

HSI News

Baird/STR Hotel Stock Index falls 6.9% in February

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By HNN Newswire

HENDERSONVILLE, Tennessee, and MILWAUKEE—The Baird/STR Hotel Stock Index closed February at 4,841, down 6.9% from the previous month.

“Hotel stocks fell sharply in February and erased their early year-to-date gains. Higher interest rates and broader stock market volatility were the main drivers of lower stock prices,” said Michael Bellisario, senior hotel research analyst and VP at Baird. “Investor expectations for the hotel companies were elevated heading into fourth-quarter earnings, and initial 2018 guidance ranges, particularly for the hotel REITs, were generally disappointing. With stock prices and earnings estimates down across the board, expectations appear more appropriately balanced today versus just a few weeks ago.”

2018 Monthly Returns

● Baird/STR Hotel Stock Index ● S&P 500



“February broke a recent trend as investor sentiment didn’t follow the strong industry performance results from the previous month,” said Amanda Hite, STR’s president and CEO. “January 2018 was the strongest January on record, despite the tough comparisons created by the inauguration weekend in 2017. Even as the post-hurricane impact in Texas and Florida slowly subsides, U.S. hotel room demand remains robust, and the annualized key performance indicators point to another healthy year. STR pipeline numbers continue to show a slowing in rooms under construction, which will bode well for a continued and healthy performance run. The only dark cloud on the horizon is, and likely will be, a lack of pricing power. Fourth-quarter real ADR (ADR growth minus the rate of inflation, as measured by CPI) was just 0.2%.”

The decrease of the Baird/STR Hotel Stock Index for February was steeper than that of the S&P 500 (-3.9%). The MSCI REIT (RMZ) showed the worst decline of the three (-7.9%).

The Hotel Brand sub-index decreased 4.6% to 7,570 from January to February. The Hotel REIT sub-index decreased 12.1% to 1,527.

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