

## HOTEL VALUATION FACTORS 2025/2026

HOTEL CLASS	OPERATING EXP RATIO	CAP RATE	OCCUPANCY LEVEL
SUPER LUXURY	60.50%-65.50%	31.25%-30.25%	75%-85%
LUXURY ( <i>UPPER UPSCALE</i> )	63.50%-68.50%	32.00%-30.75%	75%-85%
CLASS1 ( <i>UPSCALE</i> )	52.00%-59.50%	33.50%-32.00%	80%-90%
CLASS2 ( <i>UPPER MIDSACLE</i> )	53.00%-70.00%	34.25%-32.00%	85%-90%
CLASS3 ( <i>MIDSCALE</i> )	50.00%-67.00%	35.50%-33.75%	69%-80%
CLASS4 ( <i>ECONOMY</i> )	46.00%-64.00%	35.25%-34.00%	70%-85%
APARTMENTS	25.00%-50.00%	32.25%-31.50%	75%-90%
DORMS	20.00%-35.00%	34.00%-33.00%	85%-95%
HOSTEL,SRO,WELFARE	20.00%-25.00%	35.00%-34.25%	75%-93%

**NOTE: there is an inverse relationship between income and cap rate. Low NOI, use a higher cap rate**

Generally, brand and independent, boutique hotels are classified as being concentrated in the Luxury, Upper Upscale, and Upscale chain categories. Operating expenses are largely reflective of whether or not the property is in *full-service* (Food & Beverage, minimum service level), or *limited service* (Rooms-only operation and very few services and amenities) class, as defined by STR. Hotels in the three upper most categories are generally considered as being in *full service*.

tax rate 10.762