



TOURISM  
ECONOMICS

AN OXFORD ECONOMICS COMPANY

# Florida Keys Hotel Forecast

June 2026

Prepared for:

The  
Florida Keys  
& Key West  
... come as you are®

# Introduction

The Florida Keys & Key West engaged Tourism Economics to prepare a custom forecast of key lodging indicators for the Florida Keys.

This forecast relies on:

- Monthly and daily STR hotel data;
- Economic forecasts prepared by Oxford Economics, parent company of Tourism Economics; and,
- Assumptions on the future path of the tourism sector in the context of economic trends.

Due to standard forecast variability, future hotel performance may vary from the estimates presented in this forecast.





- 1 Florida Keys Forecast Highlights
- 2 US Economic Trends
- 3 US Travel Trends
- 4 Forecast Tables

# Forecast Summary

- The hotel industry in the Florida Keys is performing well in 2026.
  - Hotel demand was up 3.7% through May, building on the 3.4% increase in 2025.
  - Average daily rates rose 7.1% through May, and hotel revenue was up 11.2%
- Demand and ADR growth in 2026 are projected to lift hotel revenue by 8.1% to \$1.08 billion.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Levels</b>										
Supply (millions)	3.64	3.33	3.80	3.88	3.86	3.85	3.92	3.94	3.97	3.97
Demand (millions)	2.78	1.95	3.00	2.91	2.90	2.77	2.86	2.94	2.99	3.04
Occupancy	76.2%	58.6%	79.0%	75.0%	75.1%	71.9%	73.1%	74.6%	75.5%	76.8%
ADR	\$278	\$282	\$390	\$399	\$359	\$357	\$350	\$368	\$372	\$378
RevPAR	\$212	\$165	\$308	\$299	\$269	\$256	\$255	\$275	\$281	\$290
Room Revenue (billions)	\$0.771	\$0.550	\$1.170	\$1.160	\$1.040	\$0.987	\$1.001	\$1.081	\$1.113	\$1.152
<b>Growth</b>										
Supply	11.8%	-8.5%	14.0%	2.1%	-0.3%	-0.4%	1.7%	0.5%	0.7%	0.0%
Demand	11.1%	-29.7%	53.6%	-2.9%	-0.3%	-4.6%	3.4%	2.7%	1.8%	1.7%
Occupancy	-0.6%	-23.1%	34.7%	-4.9%	0.0%	-4.2%	1.7%	2.2%	1.1%	1.7%
ADR	4.0%	1.5%	38.5%	2.2%	-10.1%	-0.5%	-2.0%	5.3%	1.1%	1.7%
RevPAR	3.4%	-22.0%	86.6%	-2.8%	-10.1%	-4.7%	-0.4%	7.5%	2.2%	3.5%
Room Revenue	15.6%	-28.6%	112.7%	-0.8%	-10.4%	-5.1%	1.4%	8.1%	2.9%	3.5%

Source: STR, Tourism Economics

# Forecast Summary

## Changes from prior forecast

- Relative to the previous (March 2026) forecast, demand and ADR have both grown more rapidly than anticipated, prompting upward revisions in the new forecast.
- Demand growth was revised up in 2026 and left largely unchanged in 2027 and 2028.
- ADR is on pace to experience a strong increase in 2026 after declining for three consecutive years. Following this year's robust rebound, rate growth is projected to slow to a more sustainable long-run pace in 2027 and 2028.

	2026	2027	2028
<b>Change vs Prior Year</b>			
Supply	0.5%	0.7%	0.0%
Previous: Mar 2026	1.0%	0.4%	0.0%
Demand	2.7%	1.8%	1.7%
Previous: Mar 2026	2.1%	1.8%	1.7%
Occupancy	2.2%	1.1%	1.7%
Previous: Mar 2026	1.1%	1.4%	1.7%
ADR	5.3%	1.1%	1.7%
Previous: Mar 2026	4.5%	0.7%	1.4%
RevPAR	7.5%	2.2%	3.5%
Previous: Mar 2026	5.7%	2.1%	3.2%
Room Revenue	8.1%	2.9%	3.5%
Previous: Mar 2026	6.7%	2.5%	3.2%

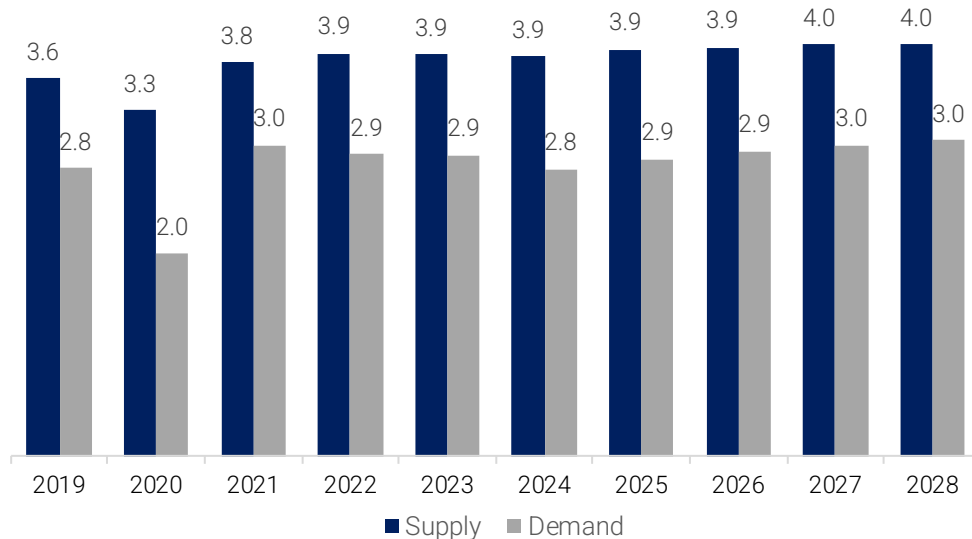
# Florida Keys Hotel Forecast

## Annual forecasts

- Demand is forecast to rise 2.7% in 2026, building on the 3.4% increase in 2025, and demand is forecast to surpass the 2021 peak in 2028.
- Limited supply growth will allow higher demand to lift occupancy rates through 2028. Only one hotel, the 110-room Valhalla Island Resort, is listed as under construction in the Florida Keys.

### Florida Keys hotel supply and demand

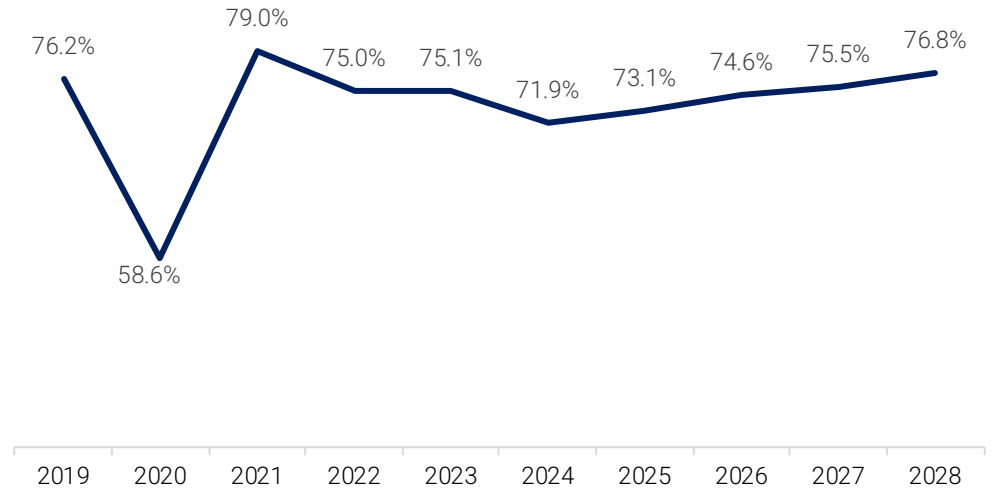
Room nights, millions



Source: -STR, Tourism Economics

### Florida Keys hotel occupancy

Annual average



Source: STR, Tourism Economics

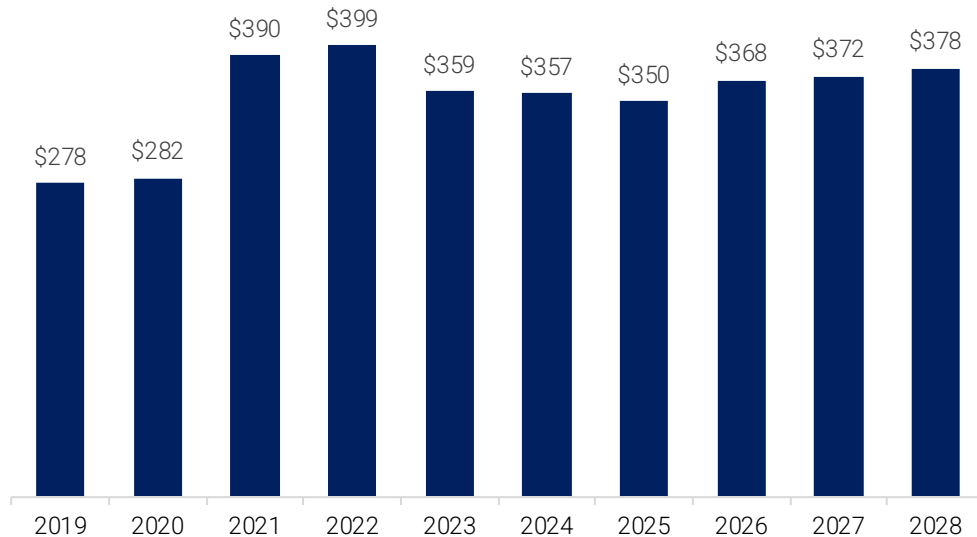
# Florida Keys Hotel Forecast

## Annual forecasts

- The annual average daily rate is forecast to rise 5.3% in 2026 to \$368. This will be more than 30% above the pre-pandemic benchmark from 2019, but is 7.8% below the all-time high set in 2022.
- The combined growth in demand and ADR in 2026 is forecast to lift hotel revenue by 8.1% to \$1.08 billion, while the all-time high for hotel revenue remains \$1.17 billion in 2021.

### Florida Keys hotel ADR

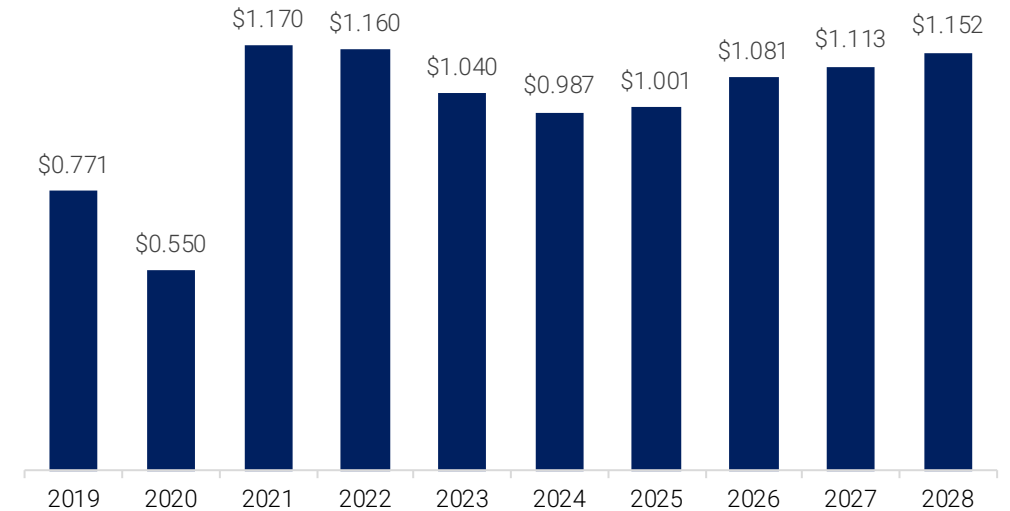
Annual average



Source: -STR, Tourism Economics

### Florida Keys hotel revenue

Billions



Source: STR, Tourism Economics

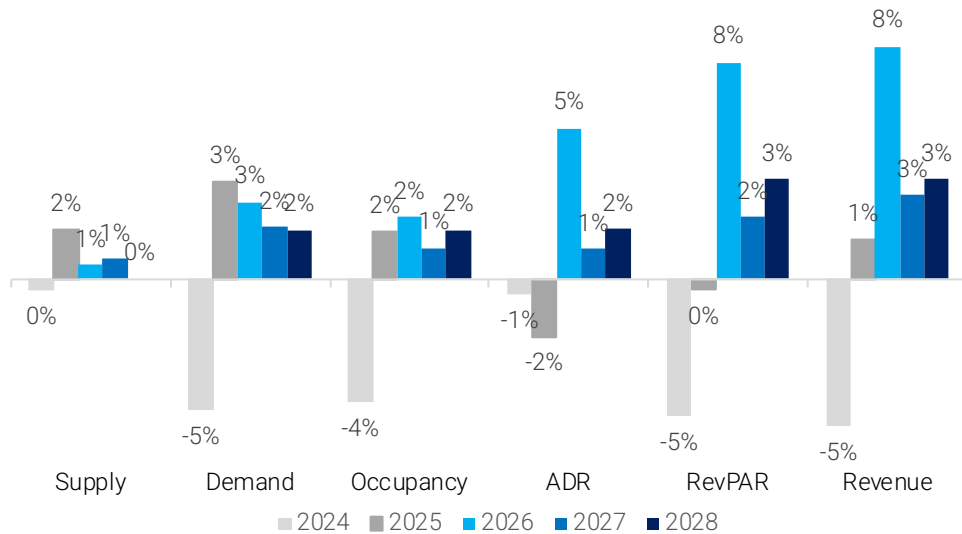
# Florida Keys Hotel Forecast

## Annual forecasts

- Both ADR and demand experienced three consecutive years of declines following dramatic growth in the wake of the pandemic, although ADR lagged demand by one year. Demand declined 2022-2024; ADR declined 2023-2025.
- Relative to 2019, demand peaked in 2021 (108%), and ADR peaked in 2022 (144%). Demand is forecast to surpass the 2021 peak in 2028, while ADR isn't projected to reach the 2022 peak until sometime after 2028.

### Florida Keys hotel forecast

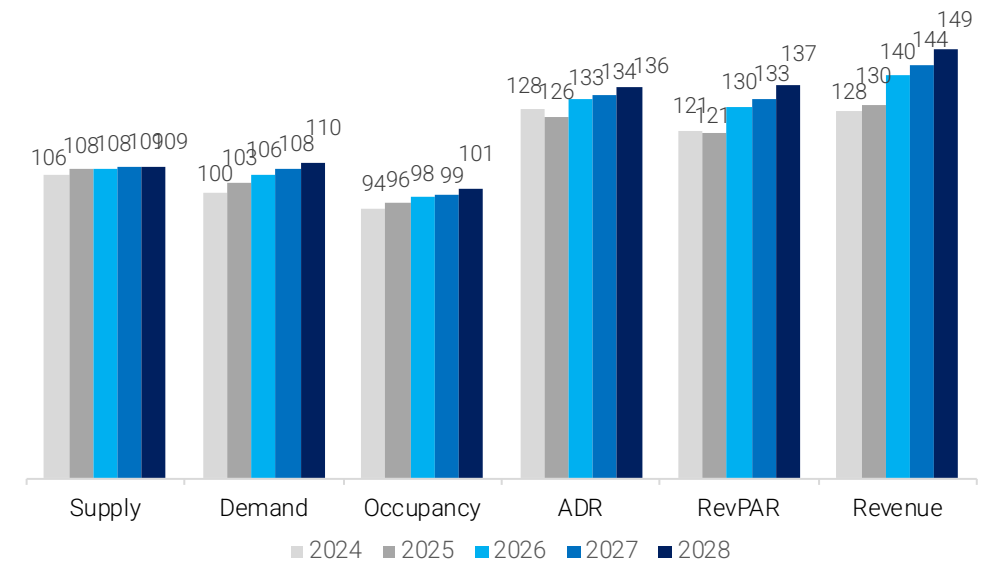
Percent change from prior year




Source: -STR, Tourism Economics

### Florida Keys hotel forecast

Index, 2019 = 100



Source: STR, Tourism Economics

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# US Economy

## Conflict in Iran constrains growth, amplifies the bifurcated economy

- As 2026 began, economic growth in the US was expected to gain some momentum from fiscal stimulus, fading effects of tariffs, and reduced uncertainty. However, the prolonged conflict in Iran is a counterweight to the positive tailwinds that were building at the beginning of the year. Note: Economic assumptions are based on Oxford Economics' June 2026 US Outlook.
- The forecast for real US GDP growth this year has been revised down to 2.1% from 2.8% at the start of the year. The hit to the consumer, the lifeblood of the economy, is the primary driver of the downward revision. We now expect real consumer spending to rise by 1.8% this year instead of 2.4%.
  - Consumers are likely to cut back on other purchases and draw down savings to sustain spending. But with personal savings rates already at historically low levels, those buffers are thin.
- Headline inflation rose sharply following the conflict in Iran, mostly due to gasoline prices, and inflation will remain stronger as the disruption pushes up transportation costs, food prices, and other items. We expect headline CPI to average 3.6% in 2026, up 1.0 percentage points from our pre-war February baseline.
- The surge in gas prices is hit close to the peak of tax refund season. Tax provisions in last year's bill generated an increase in refund payments this year estimated at more than \$60bn. That influx provided temporary support to consumer spending and is now waning as tax season ends, even as gas prices remain elevated.
- The pain from higher gas prices affects lower- and middle-income consumers the most. The bottom 80% of households by income spend close to 4% of their budget on gasoline, while higher-income consumers spend significantly less. Knock-on impacts on food prices would disproportionately burden lower-income households, deepening the bifurcation of the consumer that we've seen over the past several years.
- Business investment will take a hit outside of the AI and mining sectors, where spending momentum remains intact. The near-term tailwind from the One Big Beautiful Bill Act will be blunted as firms delay decisions until the outlook clears.
- We think any geopolitically driven weakness in the labor market will largely manifest itself via lower hiring by firms, who will become more uncertain about the economic outlook, let alone the future price of oil – a key input of production for many. Consequently, we expect the unemployment rate to remain stuck at 4.3%-4.5% through the rest of this year.

# US Economy

Conflict in Iran sends gas prices soaring

US: Gasoline prices



The war with Iran will mainly affect the US economy through higher global oil prices.

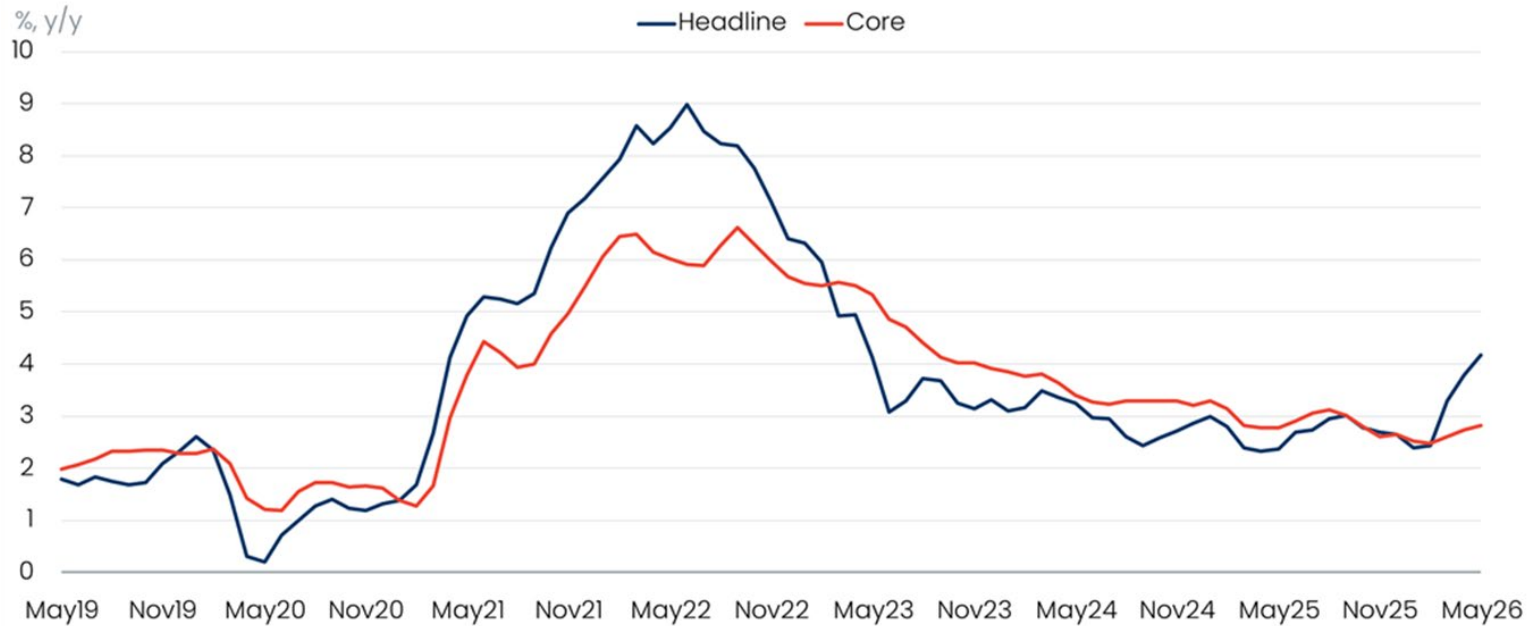
The US average price per gallon is more than 40% higher than the same time last year.

Source: Oxford Economics, Haver Analytics

# US Economy

Higher gas prices lift inflation

US: Headline and core CPI



Headline inflation rose 4.2% in May, the largest increase in 3 years.

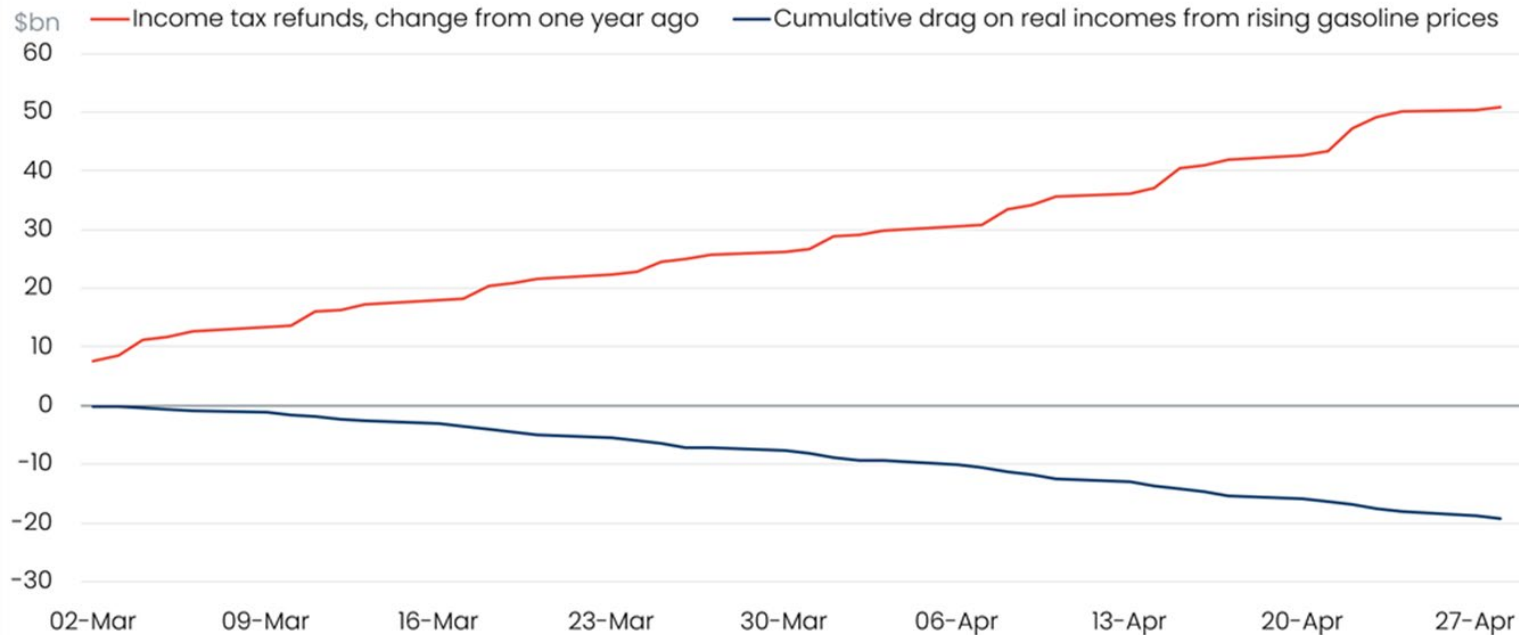
Inflation may have peaked in May, but it will decline only slowly.

Source: Oxford Economics, Haver Analytics

# US Economy

Tax returns temporarily offset higher gas prices

US: Impact of tax refunds and gas prices on real incomes



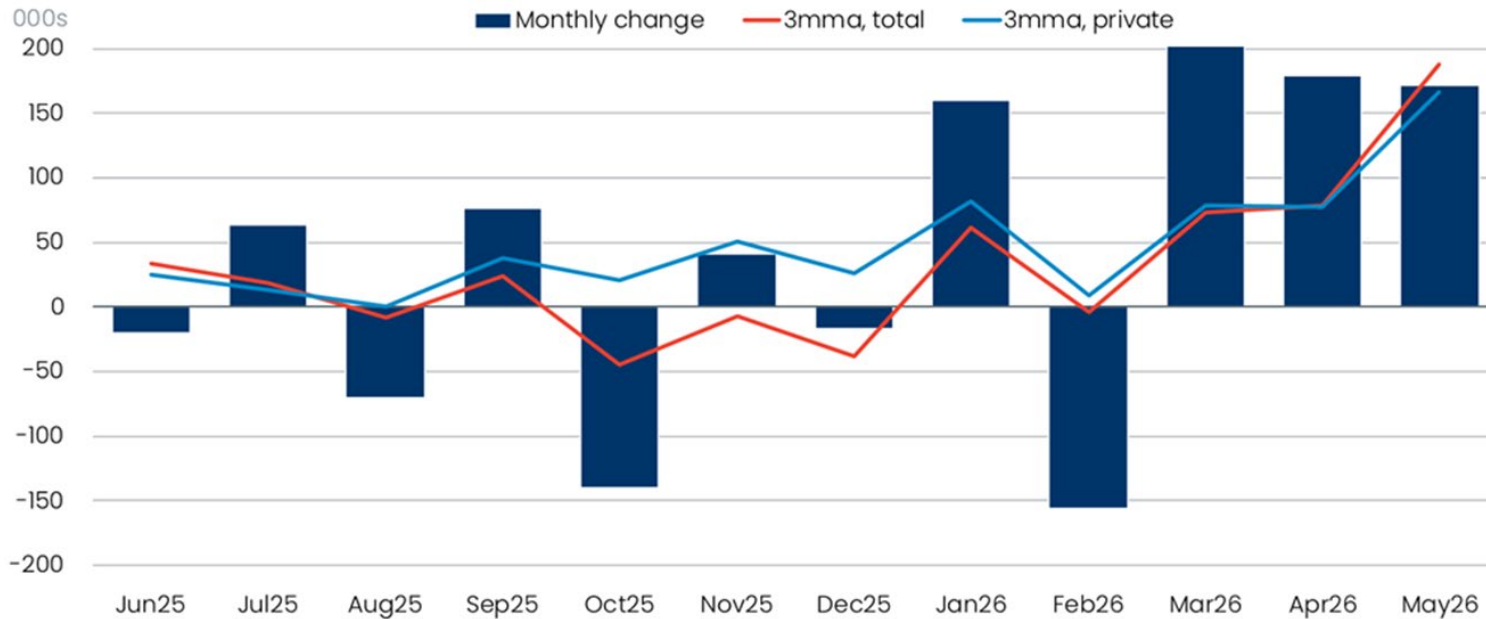
With tax refund season behind us and gas prices still elevated, the hit to consumer spending will become more evident going forward.

Source: Oxford Economics, Haver Analytics

# US Economy

Job growth exceeding expectations in 2026

US: Nonfarm payroll employment

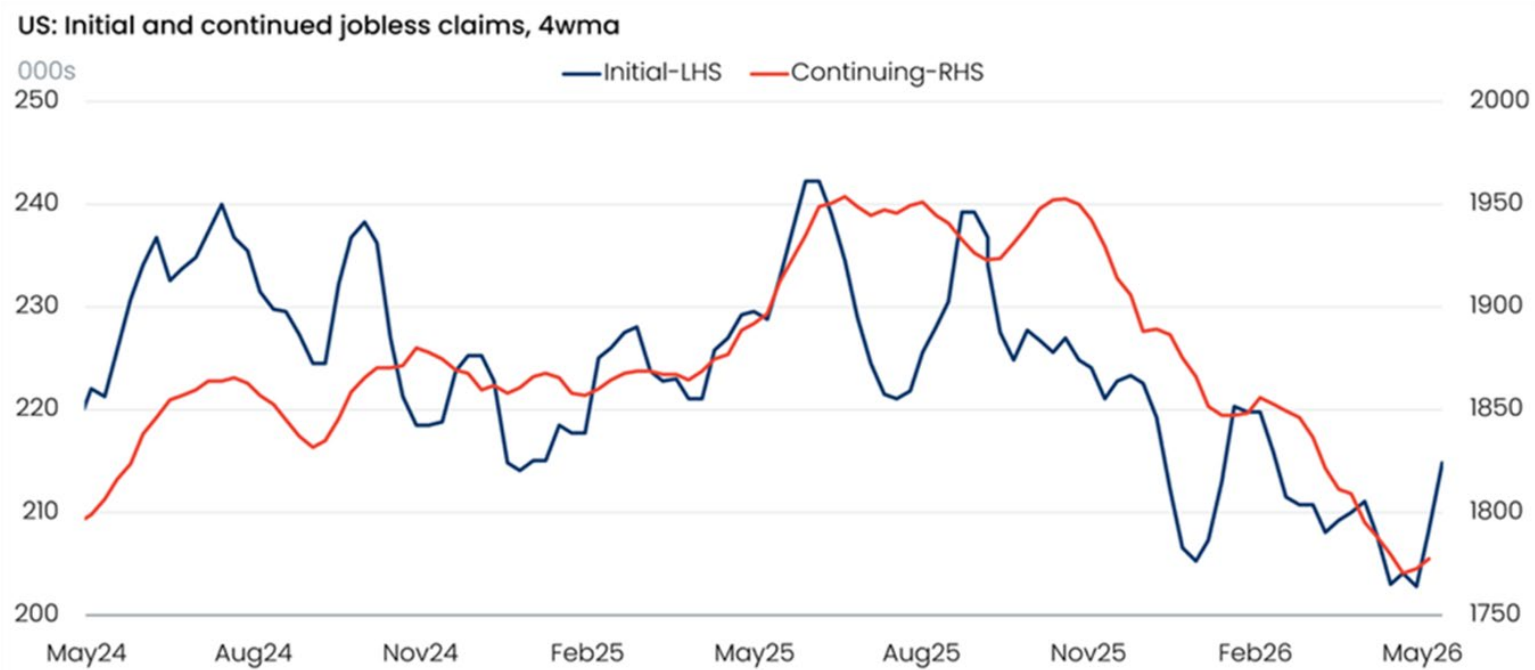


Payroll growth suggests stable to perhaps improving labor market conditions despite more than two months of war with Iran.

Source: Oxford Economics, Haver Analytics

# US Economy

Claims for unemployment have bounced off the bottom but remain low



Initial (first-time) claims for unemployment benefits rebounded in recent weeks, perhaps related to well-covered announcements primarily in the tech sector.

Nevertheless, claims for unemployment benefits remain low, suggesting layoffs are not accelerating more widely.

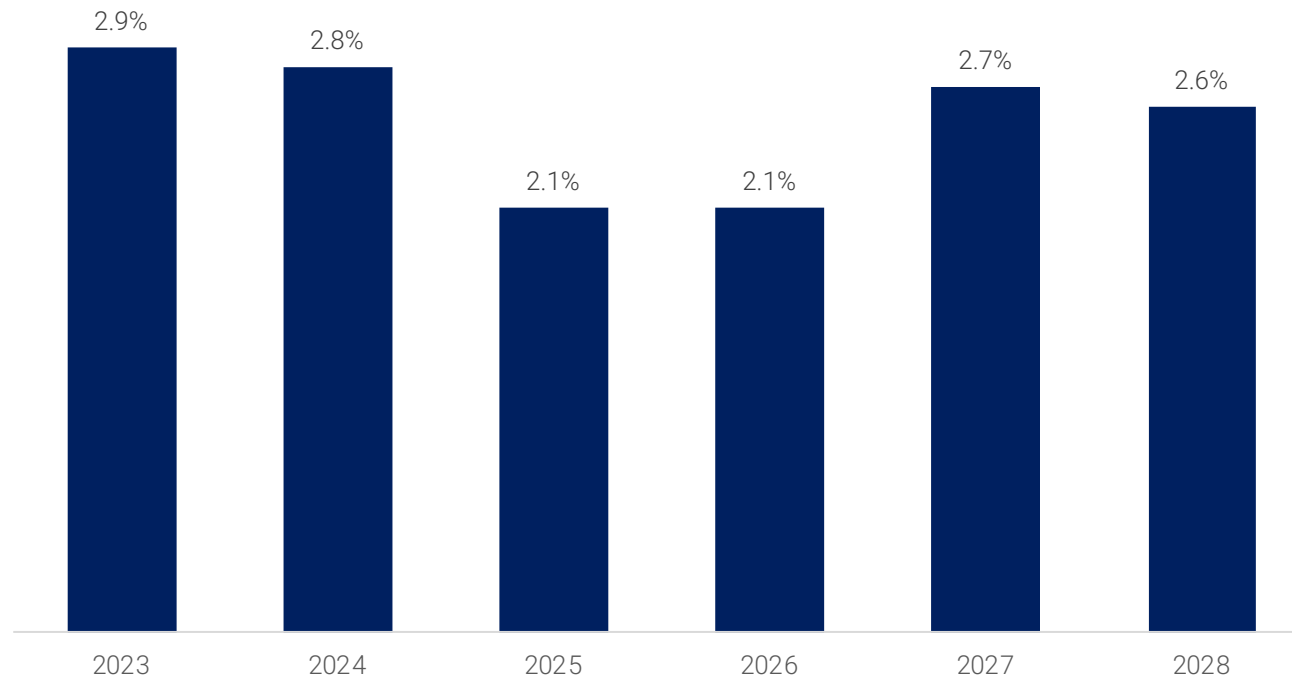
Source: Oxford Economics, Haver Analytics

# US Economy

No pick-up in GDP growth in 2026

## US Real GDP

Annualized Growth Rate



Key risks to watch, aside from gas prices, include:

- a severe correction in equity markets, which could undermine spending from higher-income households
- a pickup in layoffs, which would be the catalyst for a more serious weakening in the economy

Potential Triggers:

- Prolonged Iran conflict
- Reignited trade war
- Tech downturn

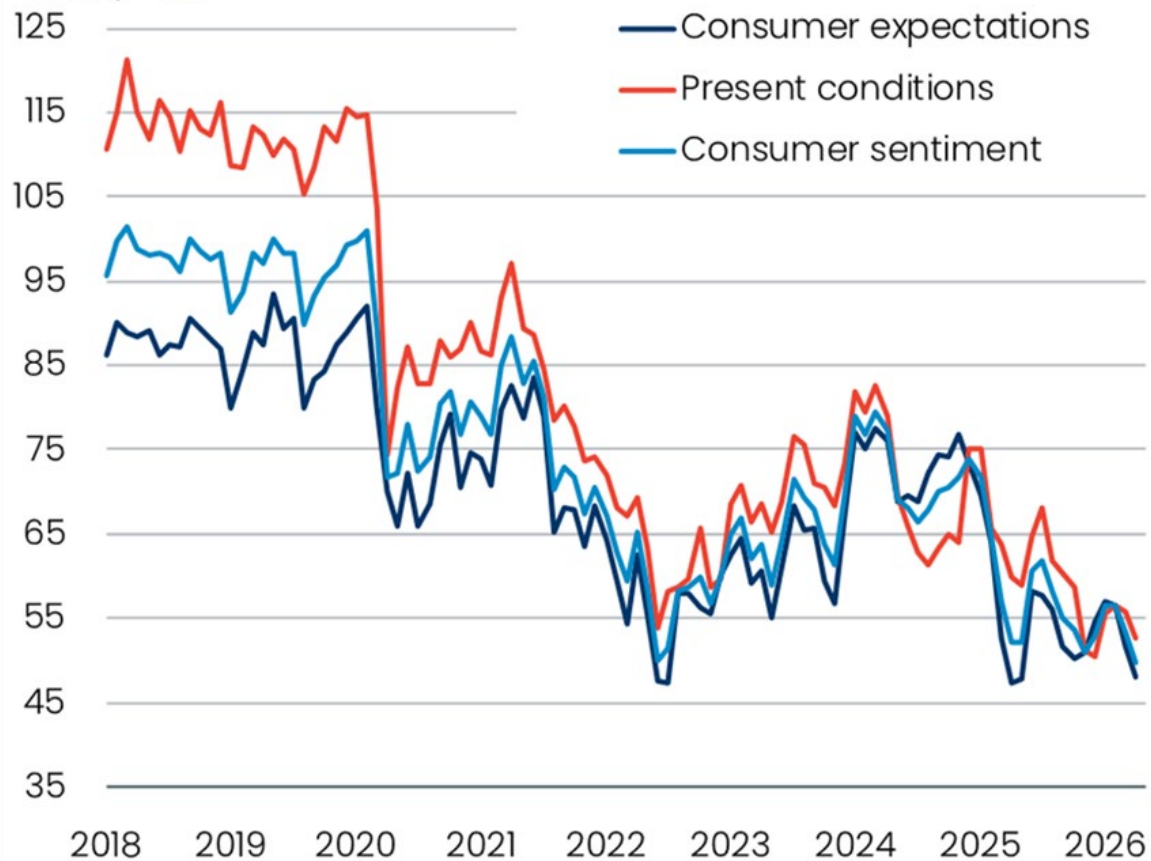
Source: Oxford Economics

# US Economy

Consumer sentiment drops to the lowest level ever

## US: Consumer sentiment

1966Q1=100



Sources: Oxford Economics, Haver Analytics

The University of Michigan's consumer sentiment index hit an all-time low in May due to the rise in gas prices and concern over the economic risks from the conflict in Iran.

The preliminary reading for June saw a decent gain, rising to 48.9 from 44.8 in May. Still, June's preliminary reading would be the second lowest ever recorded.

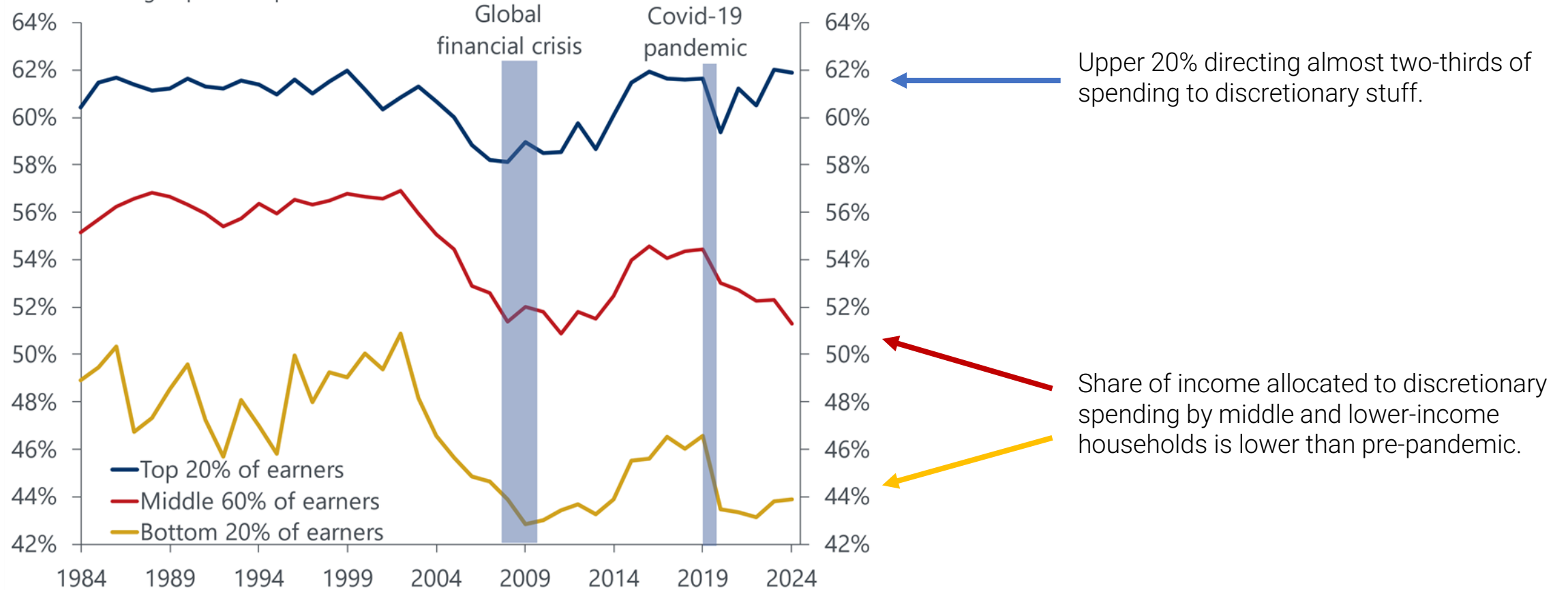
However, the correlation between sentiment and spending has weakened in recent years as spending has been supported by pandemic-era stimulus, wealth effects, and, more recently, larger-than-usual tax refunds.

# US Economy

Higher prices for essentials have kept discretionary spending from recovering

## US: Consumer discretionary spending by income

share of each group's total spend



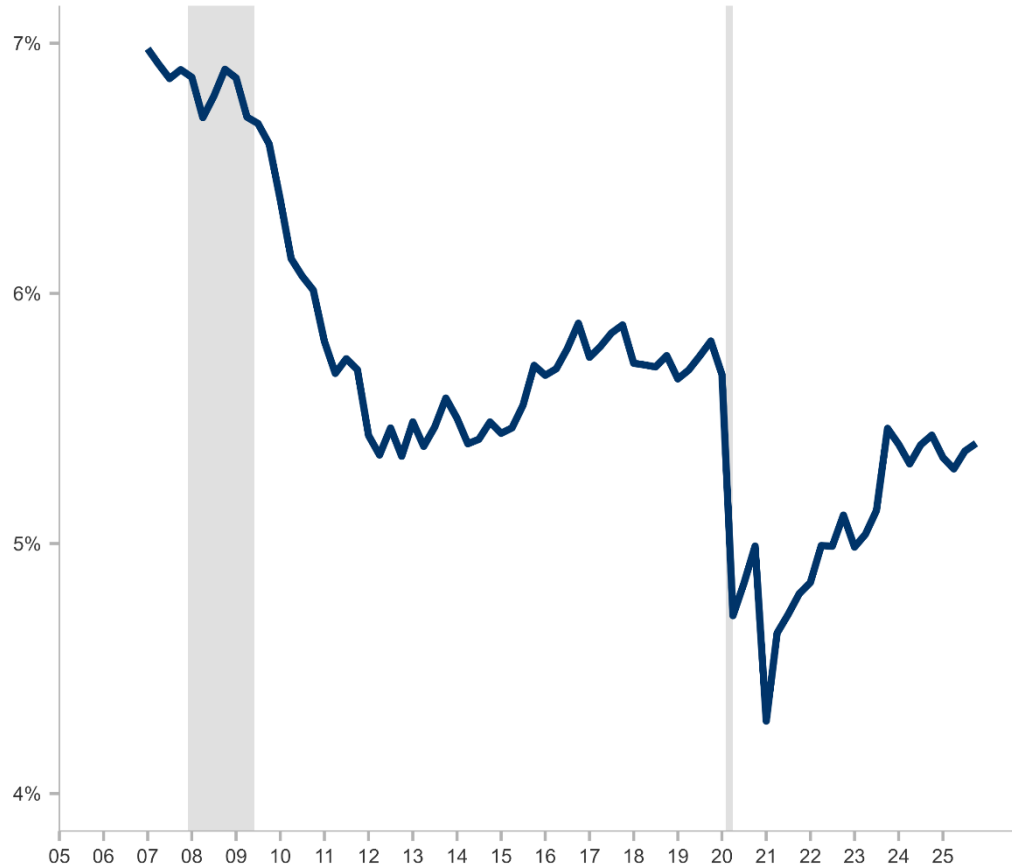
Source: Oxford Economics, Haver Analytics

# US Economy

Household balance sheets are strong

## Consumer debt service payments

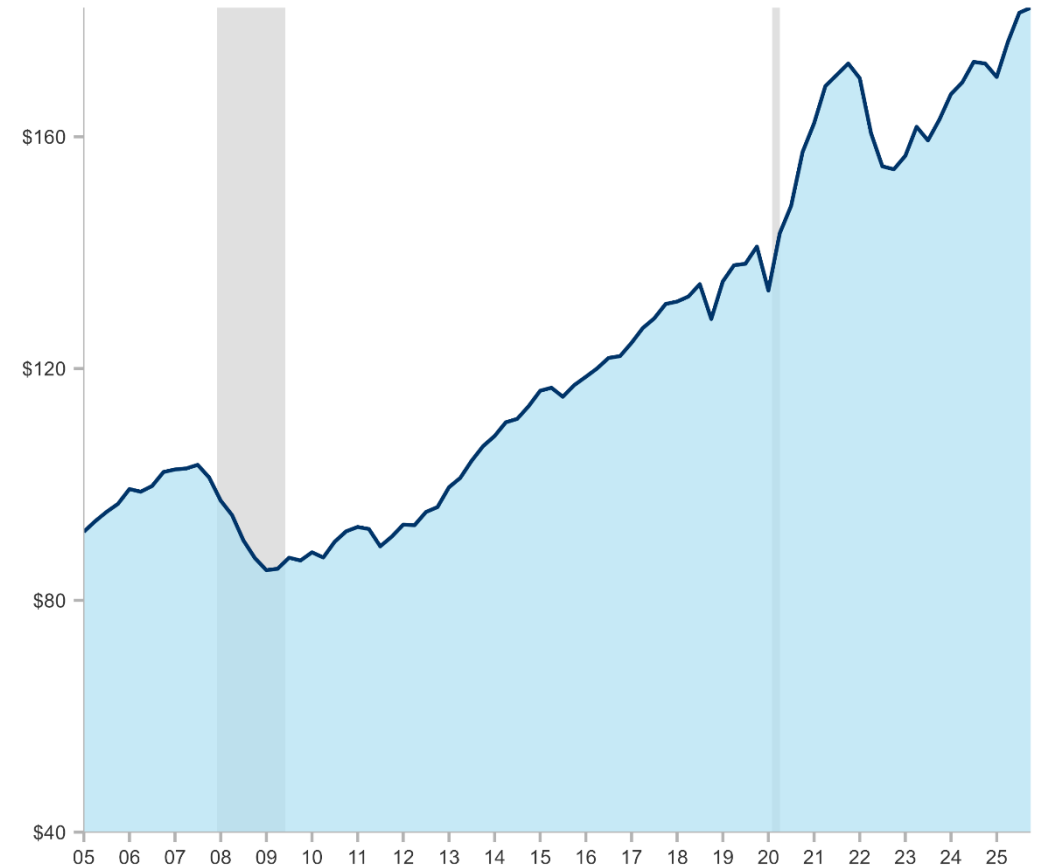
As percent of disposable personal income



Note: Quarterly data through 2025Q4. Consumer debt service payments ratio is ratio of total required household debt payment to disposable income. Source: Federal Reserve, NBER

## Household net worth

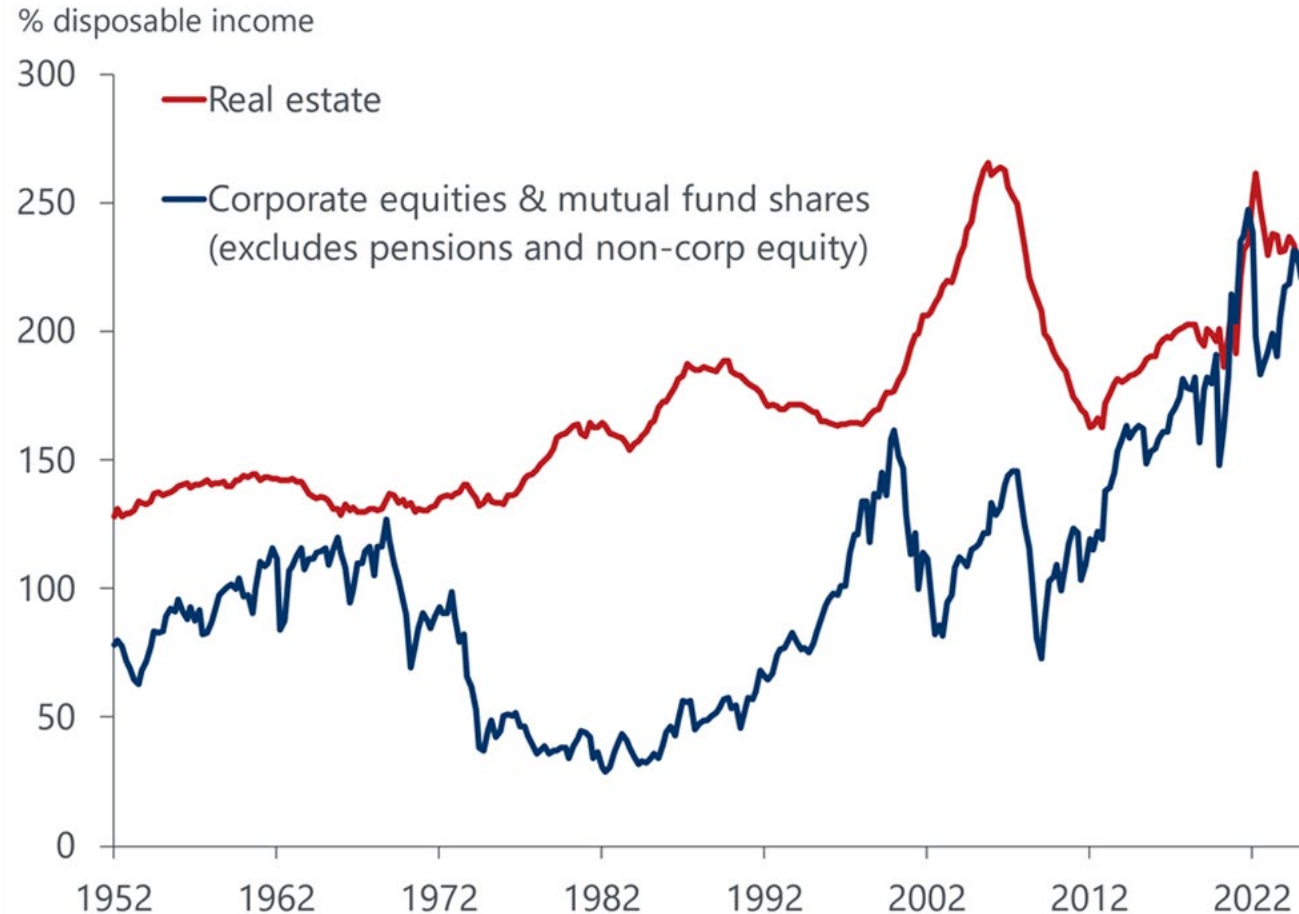
In trillions, real



Note: 2025 dollars. Quarterly data through 2025Q4. Net worth of households and nonprofit organizations. Measures housing and financial assets, minus liabilities. Source: Federal Reserve, NBER

# US Economy

Wealth effects support consumer spending



Source: Oxford Economics, Haver Analytics

Stock market wealth is at a record high relative to household incomes.

A severe correction in equity markets could undermine spending from higher-income households, which would raise concerns about a more serious weakening in the economy.



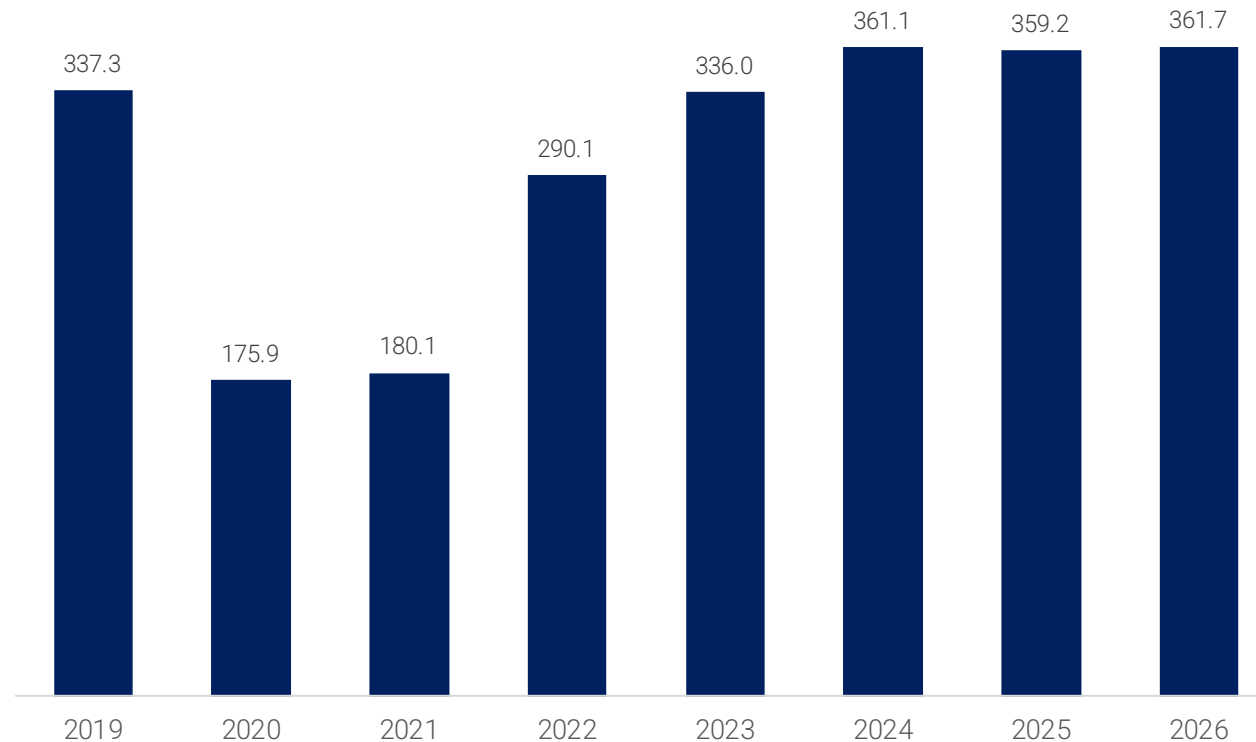
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# Travel Trends

Air travel at record levels

## US Airport Volume

YTD May, millions



- Airport passenger traffic rose 0.7% year to date through May.
  - Calendar shifts, including an earlier date for Easter, likely contributed to growth in February (+2.7%) and March (+1.7%).
  - Since then, checkpoint volume was flat in April and down slightly (-0.7%) in May.

Source: TSA

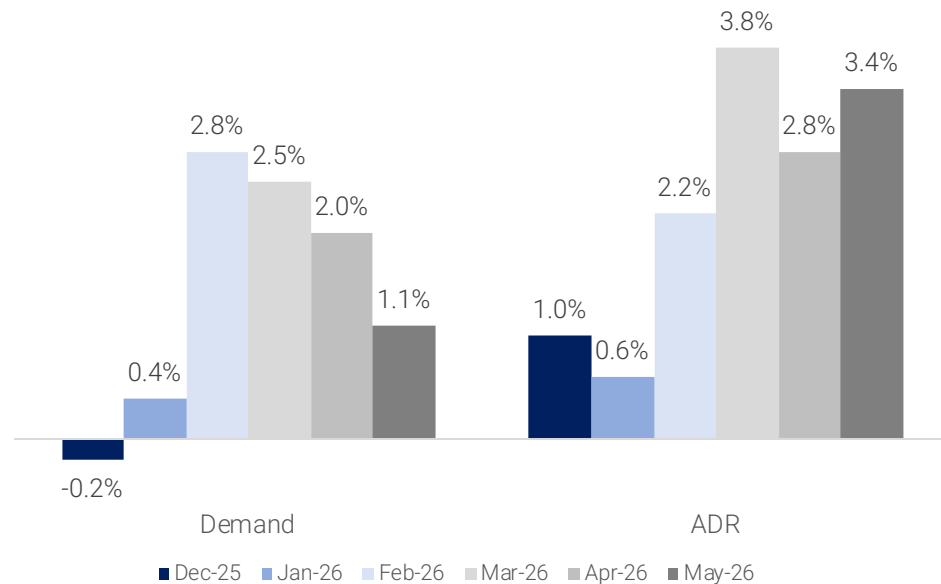
# Travel Trends

## Hotel performance gains momentum

- Hotel performance in January mimicked the weak results in Q4 2025, but performance rallied notably beginning in February. Robust tax returns and the earlier date of Easter likely contributed to February and March growth.
- Hotel demand continued to grow following the outbreak of the conflict in Iran and the subsequent rise in gas prices.

### U.S. Hotel Demand & ADR

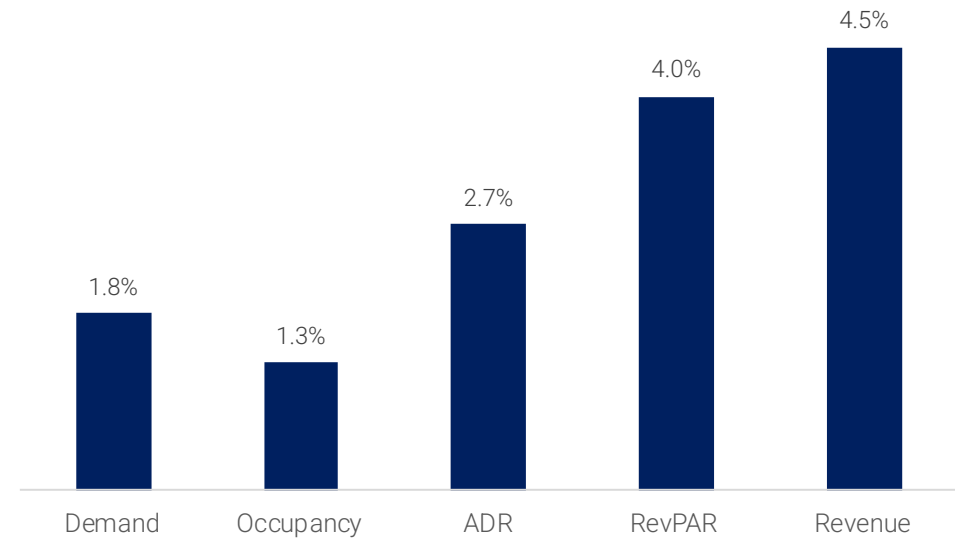
Change from prior year, 6-month trend



Source: CoStar

### U.S. Hotel Key Performance Indicators

May YTD versus prior year



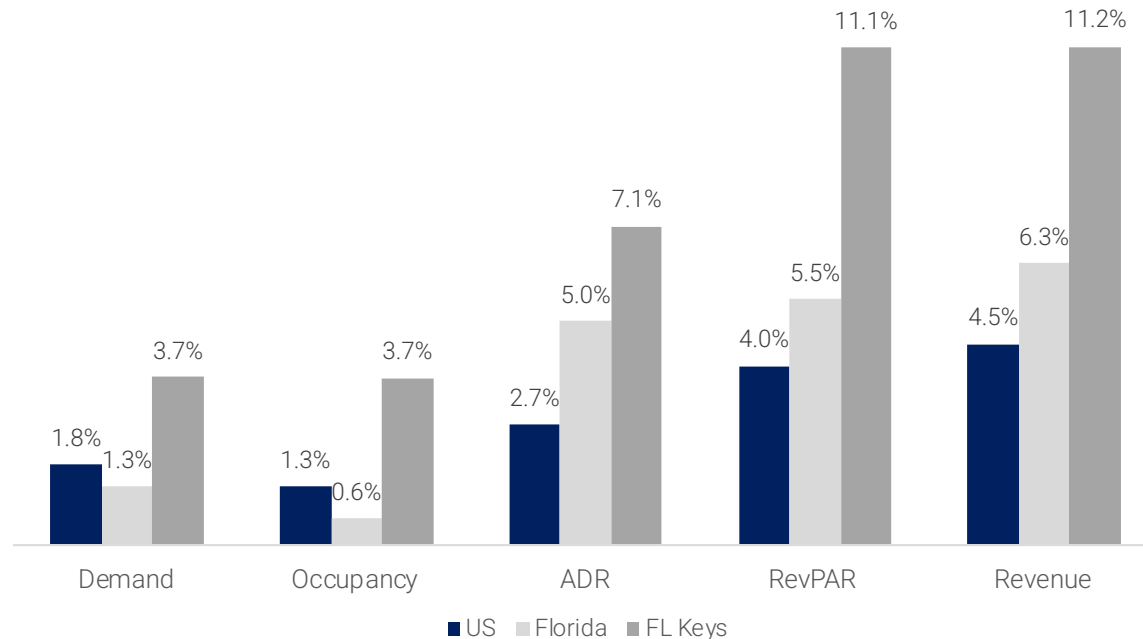
Source: CoStar

# Travel Trends

Florida Keys outperforming the state and the overall industry

## Hotel Key Performance Indicators

2026 May YTD versus prior year



Source: CoStar

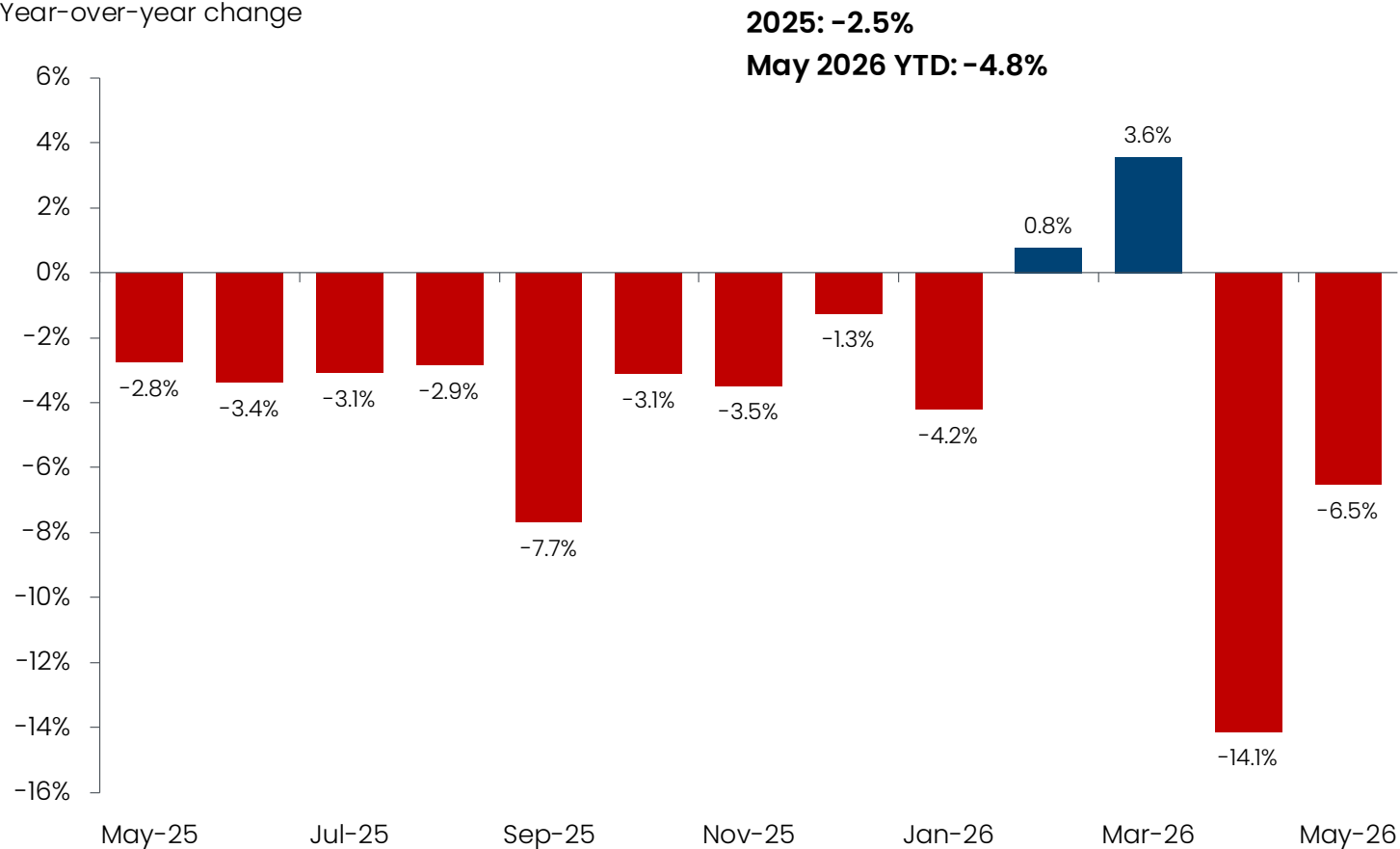
- Hotel demand in the Keys has risen more rapidly than statewide and the overall industry.
- ADR growth in the Keys has been particularly strong, more than doubling the growth rate of the overall industry.
- As a result, the Florida Keys has experienced double-digit growth in RevPAR and revenue.

# Travel Trends

Easter shift evident in overseas arrivals

## Overseas visitor arrivals to the US

Year-over-year change



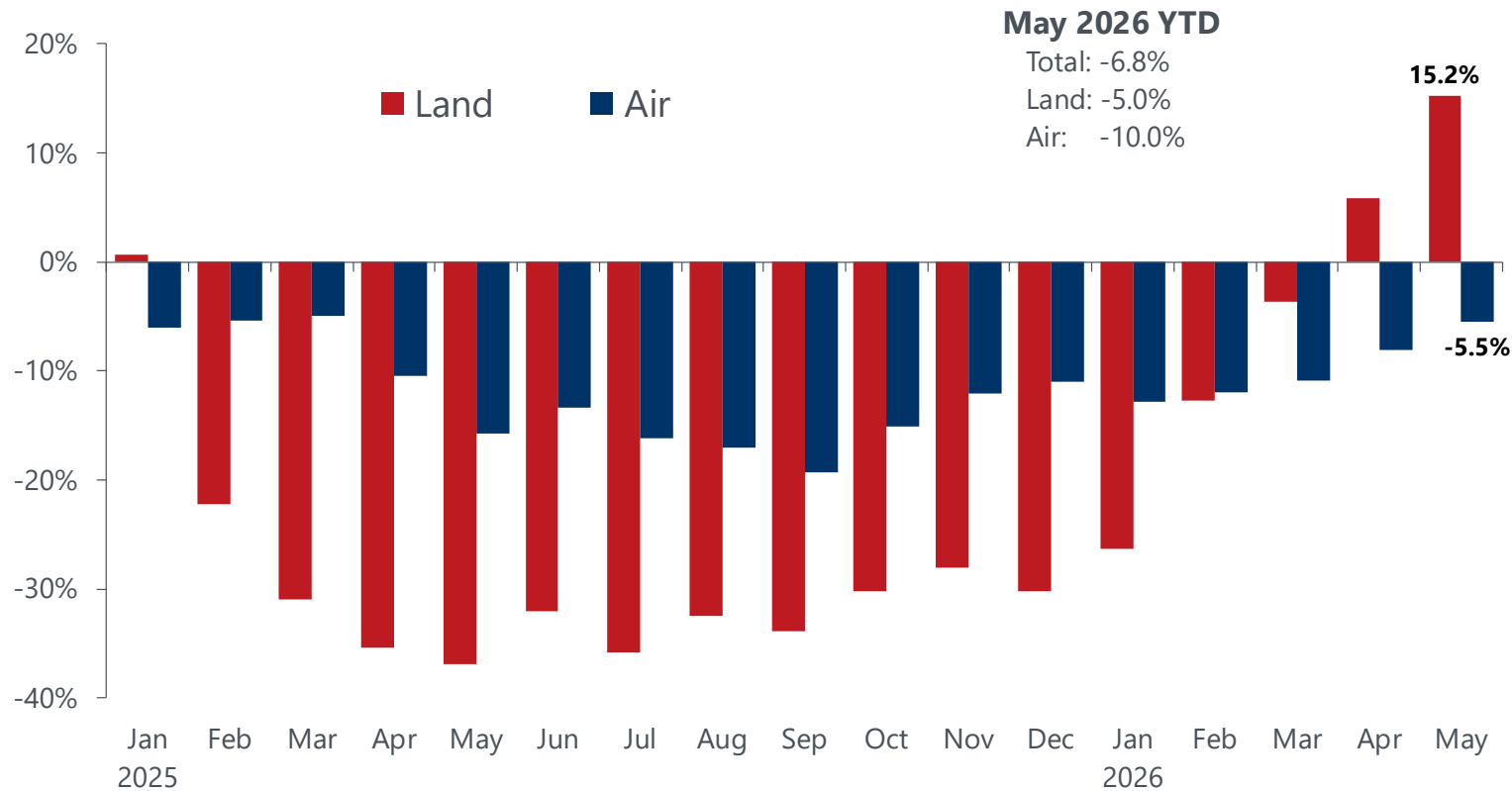
- Overseas arrivals declined 10 out of 12 months in 2025, posting a 2.5% decline for the year as a whole.
- Overseas arrivals rose in February and March, and calendar shifts likely played a role. The earlier date for Easter in 2026, versus 2025, likely shifted some travel into March.

# Travel Trends

US visits from Canada remain weak

## Canadian visits to the US

Year-over-year change



- Land arrivals swung positive in April 2026 for the first time in over a year.
- Strong growth in land arrivals in May lifted total arrivals to a 10% year-over-year increase, despite air arrivals continuing to decline.

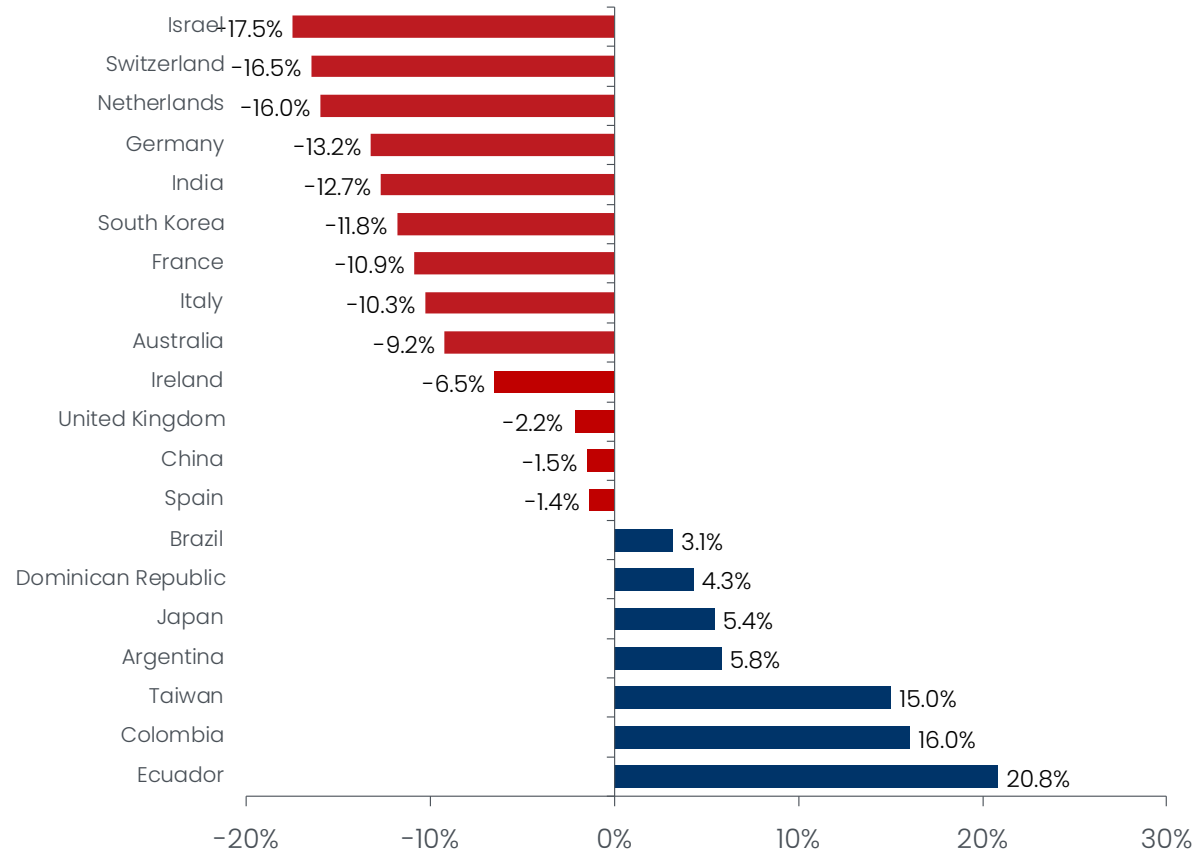
Source: Statistics Canada; April and May 2026 based on leading indicator data for Canadian -resident return trips

# Travel Trends

Growth in arrivals from South America, declines from key markets in Western Europe

## Overseas visitor arrivals to the US by top market (May 2026 YTD)

Year-over-year %



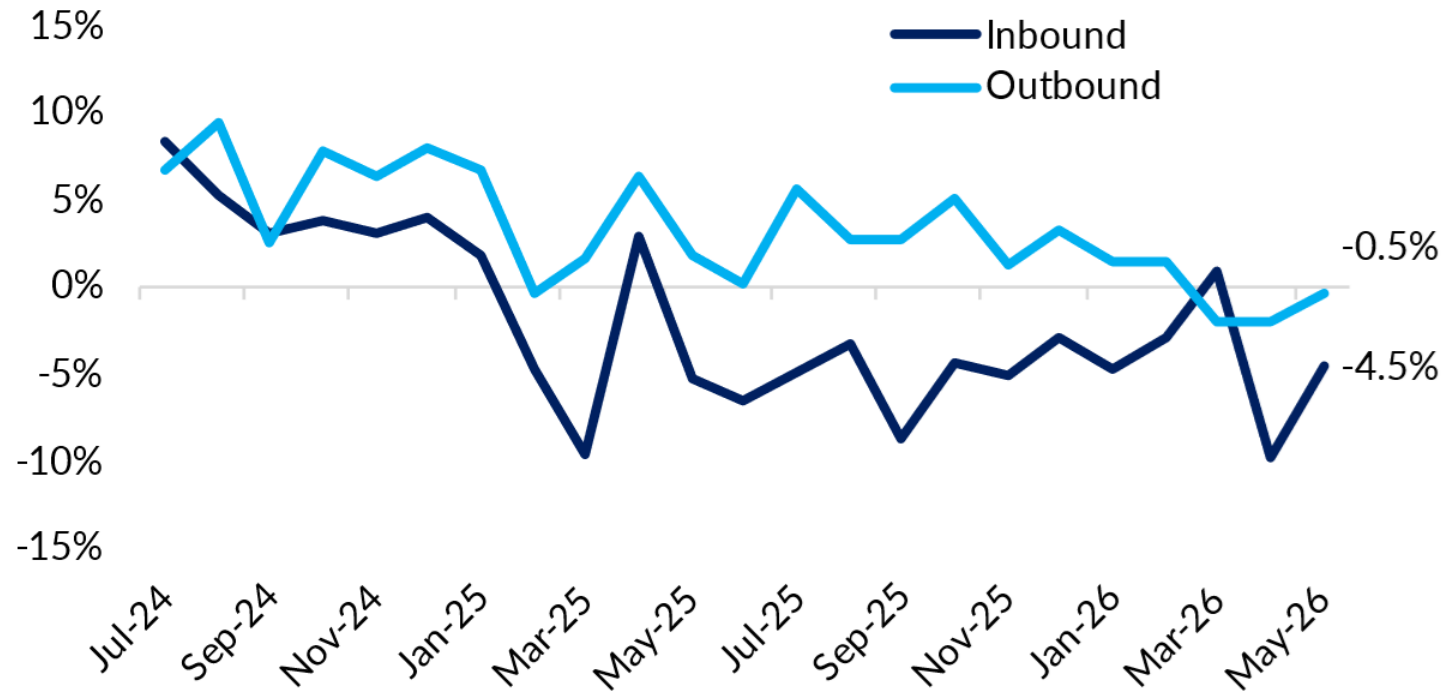
- Performance varies widely by origin market

# Travel Trends

Outbound air travel declines

## US Inbound and Outbound Air Travel

% change year-over-year



Source: APIS I-92

- Outbound air trips by US residents have declined for three consecutive months, March - May, a notable reversal after years of strong outbound growth.
  - A decline in outbound trips could provide some support for the domestic travel industry, if US residents substitute a domestic trip for an international one.



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# About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 250 full-time staff, including 150 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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