

September 23, 2025

DC Board of Zoning Adjustment
Frederick L. Hill, Chairman
441 4th Street, NW
Suite 200S
Washington, DC 20001



1020 N. Fairfax Street
Suite 320
Alexandria, VA 22314
Phone: (703) 838-9707

RE: 921 6th Street, NW - BZA Extension Request

Dear Mr. Hill:

JMI has diligently pursued advancement of the approved hotel project under the BZA Order. Since receiving approval, however, significant shifts in market conditions have created an environment in which proceeding to final design and financing would not be prudent at this time.

The broader development market continues to face economic headwinds. Construction costs not only remain elevated due to material inflation, labor shortages, and persistent supply chain disruptions, but continue to increase above the rate of inflation. Meanwhile, inflationary pressures have driven up borrowing costs, while tightened credit availability has weakened the lending environment overall, but particularly for hotels. Interest rates also remain elevated and have resulted in higher capitalization rates, reducing asset valuations. The end result is that the total cost of developing the hotel exceeds the stabilized value of the completed project, impacting rates of return and ultimately no viable path to financing. Even with the recent reductions in short term interest rates, the market has not reacted to it as the 10-year treasuries remain elevated.

The hotel industry itself faces additional challenges. Traditional demand growth is constrained by competition from short-term rental platforms, ongoing economic uncertainty by consumers which is resulting in reduced discretionary spending, particularly travel. Recent industry research confirms these trends:

- CBRE's *U.S. Real Estate Market Outlook 2024* projects flat to declining demand growth in the hospitality sector under current economic conditions, with both occupancies and room rates expected to decline both nationally and in D.C. in 2025 and potentially 2026.
- Cushman & Wakefield's *MarketBeat U.S. National Hospitality Q1 2025* highlights the likelihood of continued softening in leisure travel spending, again both nationally and in the D.C. metro area.

These forecasts are being influenced by federal immigration and trade policies that have negatively impacted international travel to the U.S. overall and Washington, D.C., in particular given that it is a gateway city. For example, Tourism Economics reported a 25% decrease in Canadian visitation to the U.S. during the first seven months of 2025 compared to the same period in 2024. Specific to D.C., as of May 2025, Destination DC is projecting a 5.1% drop in overall international visitors for the year, with Tourism Economics forecasting a 19% drop in Canadian visitors to the D.C. area. These declines are not expected to rebound in 2026 and may deteriorate further given the ongoing negative perception of the U.S. by potential international visitors. At the same time, reductions in the federal workforce under the Department of Government Efficiency (DOGE) are reducing both federal and business travel, key drivers of hotel demand in the District. The visible presence of the National Guard has also created an atmosphere that discourages both domestic and international leisure travelers. These combined factors further diminish near-term prospects for launching a capital-intensive hotel development.

Despite these headwinds, JMI remains fully committed to the approved project and has already invested significant resources in acquisition, demolition, legal, architectural, engineering, permitting, entitlements, and consulting. The intent is to advance the project as soon as market conditions turn around and start to improve. Moving forward now, however, would risk committing to design and financing in an environment that cannot support a positive return on investment.

Accordingly, REVPAR International recommends that JMI pause final design and engineering until economic conditions improve, overall interest rates moderate, capitalization rates decline, and construction costs normalize to levels consistent with a sustainable redevelopment. This approach preserves the entitlements and positions the project to move forward responsibly once fundamentals realign to support value creation.

Sincerely,
REVPAR International, Inc.



Richard E. Pastorino
Founder & CEO

ADDENDA

Hotel Owners Pumping Brakes On Development, Investment

National Hotel

September 18, 2025 | 2:32 p.m. ET **Bianca Barragán, Southern California**

Rising costs, lackluster demand and staffing challenges are causing hoteliers across the country to rethink investments in their existing hotels and development of new projects, [according to an August survey](#) by the [American Hotel & Lodging Association](#).

Thirty-two percent of respondents reported delaying projects, while 24% reported scaling back new projects.

Only 8% of property owners and operators said they were moving forward with new investments, but 8% also said they had completely scrapped planned projects.

A significant factor, AHLA said, is a slump in demand from all travel sectors. Twenty-six percent of respondents said they saw drops in upcoming bookings compared to the same period last year. Leisure stays were down 30%, and business, group and government travel saw drops between 15% and 17%, respondents said.

The survey reflects the plans and sentiments of almost 400 hotel owners and operators nationwide.

The survey results line up with what [STR](#) President [Amanda Hite](#) told the New York University International Hospitality Investment Forum in June, that macroeconomic concerns were the reason bookings for July and August were down nationally, [Hotel Dive reported](#).

[Bisnow has reported](#) that only the top tier of hotels is seeing revenue per available room growth, with all other sectors flat or declining.

Second-quarter earnings from major hotel companies, including [Hilton](#), InterContinental Hotels Group, [Choice Hotels International](#) and [Wyndham Hotels & Resorts](#), all showed RevPAR declines in the U.S., according to Hotel Dive.

Contact **Bianca Barragán** at bianca.barragan@bisnow.com

See Also: [Cushman & Wakefield's Amanda Eastwick Launches Women In Industrial Network](#)

Related Topics: [hotels](#), [American Hotel & Lodging Association](#), [hotel market](#), [American hotel and lodging association](#), [Rosanna Maietta](#)