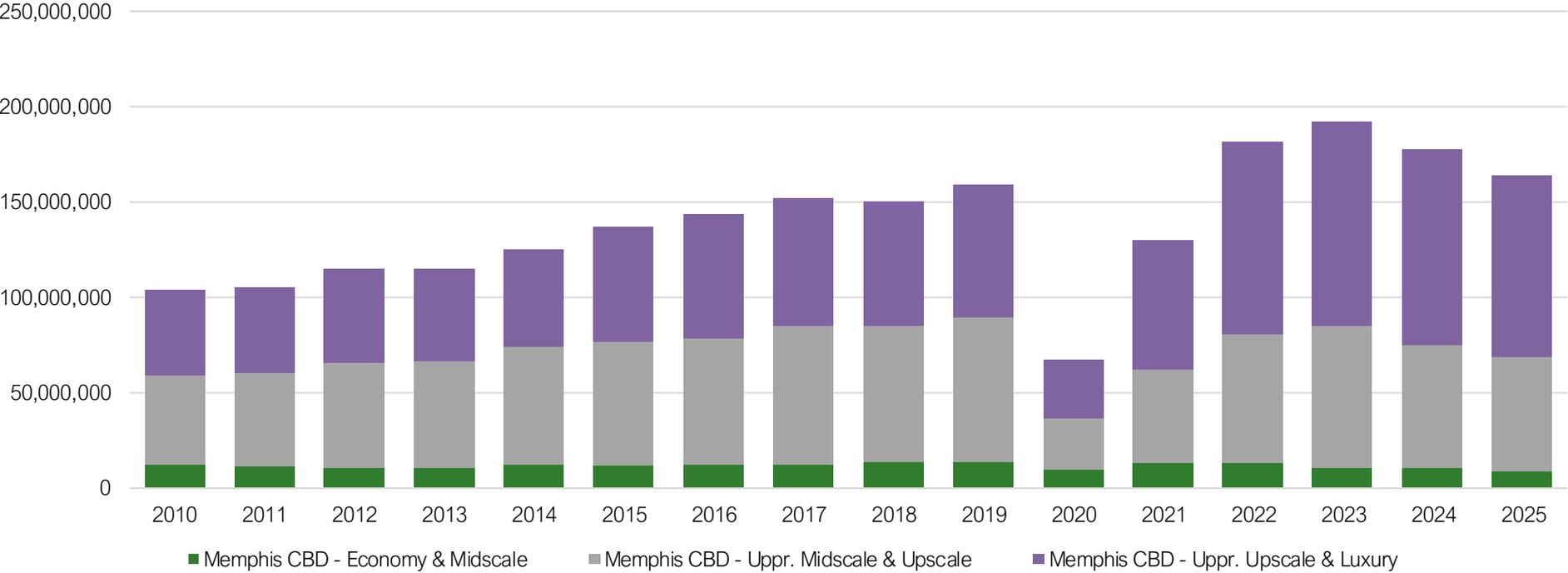
Memphis Revenue by Chain Scale



Source: Kalibri Labs (Jan 2026)

Memphis Revenue Trends

Memphis CBD Revenue by Chain Scale



Source: Kalibri Labs (Jan 2026)



Memphis RevPAR Trends

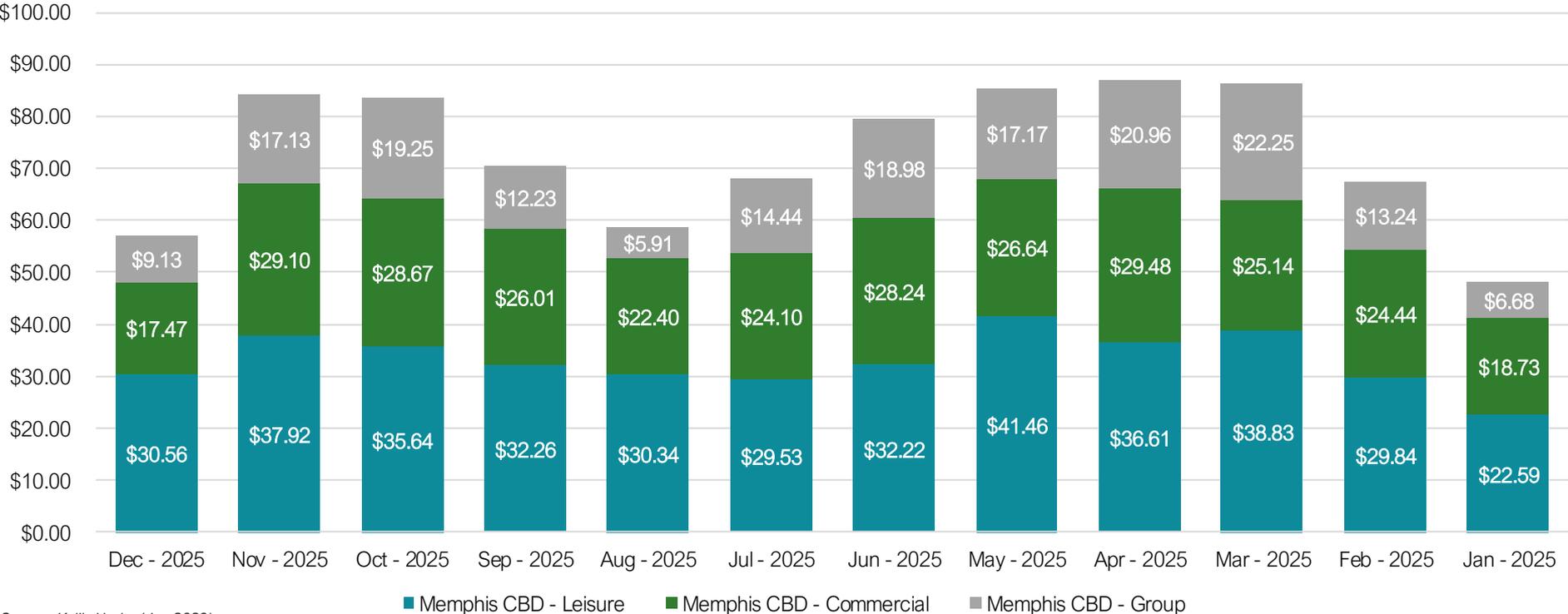
Memphis - RevPAR Segmentation - 2025



Source: Kalibri Labs (Jan 2026)

Memphis RevPAR Trends

Memphis CBD - RevPAR Segmentation - 2025



Source: Kalibri Labs (Jan 2026)

2026 – A Few Other Thoughts

Continued Uncertainty

- High uncertainty related to the economy, policy, interest rates, inflation, and recession risk has impacted current market conditions.

Demand and Supply Dynamics

- Demand growth is projected to outpace supply through 2029, supporting profit growth for hotels.
- Many/most hotel development projects are not feasible because of a combination of limited market recovery, high construction costs, and high interest rates, resulting in below-average supply growth.

Summary

- “Wait and See” will remain the norm for the balance of 2025. Sit tight, the year will be over soon.
- To the degree that the pledged levels of CAPEX investment begin to materialize, the overall economy, and hotels in specific, will benefit.
- “Anti-American” sentiment should begin to dissipate in the year ahead; in-bound international travel destinations will benefit as a result.
- While 2026 should be a better year for U.S. hotels. 2027 and beyond should be some of the best years that the industry has seen in decades.

Thank You

For a Copy: Mark@WoodworthCore.com

Many thanks to Isaac Collazo and our friends at STR/CoStar

**Best Wishes as the
Recovery Continues!**