

Does cutting rates fill rooms? *and do those cuts pay for themselves?*

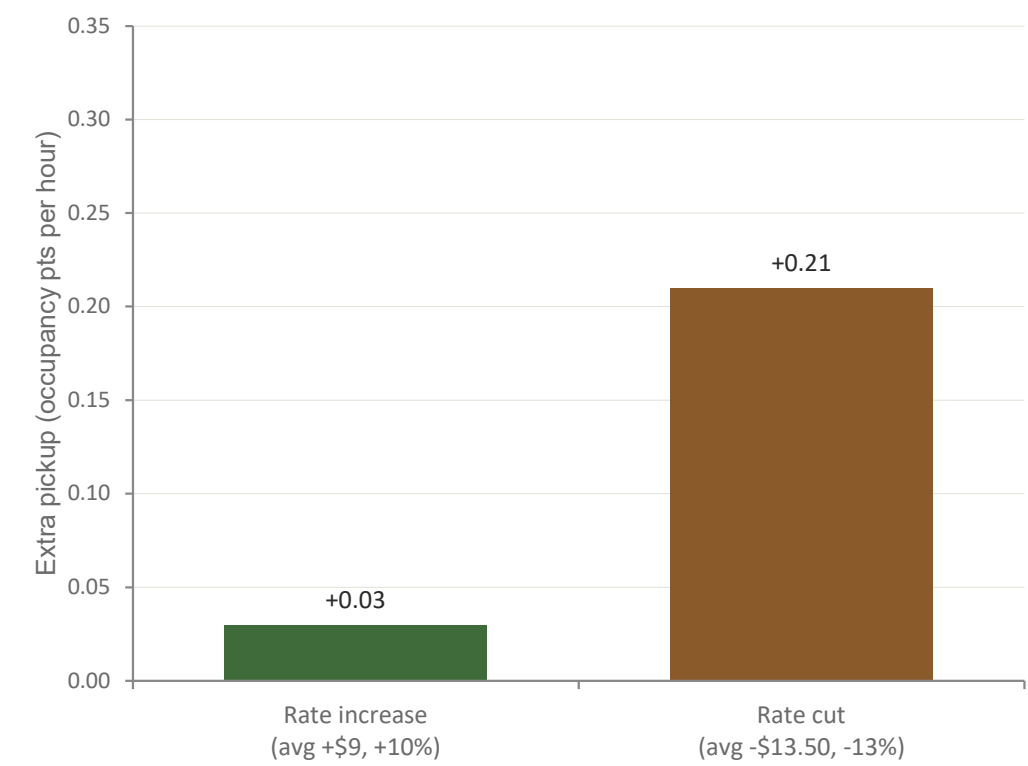
Evidence from 16,823 intraday rate changes and ten years of STR data



HUNTER HOSPITALITY
REVENUE GROUP
ORIGINAL RESEARCH

Test 1: Rate increases did not slow sales

Occupancy pickup in the run interval after a Sellable BAR change, compared with no change. 56 properties, 67 days.



+0.03

Rate increases: 95% range -0.06 to +0.12 pts/hr. No measurable slowdown (at most about 3%).

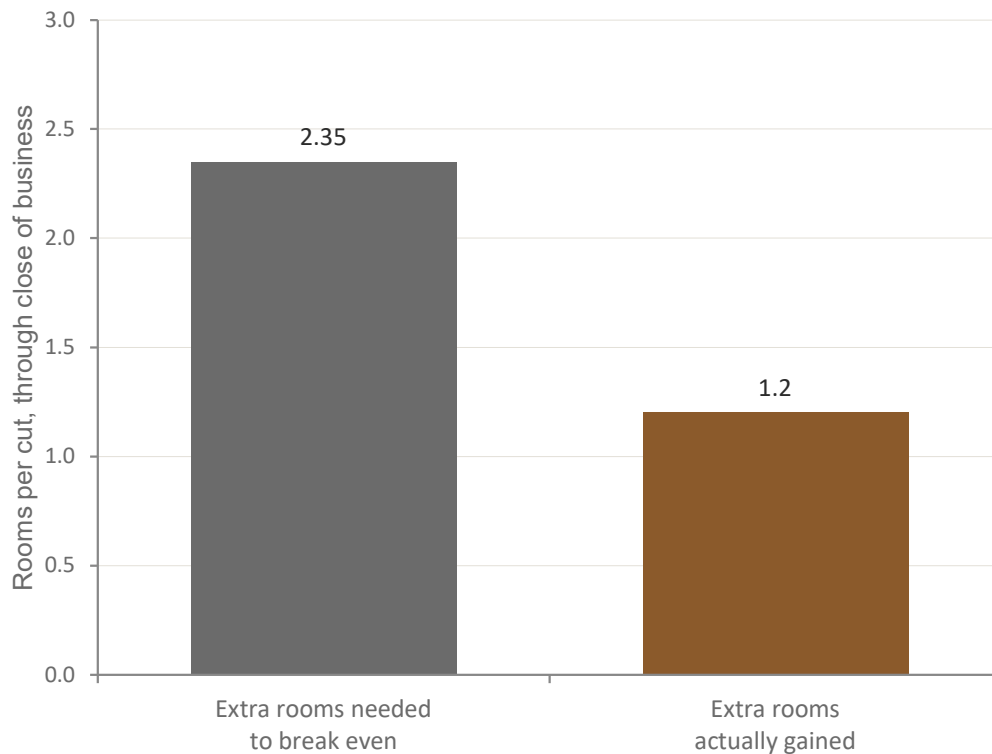
+0.21

Rate cuts: 95% range +0.10 to +0.31 pts/hr. About 12% faster than the normal 1.65 pts/hr pace.

Controls: prior sales pace, occupancy level, time of day, property, and same-day peers.

Cuts do not pay for themselves

The average rate cut needs about 2.35 extra rooms to break even. The data shows a yield of about 1.2.



+1.3 pts

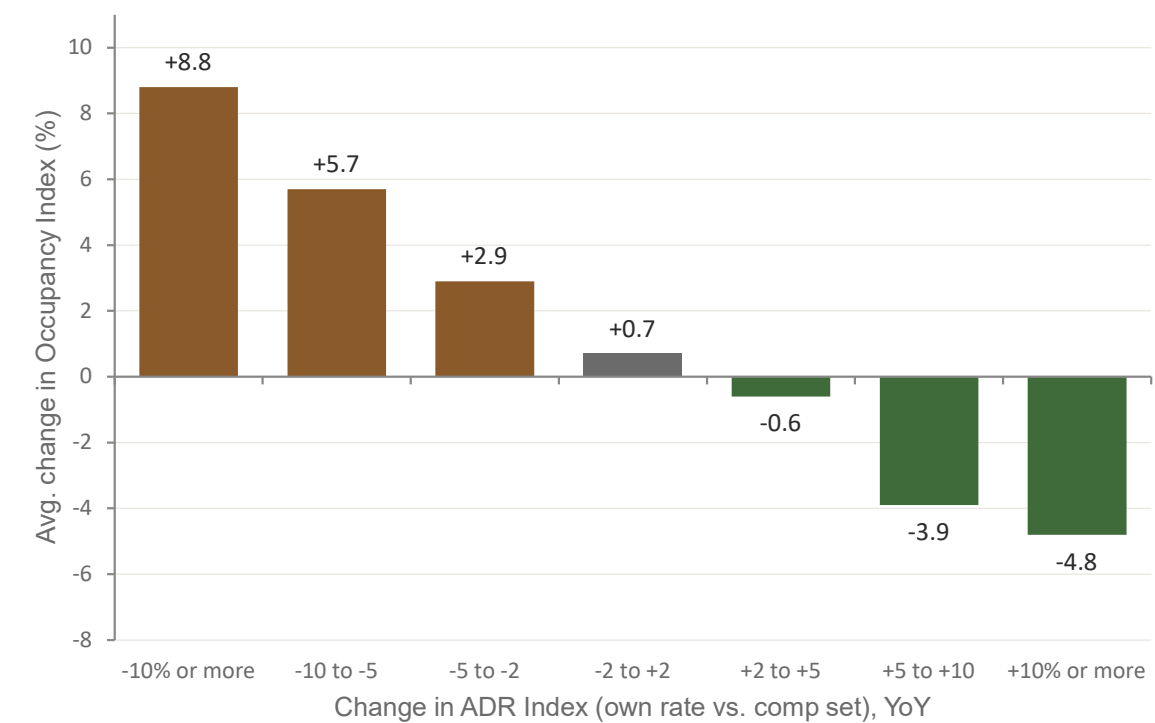
Extra occupancy by close after a cut, roughly 1.2 rooms (range about 0.8 to 1.7).

-\$13.50

Average rate given up on every room sold afterward. About 15 rooms sell after the typical cut.

Test 2: STR shows a small rate-occupancy trade-off

Year-over-year change in Occupancy Index, grouped by year-over-year change in ADR Index. 108 properties, 2016-2026, excluding COVID.



-0.29

Elasticity: a 10% higher ADR index goes with about 2.9% lower occupancy index (p = 0.003).

+7%

RevPAR Index gain from that same 10% higher rate (+0.71 elasticity).

Where this leaves the debate

Demand is inelastic

Rate increases show no visible cost to occupancy, and higher relative rates raise RevPAR across the portfolio.

The arithmetic fails

Cutting does move rooms, but about 1.2 where 2.35 are needed to break even.

For owners & revenue managers

Cutting moves rooms. It moves too few to cover the rate you give up.