HB REPORTS

Extended-Stay Hotels Drive Stability in an Uncertain Market

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Introduction:

The hotel industry is feeling pressure from a challenging economic landscape characterized by ongoing uncertainty, as occupancy and revenue per available room (RevPAR) decline across all chain scales and destinations. However, reports from analysts show consistent K-shaped growth, with continued expansion in the luxury and upper-upscale segments, while economy hotels experienced nine months of declining RevPAR.

Despite this, extended-stay hotels continue to demonstrate strength amid adverse operating conditions. A recent report from The Highland Group shows that economy and mid-priced extended-stay hotels recorded between one-third and one-half of the comparable RevPAR decline of all hotels in these segments. Furthermore, extended-stay hotel demand reached an all-time high in 2025, recording a 2.2% increase over 2024, compared to a 0.8% decline across the rest of the industry.

Data from CoStar shows that extended-stay hotels maintained a consistent occupancy of 73.2% and an average daily rate (ADR) of $123.31 from January to March 2026, compared to an average occupancy of 73.9% and an ADR of $123.72 over the same period in 2025. Hoteliers can contrast these figures against the wider hotel industry's ongoing disruption. CoStar's data shows ADR was up 3.4% in January 2025, reaching $151.20, only to be reduced to just a 0.6% gain by January 2026. Extended-stay hotels, by comparison, largely avoided absorbing these losses.

The Highland Group's report also showed that while rooms under development declined 10% year-over-year compared to 2024, the reduction was driven by rising interest rates and inconsistent forecasts amid declining RevPAR. High construction costs are also cited as a reason for delayed or deferred development across the industry, but the extended-stay segment remains a consistent draw for new construction thanks to its resilience amid headwinds.

Deanne K. Dawes, owner, MainStay Suites® Chattanooga Hamilton Place, said that despite reduced corporate travel, her property has remained successful and consistent thanks to activity from construction crews, visitors to the university and even medical tourism. By adjusting her property's focus and leaning into the extended-stay segment's strengths, Dawes has been able to maintain consistent operations with less difficulty than a typical transient hotel, supported by adjustments to the extended-stay operating model that reduce costs and improve efficiency.

"From a development perspective, more owners are focusing on the operational characteristics of the extended-stay segment," Dawes said. "The operating model is typically leaner, and longer guest stays can contribute to greater operational consistency. Based on our experience through prior market disruptions, extended-stay has demonstrated an ability to remain relatively stable compared to other lodging segments."

> "The hotel industry remains resilient as its customer base of long-stay clients remains active, and the market continues to address the need for long-term accommodations."
>
> *—Jan Freitag*
> *national director, hospitality analytics*
> *CoStar Group*

SECTION 1:
How extended-stay hotels are providing consistency during periods of uncertainty

According to data from The Highland Group's 2026 survey, extended-stay hotels' historic consistency has remained a constant over the past few business cycles, particularly during downturns. Extended-stay hotels record a wide variety of stay lengths, ranging from five to seven nights in upscale and luxury properties and as many as 28 nights in the economy segment. The reasons for using extended-stay hotels are varied as well, ranging from business to leisure to a combination of the two. Each of these elements combines to create one of the most dynamic segments within hospitality, with one property capable of serving a wide variety of guests at once.

However, while extended-stay has an extensive reach, current development interest in hotels that prioritize long stays is gravitating toward the upper end of the chain. Data from Lodging Econometrics shows that, while robust, the current extended-stay development pipeline is concentrated in the middle and luxury tiers. According to their figures, extended-stay hotels accounted for just 154 out of a total 2,457 projects in the U.S. development pipeline as of Q4 2025.

While these trends are in line with current industry developments, they also represent a development gap for hotels in the economy extended-stay segment. This is doubly important as demand continues to increase.

"We also have to manage expectations," Dawes said. "Some guests are treating extended-stay more like apartment living now, which can create challenges operationally. On the hotel side, longer-term stays are growing significantly. If you lock in 30, 60, or 90-day guests, that brings a lot of stability."

Paul Novak, partner at real estate management company Whitman Peterson, said there remains a significant runway for growth in the extended-stay segment, particularly in the economy and midscale segments. While the focus today is on luxury and upscale growth, Novak believes pent-up demand has yet to materialize in midscale and economy hotels, with both segments poised for exponential growth in the near future.

> "Choice Hotels brings deep experience in the extended-stay segment, with a strong understanding of the operational dynamics and demand drivers that shape this category. We support our franchisees by applying our operational expertise and data-driven insights to inform development and operating decisions."
>
> *—Ron Burgett*
> *SVP, extended-stay development*
> *Choice Hotels*

"Demand fundamentals remain incredibly strong because the customer base has diversified well beyond traditional business travel," Novak said. "Today, we're seeing consistent demand from construction crews, healthcare professionals, infrastructure projects, relocations and guests seeking flexible housing alternatives. In many markets, supply still hasn't caught up with long-stay

Extended Stay Brands

At Q4 2025

	Construction Pipeline							
	Under Construction		Starts Next 12 Months		Early Planning		**Total Pipeline**	
	Proj	Rooms	Proj	Rooms	Proj	Rooms	**Proj**	**Rooms**
Upper Tier Extended-Stay	115	13,261	303	36,513	209	24,323	**627**	**74,097**
Middle Tier Extended-Stay	269	26,717	627	60,536	780	69,980	**1,676**	**157,233**
Lower Tier Extended-Stay	36	4,169	48	4,987	70	8,591	**154**	**17,747**
Total Extended-Stay Brands	**420**	**44,147**	**978**	**102,036**	**1,059**	**102,894**	**2,457**	**249,077**
% of Industry		**32.9**		**40.2**		**31.0**		**34.6**

demand, which creates a compelling opportunity for developers who understand the segment."

SECTION 2: Length-of-stay trends and how extended-stay hotels benefit

Length-of-stay data remain among the most important for tracking the growth of the extended-stay segment, weighted even higher than the wider hotel industry. According to a 2026 report from Lighthouse, searches for one-night stays on Online Travel Agencies (OTAs) have risen globally from 28% to 37% between Q1 2023 and Q4 2025. This coincides with an 8% reduction in searches for stays between eight and 14 days, showing the average length of stay is down across the transient hotel industry.

By comparison, industry analyst Kalibri found consistent growth in demand for stays of seven nights or more and suggested that the current pace of extended-stay supply growth may not be sufficient to meet demand over the next few years.

"These longer stays occur in purpose-built extended-stay properties but are absorbed by traditional hotels when extended-stay brands are not present in a market," said Cindy Estis Green, CEO/cofounder, Kalibri. "We have seen strong growth in supply in the mid- and lower-tier extended-stay category, but the occupancy and ADR performance have also improved, so new demand has been absorbed despite growing supply. While the national average in 7+ night stays has grown quite a lot since 2019, it's the economy, midscale and upper-midscale hotels that have seen the most positive change."

Estis Green is referring to a data point showing that economy hotels experienced an increase in bookings of seven nights or more from 28% in 2019 to 39% by 2025. This indicates that any momentary reductions in bookings within the extended-stay space can be attributed to economic factors rather than to guest sentiment or a desire for future bookings.

"While demand across the overall industry was down 1% at the end of 2025, the extended-stay category was up 2%," Estis Green said. That was consistent for both upper-tier and lower-tier extended-stay brands."

Overall, U.S. domestic length-of-stay trends continue to increase gradually. Between 2019 and 2022, the average length of stay at traditional hotels increased from 1.9 nights to 2.1 nights, even as the overall industry continues to recover from the impact of the 2020 pandemic, which saw a reduction in length of stay of 5%-10%. By comparison, extended-stay brands encourage guests to stay between five and seven days, with some brands reporting that up to 70% of their extended-stay guests book for at least a week or longer.

Choice Hotels® offers four distinct extended-stay brands, including Everhome Suites®, WoodSpring Suites®, MainStay Suites® and Suburban Studios®. While each of these brands serves a different niche within extended-stay, the WoodSpring Suites brand boasted an average length of stay of 12.2 days in 2025, more than 48 hours longer than the industry median. Extended-stay hotels that demonstrate the ability to drive length of stay among guests represent the top-performing properties in the segment and are quickly attracting investor interest.

Novak said emerging trends in the extended-stay segment have given lenders and investors a favorable view of future development opportunities. According to him, the segment's

operational efficiency and consistent, stable performance, even amid market disruptions, make it an attractive option for investors fatigued by the constant need to adapt to a consumer in constant flux. In today's consumer market, which is so often defined by uncertainty, these investors are looking at different key performance indicators to discern success, starting with a hotel's ability to weather an inconsistent economy.

"Construction costs and financing have certainly created more discipline around development decisions, but they haven't changed our long-term confidence in extended-stay," Novak said. "We're being more selective about markets and underwriting assumptions, but the fundamentals behind extended-stay development remain very attractive

The Four Tiers Comprising Length of Stay Today

Tier One:
1-6 nights

Tier Two:
7-14 nights

Tier Three:
15-29 nights

Tier Four:
30 + nights

SOURCES: Kalibri

Strategies to Optimize Revenue Using Length of Stay in Extended-Stay Hotels

Maintaining a consistent length of stay is a fundamental element of success in today's extended-stay climate, which is why so many hoteliers have invested in new technology and strategies to optimize revenue growth in this area. Here are five ways hoteliers are improving their overall performance by leveraging length of stay and working directly with hotel brands and partners:

1. *Teams overseeing demand must align staffing mix with demand across the four length-of-stay tiers to optimize operating expenses while meeting guest expectations.*
2. *Maintain oversight of online guest reviews to address potential concerns and invest in technology to improve operators' ability to communicate directly with guests on property.*
3. *Create consistency and visibility for your property's imagery, attribute information and rates across all distribution channels.*
4. *Support sales team efforts through fast, meaningful communications with partners and customers.*
5. *Invest in new technology—as long as it supports hospitality fundamentals and helps hoteliers operate more efficiently.*

SOURCES: Kalibri, Deanna Dawes

SECTION 3:
Technology's impact on extended-stay hotel optimization

Technology investment remains a driving trend across the industry in 2026 as hotels continue to adopt new tools for communicating with guests, setting and updating rates, simplifying operations, and more. According to a study from Abode Worldwide, between April 2025 and March 2026, [40 hospitality technology companies raised a combined $1 billion] in investments.

AI tools represent the dominant investment trend across all business mediums, and hospitality is no exception. A separate report from Canary Technologies found that 71% of hospitality professionals say [AI is having a "significant or transformative impact on the industry,"] with 85% of respondents suggesting they would allocate at least 5% of their IT budget to AI investments throughout 2026.

From the extended-stay operator's perspective, this technology could be valuable, as long as hoteliers don't lose sight of the other capabilities operators need. Hotel leaders, above all else, will rarely invest in new technology that has not been proven to improve an industry metric measurably. Occupancy rates, guest satisfaction scores, employee turnover, OTA conversions and loyalty growth figures can all be tracked and compared against annual forecasts and historical performance.

Any technology that can address these attributes directly remains a priority for hotel leaders, regardless of hotel segment. For example,

Three Ways the Extended-Stay Segment is Embracing Innovation

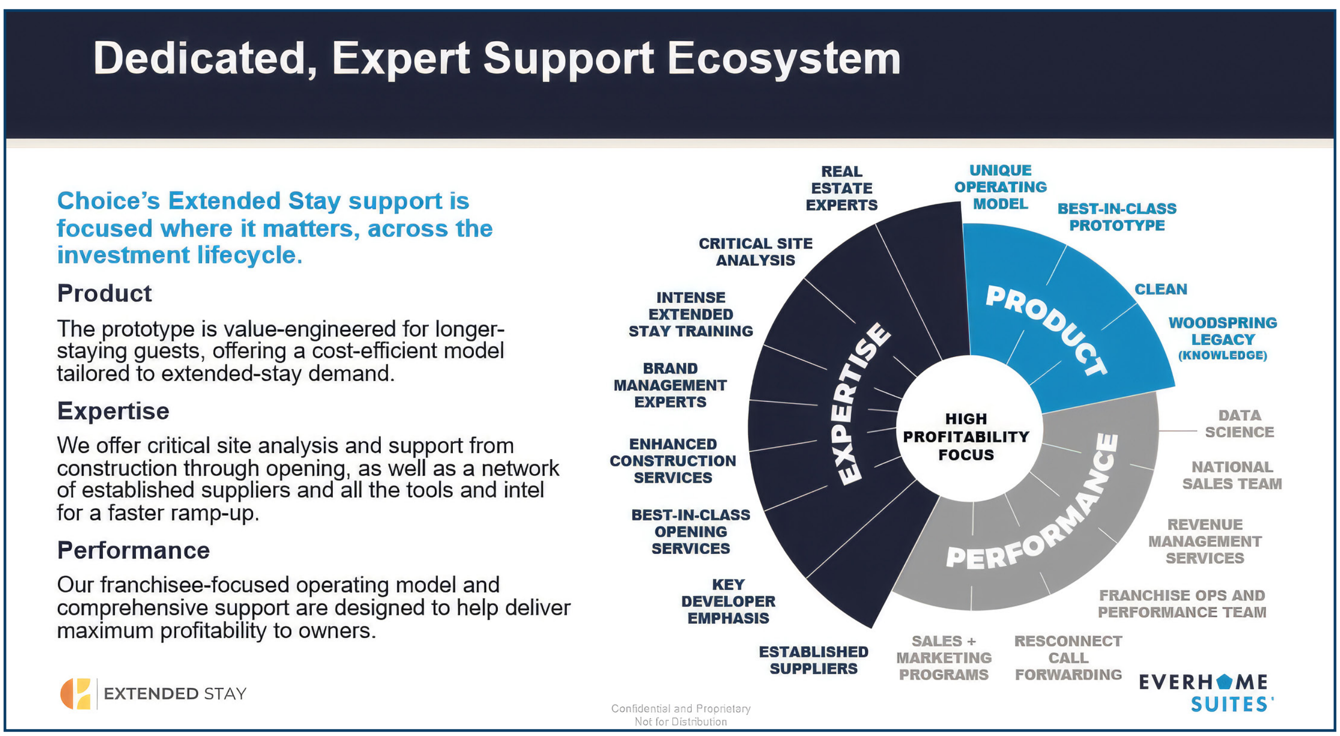
1. *Streamlined, simplified operating layouts value-engineered for longer-staying guests, offering a cost-efficient model tailored to extended-stay demand.*
2. *Revenue management technology designed to analyze length of stay data and optimize rates during the moment of booking.*
3. *Rooms management technology designed to manage demand across length-of-stay and segment tiers.*

Dawes said she anticipates challenges from rate pressures and that the need to compete with other extended-stay hotels will intensify throughout 2026. Technology that enhances her property's competitiveness will be prioritized in this environment.

"Going forward, tech is important, but it has to have a practical purpose for my hotel," Dawes said. "If my team doesn't use it, it's not helping me." Dawes' perspective shows a willingness to experiment, contrasted with a concern that the push to simplify operations through technology investment is creating complexity and practical redundancies. This is further reflected in insights from CoStar, suggesting that continued uncertainty, even in extended-stay, may be affecting hotel owners' willingness to invest in experiential or experimental elements, including technology beyond back-of-house innovations.

> "Extended-stay has demonstrated durability across different market environments, supported by demand characteristics that tend to favor longer stays. Choice Hotels has invested in understanding those dynamics through data, operational experience, and franchisee support. We don't just offer a brand—we provide resources and expertise to help owners operate and develop their businesses over time."
>
> *—Ron Burgett*
> *SVP, extended-stay development*
> *Choice Hotels*

"Owners are likely worried about the lack of pricing power and the lack of top-line growth likely means increased focus on the expenses side of the business to keep margins intact," Freitag said.



SECTION 4: Direct support during times of need

When hoteliers face operational challenges, it's important to rely on their brand and technology partners to provide the support needed to maintain consistency, even amid uncertain conditions.

This is best exemplified by Choice Hotels®, which offers a three-tier support structure typified by Expertise, Product and Performance. Choice's leadership ensures that every property benefits from a critical site analysis and support from construction through opening, as well as a network of established supplies and the necessary tools and intel to facilitate the fastest possible ramp-up for new partners. This expertise is backed by a franchise-forward operating model and comprehensive support designed to help owners achieve maximum profitability.

CONCLUSION: Call to Action

The future of the hotel industry seems to always be in a state of constant uncertainty today, but the extended-stay segment's ability to consistently leverage hospitality's most impactful fundamentals makes it a better investment for operators across all chain scales. Looking forward, Estis Green said long-awaited infrastructure spending plans, the rapid growth of development projects such as data centers and increased military spending are well-suited growth drivers for middle- and lower-tier extended-stay hotels. In this context, the current reduction in extended-stay development in the economy segment may be as short-lived as the rest of the segment's woes.

"Being one of the most attractive investment opportunities, even in challenging economic times, lenders see this category very favorably due to the efficient operations that are possible in markets that over-index on 7+ night stay demand, when the market selection, demand mix and labor models are optimized," Estis Green said.

In fact, Dawes is taking the current market in stride and using it as an opportunity to go on the offensive by securing new bookings through a strategic approach to local sales for events and large groups. Her efforts show that with the right approach, consistent occupancy can be maintained in extended-stay even during the most challenging operating markets.

"I am not just sitting back waiting for bookings," Dawes said. "I am actively reaching out to construction companies, hospitals, project managers and anyone who might have a need for extended-stays. That is where real business comes from."