



*According to the 2R section of the study conducted by Keytel in collaboration with Braintrust Consulting Services*

## **New York bets on independent luxury: three out of four new high-end hotels will be unbranded**

February 11, 2025. - The study reveals that 75.5% of new luxury hotels to be built in New York in the coming years will be independent hotels. In recent years, the city has seen luxury hotel prices in independent (unbranded) establishments exceed expectations, especially in a context where the supply of rooms in lower categories has declined significantly.

In recent years, the city has seen hotel prices in the upscale to luxury categories experience significant increases. Seventy-eight percent of the newly built rooms planned for the coming years are expected to be in upscale, upper upscale, and luxury hotels, strengthening New York's premium positioning.

### **Expansion marked by large chains**

72% of new openings will be branded hotels, i.e., managed or franchised under major brands. 28% will be unbranded hotels, operated independently and promoting their own brand. Midtown Manhattan will account for 85% of new rooms, reinforcing its position as the city's hotel epicenter.

### **Less economy supply and greater positioning in luxury**

If we focus on these three segments, the report gives a clear idea of the future of luxury hotels. Hotels operating under their own brand are gaining ground in the luxury segment, unlike the general market, which is dominated by large brands.

The fact that three out of every four rooms planned for construction in luxury hotels in New York are independent reveals a trend contrary to what is happening in other hotel categories, although some of these projects will ultimately end up under the umbrella of a brand that has not yet been assigned.

The economy segment continues to struggle to recover, following the conversion of 16,000 rooms into accommodation for immigrants and the impact of regulations on tourist apartments.

### **Impact on rates and profitability**

The reduction in low-cost hotel supply has driven growth in ADR (+21.4%) and RevPAR (+26%) in recent years. However, the report warns that cumulative inflation in the 2019-2024 period (+22%) and labor costs are limiting the profitability of establishments.



In addition, the RevPAR difference between branded and unbranded hotels has narrowed from 18.4% in 2019 to 11.1% in 2024, which could drive new market strategies for independent hotels. Among the main conclusions, it is noteworthy that the ADR (Average Daily Rate) of independent hotels in New York has increased by 21.4% compared to 2019.

### **A market in equilibrium or at risk of oversupply?**

The Observatory highlights that the growth in supply could moderate the rise in prices, especially if the authorities relax Local Law 18, which eliminated 20,000 tourist apartments in 2023.

With an evolving regulatory landscape and the expansion of hotel capacity, the big question is whether New York will be able to maintain its selective tourism model or whether, once again, increased supply will lead to an adjustment in rates and occupancy in the coming years.

### **The future of luxury in New York**

Although the growth of luxury in independent hotels is promising, the study also warns that there are challenges in terms of price sustainability and operating costs. However, the sector appears to be well positioned for continued growth, with strong demand from tourists who increasingly value exclusivity and personalization.

### **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 the 19th organization specializing in accelerating hotel transformation processes, a formula that combines consulting, a wide range of services, and technological tools to increase the speed of transformation and growth of its partner hotels.

### **About Hotusa Group**

Grupo Hotusa is a dynamic organization made up of a significant 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.

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