



U.S. hotel profitability back on the rise after Omicron-induced dip

4 April 2022

HENDERSONVILLE, Tennessee—After falling to roughly US\$20.00 in January, gross operating profit for U.S. hotels reached nearly US\$59.00 – the highest level in the metric since October 2021, according to [STR's February 2022 P&L data](#) release.

All of the key performance metrics increased from January, after concerns around Omicron pushed levels lower.

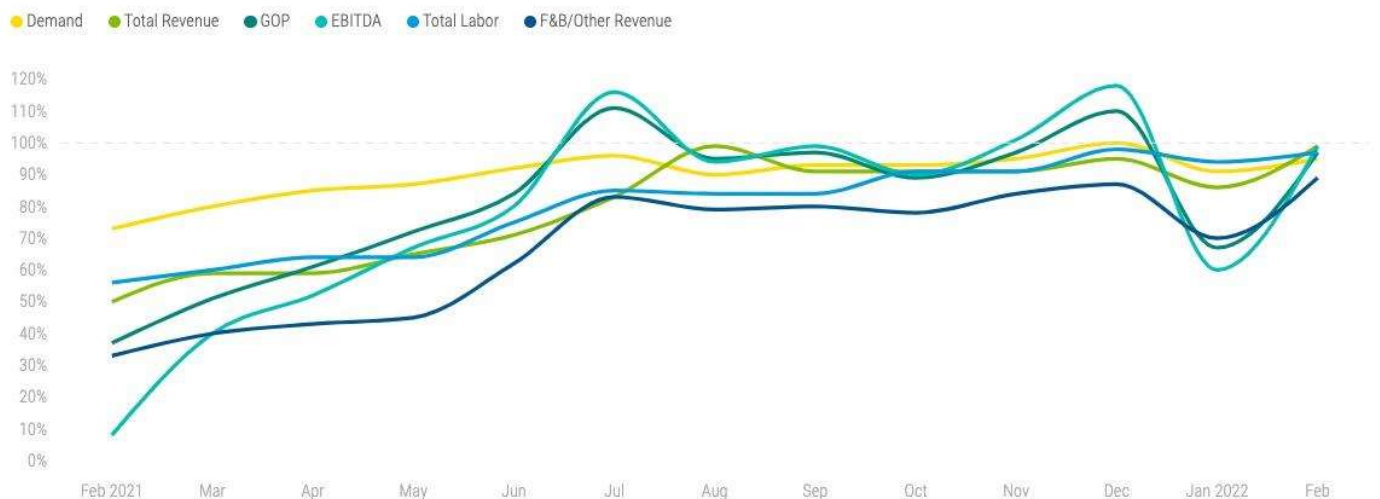
- GOPPAR: US\$58.88
- TRevPAR: US\$169.77
- EBITDA PAR: US\$39.29
- LPAR (Labor Costs): US\$56.63

“Following trends in top-line performance, U.S. profitability levels are recovering more quickly from Omicron than with previous variants,” said Raquel Ortiz, STR’s director of financial performance. “February GOPPAR was roughly 77% of the 2019 comparable, but independents (108%), luxury (94%) and midscale (88%) chains were far above the national average. The upper upscale (67%) and upscale (70%) segments are where the largest deficits persisted.

“Around the country, some Top 25 Markets, such as Miami (135%) and Phoenix (118%), exceeded pre-pandemic levels in GOPPAR. New York (-340%) and Chicago (-187%) were the only two markets in that group with negative profit levels. Fortunately, recent improvements in top-line performance have us expecting gains in profitability for those and many more markets when we process March P&L data.”

U.S. hotel profitability indexes back on the rise

Estimated total U.S. revenues and profits, metrics indexed to 2019



Source: STR, © 2022 CoStar Group

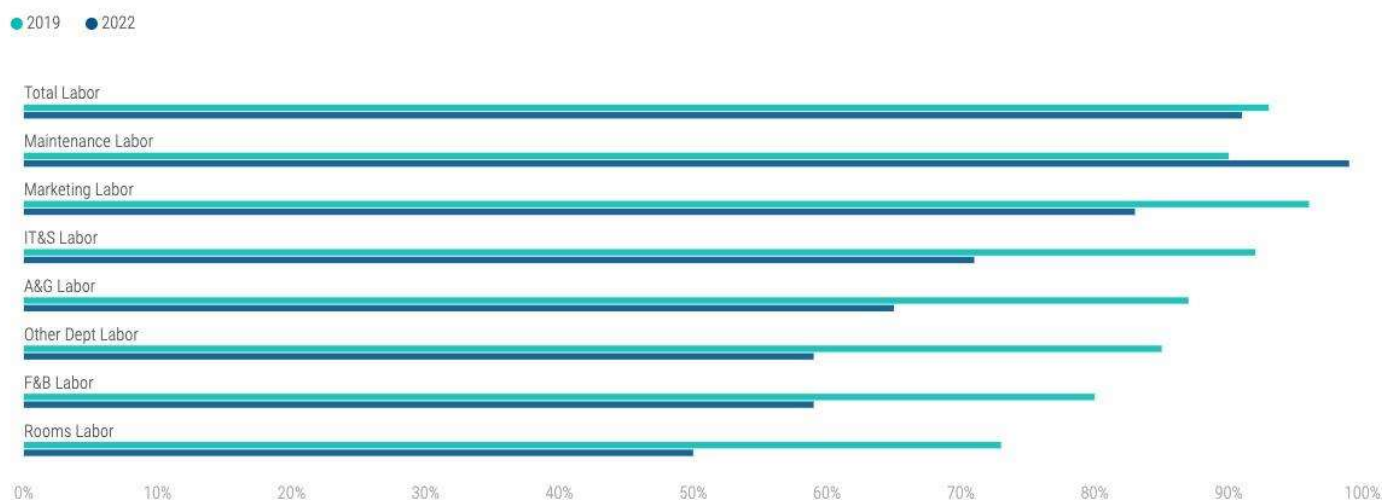
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Among increases during the month, total labor costs were up to 97% of the pre-pandemic comparable. That was the second-highest index to 2019 of the pandemic-era, behind December 2021.

“As we look toward the spring and summer months, a further rise in labor costs might be expected due to increased demand,” Ortiz said. “However, our February data shows labor margins leveling out, which is likely due to those increased costs being absorbed by the increase in room rates.”

Labor costs POR comparable to 2019 levels

Labor costs per occupied room night, Feb 2022 vs. Feb 2019



Source: STR. © 2022 CoStar Group

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Key profitability metrics:

TRevPAR - Total revenue per available room

GOPPAR - Gross operating profit per available room

EBITDA - Earnings before interest, income tax, depreciation, and amortization

LPAR - Total labor costs per available room

About STR

STR provides premium data benchmarking, analytics and marketplace insights for the global hospitality industry. Founded in 1985, STR maintains a presence in 15 countries with a corporate North American headquarters in Hendersonville, Tennessee, an international headquarters in London, and an Asia Pacific headquarters in Singapore. STR was acquired in October 2019 by CoStar Group, Inc. (NASDAQ: CSGP), the leading provider of commercial real estate information, analytics and online marketplaces. For more information, please visit str.com and costargroup.com.

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