



# The Highland Group Reports

## US Extended-Stay Hotels Bulletin: June 2023



The performance of extended-stay hotels in June was similar to April and May with the economy segment reporting a decline in RevPar, upscale extended-stay hotels achieving the strongest gain in RevPar and extended-stay hotel segments generally achieving better results than corresponding classes of the overall hotel industry.

The 1.7% net increase in extended-stay room supply in June is consistent with the average over the last 12 months. June was the twenty-first consecutive month of 4% or less supply growth, which is well below the long-term average. However, the economy segment posted its strongest monthly supply gain in more than two years. Monthly supply comparisons, especially in the upscale segment, are still impacted by re-branding moving rooms between segments in our database, de-flagging of hotels which no longer meet brand standards, as well as the sales of some hotels to multi-family apartment companies and municipalities. This will dissipate later in 2023 but the full year increase in supply compared to 2022 will remain well below the long-term average.

### Extended-Stay Hotel Room Night Supply: June

| Segment      | 2022              | 2023              | Change      |
|--------------|-------------------|-------------------|-------------|
| Economy      | 3,037,787         | 3,182,040         | 4.7%        |
| Mid-Price    | 6,966,271         | 7,097,940         | 1.9%        |
| Upscale      | 6,845,403         | 6,848,092         | 0.0%        |
| <b>Total</b> | <b>16,849,461</b> | <b>17,128,072</b> | <b>1.7%</b> |

**Source: The Highland Group**

Total extended-stay hotel revenue growth in June was the lowest monthly increase in more than two years. However, it was greater than the 2.8% gain STR reported for all hotels over the same period.

**Extended-Stay Hotel Room Revenue (millions): June**

| Segment      | 2022              | 2023              | Change      |
|--------------|-------------------|-------------------|-------------|
| Economy      | \$143.17          | \$145.96          | 1.9%        |
| Mid-Price    | \$605.79          | \$628.75          | 3.8%        |
| Upscale      | \$854.50          | \$885.35          | 3.6%        |
| <b>Total</b> | <b>\$1,603.46</b> | <b>\$1,660.06</b> | <b>3.5%</b> |

**Source: The Highland Group**

Mid-price and upscale segments posted increasing demand in June. The economy segment reported its fifteenth consecutive monthly decline in demand but it was the smallest contraction in more than one year and considerably less than the 4.4% decrease STR reported for all economy hotels.

**Extended-Stay Hotel Room Night Demand: June**

| Segment      | 2022              | 2023              | Change      |
|--------------|-------------------|-------------------|-------------|
| Economy      | 2,475,529         | 2,447,787         | -1.1%       |
| Mid-Price    | 5,546,383         | 5,620,028         | 1.3%        |
| Upscale      | 5,508,768         | 5,526,451         | 0.3%        |
| <b>Total</b> | <b>13,530,680</b> | <b>13,594,266</b> | <b>0.5%</b> |

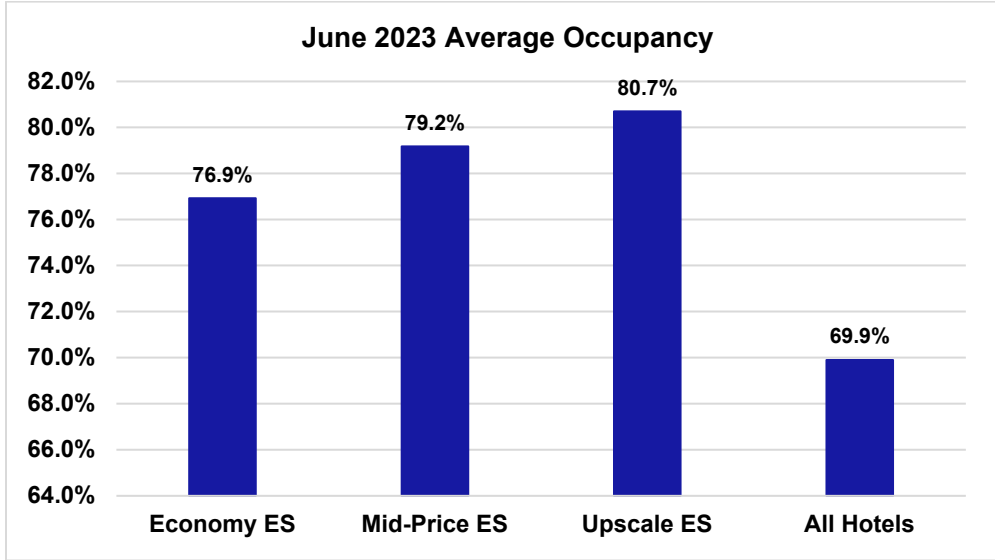
**Source: The Highland Group**

Extended-stay hotel occupancy was 9.5 percentage points above the overall hotel industry in June 2023, a typical premium during the summer months.

**Extended-Stay Hotel Occupancy: June**

| Segment      | 2022         | 2023         | Change       |
|--------------|--------------|--------------|--------------|
| Economy      | 81.5%        | 76.9%        | -5.6%        |
| Mid-Price    | 79.6%        | 79.2%        | -0.6%        |
| Upscale      | 80.5%        | 80.7%        | 0.3%         |
| <b>Total</b> | <b>80.3%</b> | <b>79.4%</b> | <b>-1.2%</b> |

**Source: The Highland Group**



Sources: STR  
The Highland Group

The occupancy differential between extended-stay hotel segments reflects the summer travel season which usually lifts occupancy at higher priced extended-stay hotels.

June was the tenth successive month in which the upscale segment reported the strongest monthly gain in extended-stay hotel ADR and marks 20 consecutive months that total extended-stay ADR was higher than its nominal value in 2019. The growth in ADR in June, which beat the 2.3% gain STR reported for the overall hotel industry, was in line with rates of increase last reported from mid-2012 through the same period in 2014.

**Extended-Stay Hotel Average Rate: June**

| Segment      | 2022     | 2023     | Change |
|--------------|----------|----------|--------|
| Economy      | \$57.83  | \$59.63  | 3.1%   |
| Mid-Price    | \$109.22 | \$111.88 | 2.4%   |
| Upscale      | \$155.12 | \$160.20 | 3.3%   |
| <b>Total</b> | \$118.51 | \$122.11 | 3.0%   |

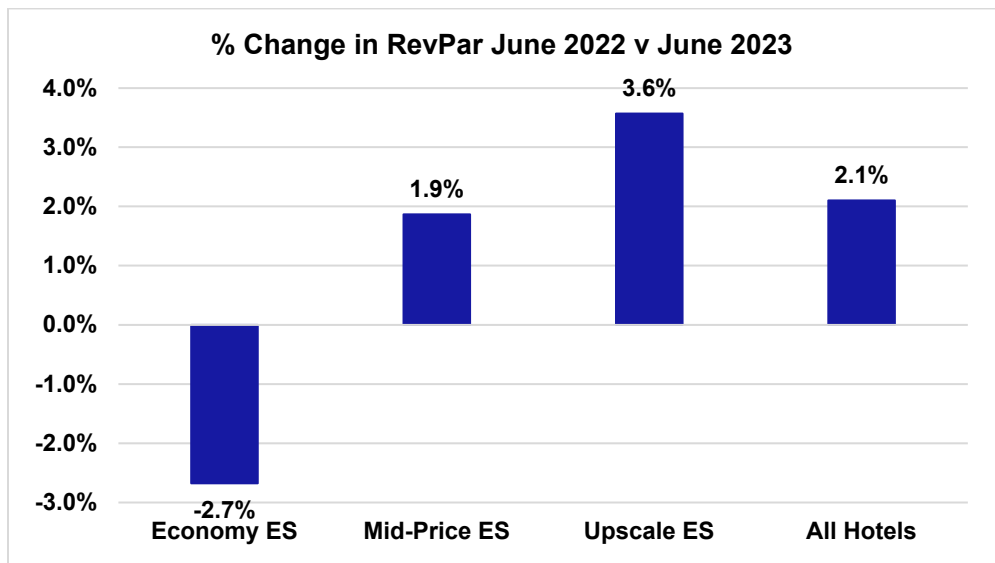
Source: The Highland Group

The upscale segment has posted the strongest gains in RevPar each month since June 2022. RevPar growth for mid-price extended-stay hotels was lower than the corresponding class of all hotels and the economy segment's 2.7% decline was consistent with the contraction STR reported for all economy segment hotels.

**Extended-Stay Hotel RevPar: June**

| Segment      | 2022     | 2023     | Change |
|--------------|----------|----------|--------|
| Economy      | \$47.13  | \$45.87  | -2.7%  |
| Mid-Price    | \$86.96  | \$88.58  | 1.9%   |
| Upscale      | \$124.83 | \$129.28 | 3.6%   |
| <b>Total</b> | \$95.16  | \$96.92  | 1.8%   |

**Source: The Highland Group**



Sources: STR  
The Highland Group

## Definitions/Database

**Extended-Stay Hotel** – A hotel with a fully equipped kitchenette in each guest room, which accepts reservations and does not require a lease.

The database used in the estimates and projections in this report included the extended-stay brands in the table following. There are independent extended-stay hotels that were not included, but the sample represents the great majority of extended-stay rooms in the US. Estimates are based on all hotels in each brand or company. Changes from period to period are not based on same store data. Therefore, the statistics in this report can differ slightly from other sources of this information including company financial reports.

Price segments reflect a \$60 spread in average daily rates between the segments. The segments are for comparison only. There is a significant difference in clientele and other characteristics among hotels within the ranges.

| Extended-Stay Brands by Average Daily Rate Range |  |   |
|--|--|---|
| Upscale<br>\$135+                                | Mid-Price<br>\$75-\$135                        | Economy<br>Under \$75                               |
| Element by Westin                                | @Home by Best Western                          | Affordable Suites of America                        |
| Homewood Suites by Hilton                        | Candlewood Suites (IHG)                        | Budget Suites                                       |
| Hyatt House                                      | Everhome Suites Extended Stay by Choice Hotels | Extended Stay America Select Suites                 |
| Larkspur Landing                                 | Extended Stay America                          | HomeTowne Studios by Red Roof                       |
| Residence Inn by Marriott                        | Extended Stay America Premier Suites           | Intown Suites                                       |
| Sonesta ES Suites                                | Hawthorn Suites by Wyndham                     | Savannah Suites                                     |
| Staybridge Suites (IHG)                          | Home 2 Suites by Hilton                        | Sure Stay Studio by Best Western                    |
|  | Mainstay Suites Extended Stay by Choice Hotels | Studio 6  |
|  | My Place                                       | Suburban Studios by Choice Hotels                   |
|  | Sonesta Simply Suites                          | WoodSpring Suites<br>Extended Stay by Choice Hotels |
|  | stayAPT Suites                                 | Other Independents                                  |
|  | TownePlace Suites by Marriott                  |   |
| <i>Source: The Highland Group</i>                |  |   |

*The Highland Group prepared this bulletin on extended-stay lodging in the United States as a service to the industry. We are grateful to the extended-stay hotel chains and owners that contributed information and trust that the results will be useful. While accurate to the best of our knowledge on July 27, 2023, we do not warrant the accuracy of any information presented, nor do we warrant that any projections will be achieved. This information should not be relied upon to make any investment or management decision, without further research and analysis.*