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HST.OQ - Q3 2025 Host Hotels & Resorts Inc Earnings Call

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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good morning, and welcome to the Host Hotels & Resorts third-quarter 2025 earnings conference call. Today's conference is being recorded. At this time, I would like to turn the call over to Jamie Marcus, Senior Vice President of Investor Relations. Please go ahead.

Jaime Marcus - *Host Hotels & Resorts Inc - Senior Vice President, Investor Relations*

Thank you, and good morning, everyone. Before we begin, please note that many of the comments made today are considered to be forward-looking statements under federal securities laws. As described in our filings with the SEC, these statements are subject to numerous risks and uncertainties that could cause future results to differ from those expressed, and we are not obligated to publicly update or revise these forward-looking statements.

In addition, on today's call, we will discuss certain non-GAAP financial information, such as FFO, adjusted EBITDA and comparable hotel level results. You can find this information, together with reconciliations to the most directly comparable GAAP information in yesterday's earnings press release, in our 8-K filed with the SEC and in the supplemental financial information on our website at hosthotels.com.

With me on today's call are Jim Risoleo, President and Chief Executive Officer; and Sourav Ghosh, Executive Vice President and Chief Financial Officer. With that, I would like to turn the call over to Jim.

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

Thank you, Jamie, and thanks to everyone for joining us this morning. We continue to outperform our expectations in the third quarter, building on strong operating and financial results in the first half of 2025. In the third quarter, we delivered adjusted EBITDA of \$319 million a decrease of 3.3% over last year, and adjusted FFO per share of \$0.35, which is down 2.8% compared to the third quarter of 2024.

Year-to-date compared to 2024, adjusted EBITDA and adjusted FFO per share were up 2.2% and 60 basis points respectively. The operational results discussed today refer to our 76 hotel comparable portfolio in 2025, which excludes the Alila Ventana Big Sur and the Don CeSar. Additionally, we have removed the Washington Marriott and Metro Center, which was sold in the third quarter, and the St. Regis Houston, which was held for sale as of the third quarter and is expected to be sold in the fourth quarter.

Comparable hotel total RevPAR improved by 80 basis points compared to the third quarter of 2024, and comparable hotel RevPAR improved by 20 basis points, due to better-than-expected short-term transient demand pickup and higher rates across our portfolio. Comparable hotel EBITDA margin for the quarter declined by 50 basis points year-over-year to 23.9%, driven by expense increases in wages and benefits.

Turning to business mix. RevPAR growth in the third quarter exceeded our expectations at our resort properties, driven by short-term leisure transient demand pickup and rate growth despite headwinds from transformational renovations, the Jewish holiday shift and lingering impacts from macroeconomic uncertainty.

Transient revenue grew by 2%, driven by double-digit growth at our resorts. We saw particularly strong performance in Maui, San Francisco, New York and Miami. Digging into Maui, the leisure transient demand recovery continued. Maui's 20% RevPAR growth and 19% TRevPAR growth were driven by a substantial increase in occupancy and strong out-of-room spending on F&B, golf and spa services. Looking forward, total group revenue pace in Maui is up 13% for 2026, reflecting continued momentum behind the recovery.

Turning to business transient. Revenue was down 2% in the third quarter, driven by a continued reduction in government room nights. As expected, group room revenue decreased approximately 5% year-over-year driven primarily by planned renovation disruption, the Jewish holiday calendar shift and reduced short-term group pickup. Our definite group room nights on the books increased to 4 million for 2025. In full year 2025, total group revenue pace is up 1.2% to the same time last year.

Ancillary spending by guests remains strong, as evidenced by our 80-basis point total RevPAR growth in the third quarter. F&B revenue was flat as increases in outlet revenue were offset by decreases in banquet and catering revenue from lower group business volume. We also saw particularly strong growth in other revenue, which was up 7%, including growth in golf and Spa.

Turning to the Don CeSar. We completed the final phase of reconstruction in the third quarter, reopening two restaurant outlets and the lower-level kitchen. During the reconstruction, we rebuilt infrastructure to increase resilience, including elevating critical equipment and systems and incorporating flood barriers.

We are continuing to see better-than-expected near-term transient pickup, higher F&B capture and increased group bookings, which allowed us to raise our full year EBITDA expectations for the resort to \$6 million from \$3 million.

We collected \$5 million of business interruption proceeds for Hurricanes Helene and Milton in the third quarter, which we discussed on our second quarter call, bringing the total business interruption proceeds collected to \$24 million this year. While we expect to collect additional business interruption proceeds, the timing and amounts of additional payments are subject to ongoing discussions with our insurance carriers.

Turning to capital allocation. In August, we sold the Washington Marriott Metro Center for \$177 million, or 12.7 times trailing 12-month EBITDA. As part of the transaction, we provided \$114 million of seller financing at a 6.5% interest rate in order to facilitate a 1031 exchange for the buyer in a timely manner.

Since 2018, we have disposed of approximately \$5.2 billion of hotels at a blended 17.1 times EBITDA multiple, including estimated foregone capital expenditures of \$1 billion, which compares favorably to our \$4.9 billion of acquisitions over the same period at a blended 13.6 times EBITDA multiple.

Turning to portfolio reinvestment. As of the third quarter, the Hyatt Transformational Capital program is approximately 65% complete, and is tracking on time and under budget. Renovations at the Hyatt Regency Capitol Hill are complete, and subsequent to quarter end, we substantially completed the Hyatt Regency Austin. Renovation of the public and meeting spaces at the Grand Hyatt Washington, DC has resumed now that the Hyatt Regency Capitol Hill is complete. Renovations are also well underway at the Hyatt Regency Reston and the Manchester Grand Hyatt San

Diego. The final property and the Hyatt Transformational Capital program which we expect to complete in early 2027. Building on the success of our prior transformational capital programs, we are excited to announce that we have reached a second agreement with Marriott to complete transformational renovations at four properties in our portfolio. The properties include the Ritz-Carlton Marina Del Rey, the Ritz-Carlton Naples Resort at Tiburón, the Westin Kierland and the New Orleans Marriott, which is already underway. We believe these reinvestments will position the hotels to outperform competitors in their respective markets while enhancing long-term performance. Marriott has agreed to provide \$22 million in operating profit guarantees to cover the anticipated disruption associated with our investment, which is expected to be between \$300 million and \$350 million over the next four years.

We are targeting stabilized annual cash-on-cash returns in the mid-teens through a combination of RevPAR index share gains and enhanced owner priority returns. Similar to the first Marriott transformational capital program, we are targeting average RevPAR index share gains of 3 to 5 points. We also continue to make progress on value-enhancing development projects, including the new ballroom at the Don CeSar, and the Phoenician Canyon Suites Villas, both of which are expected to complete in the fourth quarter of 2025.

We also completed the meeting space expansion project at the New York Marriott Marquis and made additional progress on the condo development at the Four Seasons Resort Orlando at Walt Disney World Resort. Construction on the mid-rise condominium building at the Four Seasons, Orlando is substantially complete, and we are on track to begin closing on sales this quarter. We now have deposits and purchase agreements for 23 of the 40 units, including 8 of the 9 villas.

In 2025, our capital expenditure guidance range is \$605 million to \$640 million, which includes between \$75 million and \$80 million for property damage reconstruction, the majority of which we expect to be covered by insurance. Our CapEx guidance also reflects approximately \$280 million to \$295 million of investment for redevelopment, repositioning and ROI projects.

We expect to benefit from approximately \$24 million of operating profit guarantees related to the Hyatt Transformational Capital program in 2025, which will offset the majority of the EBITDA disruption at those properties. We also expect to receive \$2 million in operating profit guarantees related to the second Marriott Transformational Capital program this year.

In addition to our capital expenditure investment, we expect to spend \$80 million to \$85 million on the condo development at the Four Seasons Resort Orlando at Walt Disney World Resort in 2025. Looking back at prior transformational renovations and adjusting for the sale of Marriott Metro Center, we completed investments in 23 properties between 2018 and 2023, which are continuing to provide meaningful tailwinds for our portfolio. Of the 20 hotels that have stabilized post-renovation operations to date, the average RevPAR index share gain is over 8.5 points, which is well in excess of our targeted gain of 3 to 5 points. In short, the continued reinvestments we make in our properties yield strong returns and drive continued value creation for shareholders. In August, we released our 2025 corporate responsibility report, which details our CR program, our key impact initiatives and industry-leading accomplishments. The report also provides an update on our performance and progress toward our 2030 CR goals, which are aligned with our long-term vision to create lasting value and drive positive outcomes for all stakeholders. The CR report can be found on the Corporate Responsibility section of our website at [hosthotels.com](https://www.hosthotels.com).

Turning to our outlook for the full year. We once again outperformed our expectations in the third quarter. As a result of our strong performance year-to-date and improved expectations for the fourth quarter, we are increasing our comparable hotel RevPAR and total RevPAR guidance estimates to approximately 3% and 3.4%, respectively.

We are also increasing our adjusted EBITDA guidance to \$1.730 billion, representing a \$25 million, or 1.5%, improvement. Sourav will discuss the assumptions behind these updated estimates in more detail. It is worth noting that since we laid out our initial full year 2025 guidance in February, we have increased our RevPAR expectations by 150 basis points and our adjusted EBITDA expectations by \$110 million. Wrapping up our third quarter commentary. We are pleased with our operating and financial outperformance this year, which we believe is a direct result of the capital allocation decisions we have made over the last eight years.

The bifurcation of the consumer is likely to lead to continued outperformance for upper upscale and luxury hotels, and we believe Host will be a beneficiary given our higher-end properties, our size and scale, our diversified business and geographic mix and our continued reinvestment in

our portfolio. With our strong investment-grade balance sheet and access to many capital allocation levers, we will continue to use our competitive advantages to create value for our shareholders and position Host to outperform over the long term.

With that, I will now turn the call over to Sourav.

Sourav Ghosh - *Host Hotels & Resorts Inc - Executive Vice President and Chief Financial Officer*

Thank you, Jim, and good morning, everyone. Building on Jim's comments, I will go into detail on our third quarter operations, our updated 2025 guidance and our balance sheet. Starting with total revenue trends, comparable hotel total RevPAR growth continued to outpace RevPAR growth in the third quarter as both group and transient guests maintained elevated levels of out-of-home spend. Comparable hotel food and beverage revenue was flat in the quarter as growth in outlets offset declines in banquet and catering. Outlet revenue grew 6% driven by resorts, particularly in Maui, Phoenix and Orlando, as well as the newly renovated view at the New York Marriott Marquis, and AVIV at the 1 Hotel South Beach. Overall, outlet revenue per occupied room was up in the high single digits across our portfolio. Banquet revenue was down 4% as decreases in group room night volume outpaced increases in banquet and catering contribution per group room night.

Additional headwinds to growth included a tough comparison from a record banquet revenue in 2024 and planned renovation disruption this year. However, growth in banquet and catering contribution per group room night was up in the mid-single digits, driven by our hotels in Orlando, New York, Naples, Nashville, Chicago and Houston. Other revenue grew 7% in the third quarter as golf and spa revenues continued to grow. In fact, spa revenue was up double digits, driven by strength across the portfolio and continued tailwinds from recent spa renovations at our Westin Kierland and Ritz-Carlton Amelia Island. A further indication that affluent consumers are continuing to prioritize spending on premium experiences.

Shifting to business mix. Overall transient revenue was up approximately 2% compared to the third quarter of 2024, driven by higher rates and the continued growth of transient room nights at our resorts, led by Maui. During the third quarter, our resorts saw 3% transient rate growth year-over-year, alongside 10% transient room night growth driven by Maui, the recently repositioned Singer Island Resort, the 1 Hotel South Beach, and both of our Four Seasons resorts. Excluding Maui, transient revenue at our resorts was up 8%, indicating broad-based strength in luxury leisure travel. Looking at recent holidays, resort revenue for the 4th of July and Labor Day weekend grew 8% and 13%, respectively. Maui drove results in both cases with other resorts up in the mid-single digits. Looking forward, transient revenue pace for the total portfolio is up 5% for Thanksgiving week compared to the same time last year. And the festive period is up 9%, driven by strength across the portfolio.

Business transient revenue was down 2% to the third quarter of 2024 as a decline in government room nights outpaced government and special corporate rate increases. For context, government room nights were down 20% in the third quarter, which is in line with decreases we saw in the second quarter.

Turning to group. As expected, revenue was down approximately 5% year-over-year, driven by planned renovation disruption, the Jewish holiday calendar shift and a reduced short-term group pickup. We estimate that approximately 70% of the group revenue decline was attributable to planned renovation disruption.

Despite these headwinds, our properties achieved group rate growth of 3%. Additionally, we remain encouraged by the ongoing recovery in San Francisco, where group room revenue was up 14% in the quarter, driven by association group room night growth. For full year 2025, we have 4 million definite room nights on the books, representing a 5% increase since the second quarter. As Jim mentioned, total group revenue pace is up 1.2% over the same time last year. Total group revenue pace is strong in the fourth quarter, driven by rate and banquet strength at our resorts.

Looking ahead, our 2026 total group revenue pace is approximately 5% ahead of the same time last year, driven by rate, room nights and banquet contribution. In fact, 2026 citywide group room night pace in key markets, including New Orleans, Washington, DC and San Francisco is up meaningfully compared to the same time last year.

Shifting gears to margins. Comparable hotel EBITDA margin of 23.9% was 50 basis points below the third quarter of 2024, driven primarily by elevated wage rate growth. We continue to expect negative year-over-year margin comparisons for the fourth quarter, again primarily driven by elevated wages and benefits growth. Turning to our outlook for 2025. As Jim mentioned, we are increasing our comparable hotel RevPAR and total

RevPAR guidance estimates as a result of our outperformance year-to-date, and improved expectations for the fourth quarter. We now expect comparable hotel RevPAR growth of approximately 3%, and comparable hotel total RevPAR growth of 3.4% compared to 2024. We expect low single-digit RevPAR growth in the fourth quarter, an improvement over our prior guidance, partially driven by strong estimated RevPAR growth of 5.5% in October.

Our guidance assumes a continued recovery in Maui, no improvement in the international demand imbalance, and steady demand trends in the fourth quarter. Our guidance also takes into account the limited impact we saw from the government shutdown in October, primarily in Washington, DC and San Diego. If the government shutdown continues through the end of the year, full year RevPAR growth could be negatively impacted. We expect a comparable hotel EBITDA margin of approximately 28.8%, a 20-basis point improvement over our prior guidance midpoint, which is 50 basis points below 2024.

Our 2025 full year adjusted EBITDA guidance is \$1.730 billion. This represents a \$25 million, or 1.5% improvement over our prior guidance midpoint, driven by outperformance in the third quarter and improved expectations for the fourth quarter. As a reminder, this includes \$24 million of business interruption proceeds that were received for Hurricanes Helene and Milton in 2025.

Our 2025 full year adjusted EBITDA guidance also includes \$16 million of estimated EBITDA from the Four Seasons Condo development which we expect to recognize concurrent with condo sales closings in the fourth quarter. The expected 2025 EBITDA contribution from the condo development has declined by \$5 million, as 8 of the 23 contracts signed thus far have been for the villas, which are expected to close in 2026. It is important to note that we have not changed our overall EBITDA expectations for the project as sales prices and project costs remain on target.

Lastly, our adjusted EBITDA guidance includes an estimated \$6 million contribution from the Don CeSar, an improvement of \$3 million since last quarter, and an estimated \$14 million contribution from Alila Ventana Big Sur, an improvement of \$1 million since last quarter. As a reminder, both properties are excluded from our comparable hotel set in 2025.

Turning to our strong balance sheet and liquidity position. Our weighted average maturity is 5.2 years at a weighted average interest rate of 4.9%. We currently have \$2.2 billion in total available liquidity, which includes \$205 million of FF&E reserves and \$1.5 billion available under the revolver portion of the credit facility. Our quarter end leverage ratio was 2.8 times, and since our last call, Moody's upgraded the company's issuer rating from BAA3 to BAA2 with a stable outlook. Our strong balance sheet is an important competitive advantage facilitating many of the capital allocation decisions that are contributing to our outperformance in the current environment. In October, we paid a quarterly cash dividend of \$0.20 per share. As always, future dividends are subject to approval by the company's Board of Directors. We will continue to be strategic in managing our balance sheet and liquidity position over the near term. Wrapping up, we believe our investment-grade balance sheet as well as our size, scale and diversification uniquely position Host to outperform in the current environment while capitalizing on opportunities for growth in the future.

With that, we would be happy to take your questions. To ensure we have time to address as many questions as possible, please limit yourself to one question.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

David Katz, Jefferies.

David Katz - *Jefferies LLC - Analyst*

Hi, good morning, everybody. Thanks for taking my question. Look, a couple of things. And this is, I hope, the broad question, Jim and team that you like to answer. But the asset sale during the quarter, the investments in what you've done and sort of the outperformance that we're seeing in the portfolio, it does suggest some differentiation of yourselves versus the group overall.

Part one of the question is can we take this to expect that there might be some more asset trading in the market based on what you're seeing? And second, how are you thinking broadly about valuation and other ways that you can capture a little differentiated value for Host in the public market? I know there's a lot in there, but I'll take what you got. Thank you.

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

I'll start, David, and then Sourav, feel free to jump in along the way. I'll answer your first question regarding the asset sales that we have completed year-to-date and the setup in the market generally for transactions. So, on many occasions, both in meetings and on earnings calls, I've said that we will be opportunistic with our capital allocation when it comes to dispositions and acquisitions.

And the two deals that we've already announced and provided metrics on this year, I think, are really strong indications of our ability to execute. To sell the Washington Marriott Metro Center at 12.7 times trailing 12 months EBITDA, a 6.5% cap rate. Urban hotel is, I think, a solid read through in many ways with respect to what sort of value is locked in this company. I mean that's not one of our best assets. And we're trading at 9.4 times plus EBITDA plus or minus, and we're able to execute on that deal at 12.7 times. Come on, guys, where's the multiple. Let's go.

And the same with the disposition of the Westin Cincinnati, as well as when we're in a position to talk about it, I think you'll be pleased with the metrics on the St. Regis in Houston as well. We're not in a position to talk about that today. So we continue to test the market. We don't have to sell anything. I'll make that perfectly clear.

We're sitting here with over \$2 billion of liquidity today and a leverage ratio of 2.8 times, a true differentiator not only among lodging REITs, the only investment-grade balance sheet, but among REITs in general. It is truly a fortress balance sheet. And that leads to what we've been able to accomplish with the portfolio. We are -- we have a differentiated portfolio. I mean, the performance is proof that the capital allocation decisions that we made since 2018 have paid off in a material way.

We have raised guidance both RevPAR and EBITDA every quarter this year. We went from 1.5% RevPAR guide in the February call, and \$1.620 billion of EBITDA guide to the bottom line. Today, we raised that to 3% RevPAR guide top line. And we raised our EBITDA guide by \$110 million. So, the investments we made in our assets from 2019 to 2023, we've invested over \$2 billion in ROI projects throughout the portfolio.

Marriott Transformational Capital Program, 16 hotels. We completed another eight properties that were outside of the MTCP program. As Sourav mentioned, and we both mentioned in our comments, we anticipated 3 to 5 points in yield index gains. Well, for the for the 23 properties that are left, I mean, Metro Center was one of them, we've achieved 8.5 points in yield index gains. That is meaningfully above mid-digit -- mid-teens cash-on-cash returns.

So if you look at the composition of our portfolio, our top 40 assets contribute 80% of our EBITDA. And you can do the math. I mean we did 24 assets already transformational. We're doing 6 with Hyatt. We're doing another 4 with Marriott. We're well on the way, and we will continue to deploy capital in our assets because it's our clearest line of sight to see improvements in bottom line performance.

And that coupled with, I would say what we acquired, but as importantly what we sold, is really leading to the outperformance today. And we're just really excited with how things are evolving here. And what we're seeing in 2026, the setup going forward. So, the transaction market itself is, I would say, still tepid.

There is not a lot of flow. Going back to Metro Center, I'll end with how I began. I mean the fact that we have relationships and that people seek out us. When they need an asset to effectuate a lifetime exchange, and we have the balance sheet that allows us to provide seller financing to give that buyer the added assurance that there's not going to be a hiccup and they're going to miss a window differentiator, 100%.

David Katz - *Jefferies LLC - Analyst*

Thank you.

Operator

Michael Bellisario, Baird.

Michael Bellisario - *Robert W. Baird & Co Inc - Analyst*

Thanks. Good morning, everyone. Jim, my question is on CapEx. It kind of seems broadly that renovation returns have been coming down, but you've been bucking that trend. So I guess two parts. I guess, one, how are you picking the hotels and markets to invest in? And two, is it fair to assume that maybe you didn't buy back stock in the quarter because you see better returns on these transformational CapEx projects? Thanks.

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

Sure, Mike. Yeah, we obviously screen all of our assets to determine what assets we should be putting capital in. And the level of CapEx that should be invested in any particular property. So as an example, the four new assets in the Marriott Transformational Capital Program were decided upon after we, as a team, our design and construction group, our asset management group, our enterprise analytics group really looked at what sort of lift we believe that we could get through transformational renovations.

And I do want to emphasize the word transformational. Because it's one thing to just do a rooms redo. That could be deemed to be somewhat defensive. You have to do it. But if we see an opportunity to completely reposition a property, including a new arrival experience, a new lobby, new F&B platform. And at Kierland, we redid the spa, and now we're doing the rest of the hotel. That is how our decision is made to allocate capital. And obviously, we work very collaboratively with our operators. We work collaboratively with Hyatt on the six assets that we selected and the scope of the renovation, and we work collaboratively with Marriott as well.

So we're delighted that not only given our size and scale, but our relationships, and our ability to perform has allowed us to, again, distinguish ourselves through the MTCP program, HCCP program and now MTCP 2 where the operators support our capital investment.

And I think that's really important to stay focused on. Are they supported through providing operating profit guarantees for anticipated disruption and enhanced other priority returns, which gives us an opportunity to really kind of anchor the underwriting for the capital that we're putting into these assets. So we'll continue to do this going forward. It's the clearest line of sight we have to strong cash-on-cash returns in this environment. And yes, you're absolutely right.

We didn't buy back stock in the quarter. We bought back \$200 million of stock this year. But capital allocation in our mind, is a decision of where are we going to drive the greatest long-term value for our shareholders. And we believe investing in our assets, at least at this point in time, with our stock price not disrupted is where we will derive the better returns. We bought back \$200 million worth of stock, and there is a methodology to determine what the IRR is on those stock buybacks.

It's what you can reissue the stock price at down the road over a period of time. Well, the multiple hasn't moved anything. So we're still where we were, and it's very difficult to see a clear line of sight to underwrite a strong IRR on a stock buyback when we have a clear line of sight to investing in our assets.

Operator

Cooper Clark, Wells Fargo.

Cooper Clark - Wells Fargo Securities LLC - Equity Analyst

Great. Thanks for taking the question. Maui continues to have strong momentum and appreciate the early color on occupancy and out-of-room spend. Could you provide any early thoughts and color about how we should be thinking about the pace of recovery into '26 from an earnings perspective within the context of the \$110 million guide implied in '25 guidance, and then the strong '26 group pace?

Sourav Ghosh - Host Hotels & Resorts Inc - Executive Vice President and Chief Financial Officer

Sure. So Maui continues to recover really well. Our total group revenue pace for 2026 is a positive 13% versus same time last year. Just to put this into perspective, in terms of group room nights, we already have 67,000 group room nights on the books for 2026. And last year, at the same time, we had 55,000 on the books.

Compare that to back in 2019, at the same time, we had 73,000 group room nights on the books. So in other words, we're effectively 92% of the way already there relative to 2019 at a pretty attractive rate. So we feel pretty confident that Maui is going to continue to recover. In terms of exactly how much incremental EBITDA we expect in addition to the \$110 million of EBITDA that we are forecasting for this year - Obviously, we are still very preliminary reviews of the budgets.

We don't have an exact number, but we are very hopeful that it's going to be positive. And it's going to be -- right now, I'll just say it's a wide range between the \$110 million and the \$160 million that we talked about. So hopefully, we will make incremental progress next year, but things are looking really good as it relates to group pace for 2026.

Cooper Clark - Wells Fargo Securities LLC - Equity Analyst

Great. Thank you.

Operator

Chris Darling, Green Street.

Chris Darling - Green Street - Analyst

Thanks, good morning. Jim, you alluded to feeling good about Host setup for 2026. Hoping you could elaborate just in anecdotal fashion. And specifically, I'm thinking about some of the lower-hanging items across your portfolio, whether it be Maui, the Don, Turtle Bay, maybe there's others that you'd call out. So any way you could speak to that and perhaps quantify to some extent as well?

James Risoleo - Host Hotels & Resorts Inc - President, Chief Executive Officer, Director

Sure. Happy to, Chris. We have a number of our key markets, we are seeing really strong total group revenue pace for 2026. Sourav touched on Maui as one example. San Francisco is another one. I mean San Francisco is recovering really well. It's recovering nicely. 2026 total group revenue pace for San Fran is up over 20% for our portfolio. And group rate is pacing up 10%. Group room nights are pacing up 3%.

So we feel really good about that. And the '26 citywide group room night pace is up 7% to last year in following a 54% increase in 2025. So San Fran has, I think, turned the corner. It really has. The Mayor and the President of the San Francisco travel are really out there taking the lead for positive change for the city.

Violent crime is down 22% in the city and property crime is down 25%. So we're optimistic about San Francisco. And we also have Super Bowl in San Francisco as well next year. And the other the broad positive for our portfolio. And I'll give you some color on a couple of other major markets.

But we have 10 markets where we're going to see benefits from the World Cup as well. And that's going to provide a big positive for us. As an example, I think in New York, World Cup should be very positive for the market. Hosting a total of eight games, including the final. So it's going to bring additional tourism to New York City as well. Washington, DC is another bright star for us next year. Total group revenue pace is up 13%. So we feel good about that. Nashville total group revenue pace is up 26%.

So there are a lot of really positive things out there on the group side of the business. And we're about 36% group. So it's meaningful to us, absolutely. Our total group revenue pace for the year at this point is up 5%, mid-single digits. We'll be watching that very closely to see how it evolves over the next couple of months.

But with all that said, we do believe that the assets that we have -- the fact that we have strong geographic diversification, we have no one market that delivers more than 8% of our EBITDA, and that's been very thoughtful as we assembled this portfolio and as we run the business. And the quality of the assets we have and the -- where customers are staying today, and where they're spending money. The fact that the affluent customer continues to prioritize premium experiences. And we see it not only quarter-by-quarter or year-over-year. We see it weekly. We track our properties weekly to see what is happening with RevPAR and we're not seeing any slowdown, Chris. I'll tell you that. We just continue to see the affluent customers spend money. So that's what gives us confidence that we're set up well for 2026.

Chris Darling - *Green Street - Analyst*

Okay. Appreciate the detail, thank you.

Operator

Ari Klein, BMO Capital Markets.

Ari Klein - *Bank of Montreal - Equity Analyst*

Thanks, good morning. On the group side, near-term group bookings, it sounds like they've been maybe a touch softer. Hoping you can provide a little bit more color on that, and maybe how broad-based that might be across business verticals? And any change in cancellation, or attrition, or lead volumes more broadly from a forward booking standpoint? Thank you.

Sourav Ghosh - *Host Hotels & Resorts Inc - Executive Vice President and Chief Financial Officer*

Hey, Ari. There hasn't really been any sort of meaningful cancellation besides maybe a little bit what we have seen in DC tied with government business. But in general, I would say there is not a significant drop in terms of group pace by any means for Q4, we are set up really well. Our fourth quarter group pace is actually up over 7%. It's almost 8%.

So still have a very strong group quarter. The third quarter, we always knew going in that it would be a soft group quarter given the shift in Jewish holidays. And you saw that with the outperformance of October at 5.5%. You kind of have to look at sort of September, October together to see the Jewish holiday shift impact. But that's really why group was down in the third quarter.

And some of the softness is really related more to government and government adjacent businesses. Otherwise, overall, even though group volume was down, as you saw in Q3, which was expected, our banquet and catering revenue per group room night was actually up, so which shows that the groups are still willing to spend when they do show up with the properties. So we don't see any specific cracks in terms of driving group volume as we look at our group pace numbers into Q4 and into the future.

Ari Klein - Bank of Montreal - Equity Analyst

Thank you.

Operator

Chris Woronka, Deutsche Bank.

Chris Woronka - Deutsche Bank AG - Analyst

Hey. Good morning and thanks for taking the questions and congratulations on a very good year-to-date. Just wanted to ask on the -- you guys have, I think, over time seen more success on some of the out-of-room spend growth, especially on the -- I think on the group side. Can you maybe talk a little bit about what's driving that and what visibility you have into that and what it's comprised of, whether it's just more higher menu prices, or more ancillary spend on things like retail and spa, and just your level of comfort that, that can continue? Thanks.

Sourav Ghosh - Host Hotels & Resorts Inc - Executive Vice President and Chief Financial Officer

There definitely is just increased spend. And whether that's spa, whether that's golf, obviously, resort destination fee is a component of it as well. As we get into next year, you'll obviously get into tougher comps, just given how much we have moved, particularly on the ancillary revenue and the banquet and catering group room night.

So if you're looking at next year, we had almost a point of delta between RevPAR and total RevPAR for this year, that is probably going to shrink for next year just given the tougher comps. But we -- just given the consumer that we are we are seeing, they continue to spend more.

And the other thing is us also reinventing and repositioning our outlets, which has really benefited this year with the View at the Marriott Marquis and AVIV, the 1 Hotel South Beach, obviously, that's driven meaningful growth. So we're continuing to look at outlet opportunities where we could really drive incremental returns and incremental EBITDA from repositioning these outlets. So while there are other opportunities, I think, next year, certainly, you will run into just tougher year-over-year comps just given a ton of the initiatives that came to fruition for 2025.

Operator

Robin Farley, UBS.

Robin Farley - UBS AG - Analyst

Great. Thanks. I just wanted to get a little more insight into the group booking pace for next year. And when you mentioned it's up 5% for 2026. And that's room nights and rate, and I think forward banquet revenues. Just wondering if you could give us a little color on the nights increase versus rate increase. Just since it feels like overall group, not just for Host, but across the industry, just wondering if we're seeing real room night demand recovery there? Or if it's still sort of mostly rate driven, which has kind of been the case this year? Thanks.

Sourav Ghosh - *Host Hotels & Resorts Inc - Executive Vice President and Chief Financial Officer*

Robin, so as of where we stand right now, it is more room night driven. It's effectively almost all room night driven. Rate is a very slight improvement year-over-year. And I'm talking about the pace, so the 5% that Jim referred to. We have effectively the same amount of group room nights on the books, it's slightly above relative to last year in terms of percentage of what we are expecting for next year. But we would expect the group room nights to be more just given the current pacing. But right now, as we stand on the 5%, just over 3% is group room nights.

Robin Farley - *UBS AG - Analyst*

Okay. Great. Super helpful. Thanks. And maybe just as a quick follow-up. I know you talked about your priorities and seeing your own multiple be so low. When you do think about potential asset acquisitions that Host -- what could interest you. Is there anything -- can you characterize if you feel like there's a market or a type of -- just anything that you feel like would enhance your portfolio just to give us a sense of where your interest might lie? Thanks.

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

I would tell you, Robin, that asset acquisitions today are a very low priority for us. It's just -- we don't think today in this environment with what we're seeing in the marketplace that we can generate the types of returns through acquisitions that we can generate through other capital allocation decisions.

So that includes continuing to invest in our assets, continue to pay a sustainable dividend to our shareholders, which we have done consistently since we exited COVID, and we'll be thoughtful about dispositions in this environment. I think if we saw a path forward to really doing an accretive acquisition, of course we would consider it, but we evaluate everything that's out there in the marketplace, and we're just not seeing anything that we'll underwrite at this point in time.

Robin Farley - *UBS AG - Analyst*

Great. Very helpful. Thank you.

Operator

Smedes Rose, Citi.

Smedes Rose - *Citibank Cameroon SA - Analyst*

Hi, thank you. I was just hoping maybe you could talk a little bit -- maybe more -- Sourav, about kind of any updated thoughts you have on kind of wages and benefits increases in 2026? And besides New York, are there any major markets where labor contracts are coming due, or have to be renegotiated?

Sourav Ghosh - *Host Hotels & Resorts Inc - Executive Vice President and Chief Financial Officer*

Yeah. So for 2025, we are still expecting wage rate growth, which we had messaged earlier on the year at about 6%. Just given that a lot of the contracts were front-end loaded, our expectation is that for next year, the wage rate growth is going to be lower. How much lower, I still don't know yet. We're still, as I said, going through budgets, will have a better indication and we'll provide that information on our next call next year.

In terms of contracts that are coming up, New York is really the only one that is coming up for next year -- mid next year. Obviously, we are not party to those negotiations with the union. It is our operators that negotiate with the union, and we will see where that ends up. It's too early to say at this point in time.

Smedes Rose - *Citibank Cameroon SA - Analyst*

Great. Thank you.

Operator

Duane Pfennigwerth, Evercore ISI.

Duane Pfennigwerth - *Evercore ISI - Analyst*

Hey, thanks. This feels like the first clean fall in a while on the Gulf Coast without any major storms. I understand there are several puts and takes with operational impacts versus BI. But can you maybe frame the tailwinds to growth potential in 2026 from those storms on the Gulf Coast? Thank you.

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

Well, Duane, we have, I think, 24 days left till the end of the -- official end of the hurricane season. So let's keep our fingers crossed that when we talk in February that this will hold true to form, and we won't see anything happen on the Gulf Coast this year. The tailwinds for us will be really -- the Don CeSar is performing extremely well. It's beating our expectations. We raised our assumption for performance this year from \$3 million in Q2 to \$6 million this year, and we're excited with how the Don is set up for 2026.

The Ritz Naples continues to really perform quite well, and a lot of you have seen that property, a lot of you seen Tiburón as well, which we're going to be -- which Tiburón's going to be undergoing a completely transformational renovation.

So that will -- and we will receive the operating profit guarantees for the anticipated disruption, but that will likely have an impact on RevPAR for the Gulf Coast, but it's fully anticipated, and it's fully baked in. And I think that the Gulf Coast -- the Gulf Coast of Florida, generally, when storms come, it affects everything in Florida. So we're excited with how the 1 Hotel South Beach is performing, with how the Ritz-Carlton Amelia Island is performing. Singer. The Singer resort is still ramping after a complete repositioning there as well. And this is all being driven by the type of customer that is continuing to prioritize experiences, premium experiences because these properties are all really high-end assets. And so -- let's get through November, and we'll see how the assets perform into 2026. We did talk a bit about festive being up. And a lot of those assets are part of festive, I think, was at 9% for this year. Festive pace is up 9%, which is very positive. So again, I think this helps us set up the company very well into 2026.

Sourav Ghosh - *Host Hotels & Resorts Inc - Executive Vice President and Chief Financial Officer*

And Duane, I'll just add there, right? When you think about all the benefits we'll see from HCCP next year, we will still obviously be under renovation at the Grand Hyatt, Manchester, but every other HCCP project effectively will be done. We should see a lift from that. As Jim mentioned earlier, Super Bowl's in San Francisco, which we'll see a lift from that.

We have 10 cities where World Cup is going to be played depending on what teams play, in which cities, we should see lift from that. So we feel really good about our setup for next year to be able to drive incremental top line. So not just organic in the market, but all the capital investments that we have made in those specific markets.

Operator

Jay Kornreichwith Cantor Fitzgerald.

Jay Kornreich - *Cantor Fitzgerald LP - Research Analyst*

Hi, thank you. Just circling back to the EBITDA guidance raised by \$25 million. Was that more of a portfolio-wide story, or certainly key markets to call out like Maui? And then with the strong October up 5.5% on RevPAR, how is November, December shaping up? If you can give any commentary on that?

Sourav Ghosh - *Host Hotels & Resorts Inc - Executive Vice President and Chief Financial Officer*

Sure thing. I'll provide the bridge on the guidance. So it's just clear in terms of the [\$1.705 million] how we got to the [\$1.730 million] When you take the [\$1.705 million], you're going to add \$26 million in terms of just comparable operations lift. And that's \$21 million in Q3 and \$5 million in Q4.

It is really across the portfolio. Our guide for Maui has not changed for the full year. That's primarily because even though we have outperformed on the top line for Maui, given that it's -- we have added a ton of room nights, there have been incremental variable costs associated with that. So that guide from Maui at [\$110 million] has effectively remained the same for the balance of the year. So that's \$26 million overall comparable operations lift. Another \$3 million. As Jim mentioned, we have taken Don CeSar from \$3 million to \$6 million, so \$3 million incremental for Don. Interest income of \$6 million. And then -- those are all the adds. The deducts are \$5 million from the disposes. That's about \$4 million for Metro Center and \$1 million for St. Regis, and then about \$5 million that we talked about for the Four Seasons condos. So that will get you to the [\$1.730 million].

As it relates to November and December, right, at this point, you provided October numbers, obviously, the implied Q4 is around 1.5%. So when you look at the blended November, December, it's effectively slightly negative. Now that is fully expected. And I will say that in our increased guide for fourth quarter, it's not all October. Two-thirds is October, one-thirds is November, December. We actually took up our guide for November, December as well. The reason is slightly negative, it's twofold.

One is, just last year, we had Christmas week overlap with Hanukkah. So you didn't have a Hanukkah on a separate week, which obviously impacts travel. This year, it's a tougher comp, Hanukkah does not overlap with Christmas week. Secondly, last year, right after elections, we had, you may recall, short-term group pickup. And we did quite a bit of group business towards the end of November, beginning of December.

So that helped 2024. So it's really tougher comps. But overall, at this point in time, assuming government shutdown gets resolved, and we don't have any issues with travel and airports, we are well positioned to be able to achieve our forecast.

Operator

And that will conclude our question-and-answer session. I'll turn the call back over to Jim for any closing comments.

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

Well, everyone, thank you again for joining us today. We really appreciate the time that you spend with us, and we appreciate the opportunity to discuss our quarterly results with you and look forward to seeing many of you at upcoming conferences. I want to wish everyone a very wonderful Thanksgiving with your family and friends. Take care.

Operator

This concludes our call today. Thank you for joining. You may now disconnect.

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