

According to a study conducted by Keytel in collaboration with Braintrust Consulting Services

## **New York: Improved supply and control of tourist apartments boosts economy without increasing mass tourism**

- *The analysis shows how the RevPAR of establishments in the city has increased by more than 20% in recent years, while the influx of tourists has decreased in favor of less crowded neighboring towns*
- *The city has seen a significant portion of its economy-class rooms disappear from its offerings. Many hotels in this range have been converted into refugee accommodation*

December 12, 2024.- Keytel, the world's first alliance of independent hotels, continues to build on the findings of its "Independent Hotel Observatory," which conducts various studies to analyze the dynamics of the hotel sector in major global destinations. This latest analysis, carried out in collaboration with Braintrust Consulting Services, aims to provide a current snapshot of New York's hotel industry, based on the performance of its benchmark indicators (occupancy, ADR, RevPar, etc.) for the period 2016-2024.

In this regard, the first conclusion to highlight from this analysis is that it confirms that the ADR (Average Daily Rate) of New York establishments has increased by 21.4% compared to 2019, and RevPAR has increased by 26% between 2021 and 2024.

### Could New York be an example to follow?

In recent years, New York has undergone a remarkable transformation in its accommodation landscape. The reduction in the supply of lower-category accommodation, which includes *economy y midscale hotels (the immigrant assistance program approved in August 2022 converted some 16, 000 rooms in this range into shelters), together with the elimination of tourist apartments (Local Law 18 of June 2023 eliminated nearly 20,000 accommodation units), has clearly driven up average prices in the city's hotel sector.*

El estudio demuestra que ambas medidas han redundado en una reducción de las tasas de ocupación, que continúan 2,3 puntos por debajo de los niveles de 2019, a la par que han elevado de forma significativa los precios de la plaza, especialmente en los hoteles independientes (unbranded).

However, despite this increase in revenue, the study also shows that the impact of inflation on costs has prevented hotels from achieving greater profitability.

In October 2024, cumulative inflation in year-on-year terms was 2.6%, representing a cumulative total of more than 22% for the period 2019 to 2024. In this regard, the study includes various testimonials, notably that of Vijay Dandapani, president and CEO of the New York Hotel Association, who points out: *"The adjustments caused by inflation, added to labor costs, especially for those hotels that have a union, are making it difficult to achieve the desired profitability rates. And despite the fact that ADR is growing significantly, these two key factors mean that GOP levels remain low"*.

### Is this average price situation sustainable?

Several of the factors that have contributed to the rise in average hotel prices, and which are related to the reduction in supply, could change in the very near future,

negatively affecting rates.

On the one hand, with regard to New York City Local Law 18, which governs tourist apartments, several members of the city council have introduced a bill that would expand the possibilities for owners of single-family and two-family homes, allowing them to offer short-term rentals. Currently, these owners are prohibited from renting their properties for less than 30 days.

Likewise, with regard to accommodation in the “economy” category, the possibility of recovering accommodation that has been allocated to the immigrant program for hotel use is being considered. However, this conversion process would be costly and highly complex, making it unfeasible.

### **About the Independent Hotel Observatory**

The Independent Hotel Observatory, led by Keytel and Braintrust, aims to provide key data on the performance of the hotel sector in major international destinations, with a special focus on the performance of independent hotels compared to chain hotels.

### **About Keytel**

Keytel is the **world's leading alliance of independent hotels**, with a portfolio of more than 3,600 establishments in 87 countries. The company defines itself as an organization specializing in accelerating hotel transformation processes, combining consulting, a wide range of services, and technological tools to increase the speed of transformation and growth of its partner hotels.

### **About Grupo Hotusa**

Grupo Hotusa is a dynamic organization made up of a large number of companies related to the most diverse areas of the tourism sector. With more than 47 years of history, the Group operates in more than 130 countries, has a workforce of 6,000 employees, and had a turnover of more than €1.4 billion in 2023.

The company is organized into three business units: hotel services, integrated under the umbrella of Keytel, which is the world's leading consortium of independent hotels with more than 3,500 associated hotels; distribution, which operates as Restel and markets more than 125,000 establishments globally; and hotel operations, Eurostars Hotel Company, with a portfolio of 270 units in 19 countries. 000 establishments globally; and hotel operations, Eurostars Hotel Company, with a portfolio of 270 units in 19 countries.

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