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HOTEL REVENUE MANAGEMENT | INDUSTRY ANALYSIS

Is Your STR Report Misleading Your Hotel's Revenue Strategy?

Why the average performance of seven hotels may tell you very little about your actual competition.

Your revenue manager sees $139. Your hotel sits at $115. The conclusion writes itself: raise the rate.

It may be exactly the wrong move.

STR reports have become the backbone of hotel revenue management. Owners and revenue managers comb through competitive-set occupancy, Average Daily Rate (ADR), and RevPAR to judge performance and set prices. But the tool carries a fundamental flaw: the average performance of your competitive set may bear little resemblance to the hotels actually fighting for your guests.

The Comp-Set Average Is a Trap

A typical STR competitive set contains four to six hotels, according to research presented by STR senior analyst Hannah Smith at the August 2026 Hotel Data Conference.

The more telling figure: Smith reported that roughly 35% of U.S. competitive sets show a RevPAR index more than 20% above or below their subject property's performance. That does not necessarily mean the comp set was chosen badly. It does show how far competitive-set performance can drift from the hotel being measured.

Run the numbers. Take a hotel with seven properties in its competitive set. Their rates range from $95 to $180, producing an aggregate ADR near $139.

Now suppose only two of those hotels are genuine competitors, running ADRs of $105 and $110.

The revenue manager sees $139 and concludes the hotel's $115 ADR is too low. In reality, the hotel may already be priced above its real competition. Push rates toward the broader average, and occupancy erodes. RevPAR falls. Revenue shrinks instead of grows.

These figures are illustrative and assume equal room-night sales. Actual STR comp-set ADR is calculated as total room revenue divided by total rooms sold, not a simple average of individual hotel ADRs.

Your Real Competition May Be Just One or Two Hotels

Proximity does not define competition. Guests do.

Guest preferences, brand positioning, amenities, property condition, online reputation, and travel purpose all determine which hotels truly compete. CoStar's own STR guidance concedes the point: competitive-set selection should weigh distance, size, market segment, quality of service, online reputation, and ADR.

One hotel may battle two properties for weekday corporate travelers, a different property for weekend leisure business, and yet another for construction crews or extended-stay guests. In some cases, not a single hotel in the traditional STR competitive set represents the property's strongest direct rival.

The distinction matters because STR's confidentiality rules require at least four participating competing properties, even when a hotel's true competitive relationships are far more concentrated.

A Benchmark Is Not a Pricing Strategy

STR delivers valuable historical performance intelligence. What it does not deliver is the individual realized ADR of any competing property, or the identity of the competitors taking your reservations. By design, STR protects individual hotel data through aggregated reporting.

Revenue managers must go further.

They should identify the properties that genuinely compete for the same guests, monitor their publicly available rates and availability, analyze their market positioning, and measure how pricing gaps shift booking demand.

Above all, they must tie pricing decisions to occupancy and total room revenue, not chase a higher ADR for its own sake.

A hotel can beat its STR competitive set and still leave money on the table. It can trail that same set and still be capturing its real demand opportunities well.

The Bottom Line: Averages Don't Set Rates. Competitors Do.

STR reports are valuable. The mistake is treating their aggregate numbers as a substitute for understanding the market.

Your STR report tells you how a group of hotels performed. It does not necessarily tell you how your real competitors performed, and it certainly does not tell you what your room should sell for tomorrow.

Successful revenue management demands more than comparing averages. It demands identifying the competition that actually matters.

The right question is not simply, "How are we performing against our STR comp set?" It is, "Who is actually competing for our guests, and are we winning their business?"

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Find out more by reading our most frequently asked Hotel Benchmark questions
https://www.costar.com/en-gb/gbr/products/str-benchmark/resources/faqs



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