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Hospitality Business Outlook

Demand Trends | North Carolina

NCRLA

NC Restaurant
& Lodging Association

Taylor Osborne

Regional Director of Sales | Amadeus Hospitality

taylor.osborne@amadeus.com

Himanshu Desai

Senior Director | Strategic Accounts – Travel Intelligence, Amadeus

himanshu.desai@amadeus.com

Himanshu Desai
Senior Director | Strategic
Accounts - Business Intelligence

Taylor Osborne
Regional Director of Sales
Mid-Atlantic

amadeus



United States

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Key Headwinds Impacting the U.S. Travel Sector

1. **Declining Consumer Confidence & Spending:** High inflation and economic uncertainty have led consumers, particularly in the middle-income bracket, to adopt a more frugal approach, cutting back on trip frequency and duration.
2. **Corporate Budget Caution:** While business travel has shown some resilience, economic uncertainty is causing companies to trim travel budgets.
3. **Labor Shortages & High Costs:** The industry continues to struggle to hire and retain staff, with staffing levels in many areas still below pre-pandemic figures.
4. **Alternative Lodging Competition:** The rise of short-term rentals, cruise lines, and gaming venues continues to take market share from traditional hotels.
5. **Geopolitical and Policy Factors:** Concerns over immigration policies and global conflicts are impacting travel sentiment and, according to Hospitality Network, increasing costs for visitors, according to [Hospitality Net](#).
6. **Operating Margin Pressures:** Increased operating costs, including insurance and wages, are putting pressure on profitability, particularly as revenue per available room (RevPAR) growth slows, according to [PwC](#). [[1](#), [2](#), [3](#), [4](#), [5](#), [6](#), [7](#), [8](#), [9](#), [10](#), [11](#), [12](#)]
7. While some areas, particularly in luxury and specialized events, show stability, the overall market is adjusting to a lower-growth environment. [[1](#), [2](#), [3](#)]

Key Trends & Outlook

- **Market Sentiment:** Travel remains a priority, but 48% of travelers report economic influence on plans, with 16% traveling less due to financial reasons.
- **Key Trends:** Travelers are focusing on "destination dupes" (alternative, more affordable spots), AI-driven personalization, and "food-tourism".
- **Financial Pressures:** While travelers seek value, they are also navigating increased fees, including new entry requirements like the European ETIAS, which will take effect in 2026.
- **Airlines:** Expected to see a 5.8% rise in air travel in 2026, though rising labor costs may pressure margins.
- **Inbound/Outbound:** International arrivals are expected to surpass 2019 levels in 2026, growing by over 10%, driven largely by the FIFA World Cup.
- **Business Travel:** Spending is forecast to continue steady growth of 4-5%.
- **Behavioral Shifts:** Shorter booking windows are becoming more common.

North Carolina

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Statewide Demand & On-the-Books Occupancy

- **26.3%** for 2026, which is slightly behind early 2025 Demand but Group and ADR are driving momentum.
- This reflects a **stable, normalized demand environment**, with incremental improvement rather than volatility.

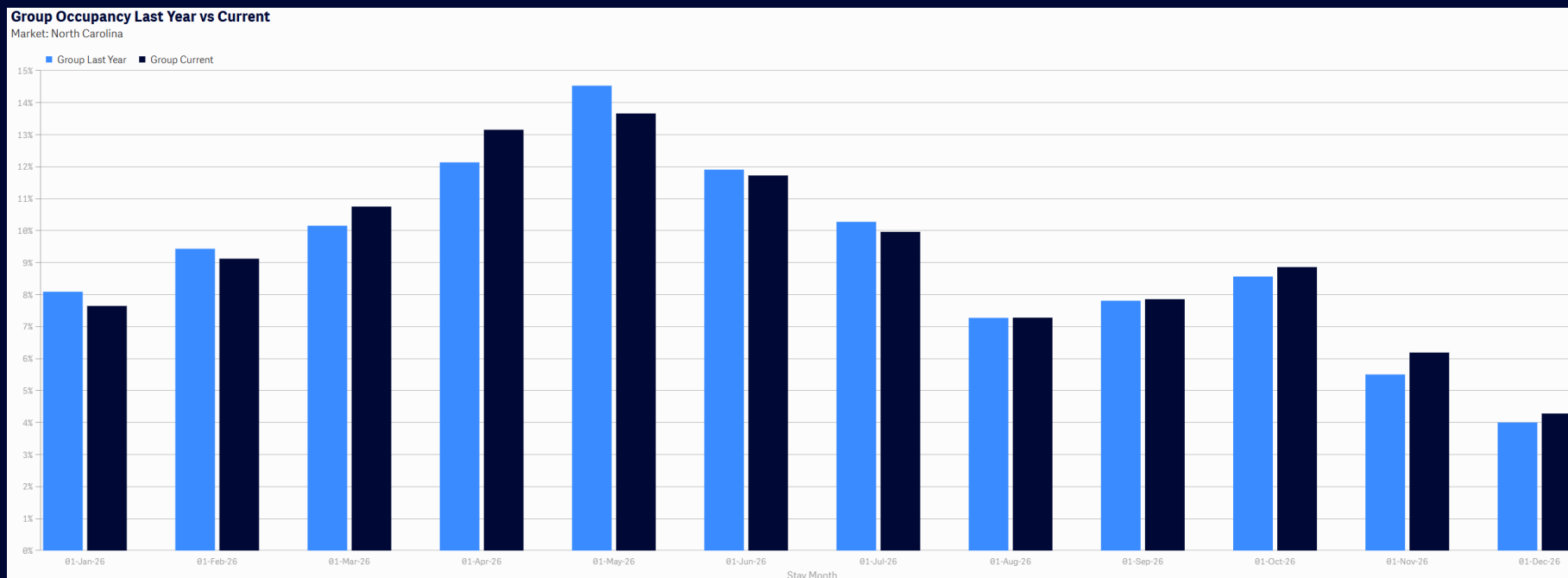
North Carolina demand remains **steady and predictable** heading into the remainder of 2026, supported by diverse travel drivers across leisure, corporate, and group.

| Demand Summary - Current | | | | | |
|----------------------------|-----------------|-----------------|--|-----------|--------------|
| Total | Group Sold | Transient | | ADR (USD) | RevPAR (USD) |
| 26.3% | 9.2% | 16.7% | | \$152 | \$32 |
| As of Week Ago | As of Week Ago | As of Week Ago | | | |
| 25.8% | 9.1% | 16.3% | | | |
| As of Month Ago | As of Month Ago | As of Month Ago | | | |
| 21.3% | 8.6% | 12.3% | | | |
| Demand Summary - Last Year | | | | | |
| Total | Group | Transient | | ADR (USD) | RevPAR (USD) |
| 27.1% | 9.1% | 17.5% | | \$149 | \$32 |

Demand Mix: Transient vs. Group

- **Transient demand**: 16.7% of on-the-books occupancy, remaining the anchor of statewide demand.
- **Group demand**: 9.2%, up versus prior years and showing clear late-year momentum.
- ***Group pacing*** charts indicate **stronger performance in August, October, and November** compared to last year.

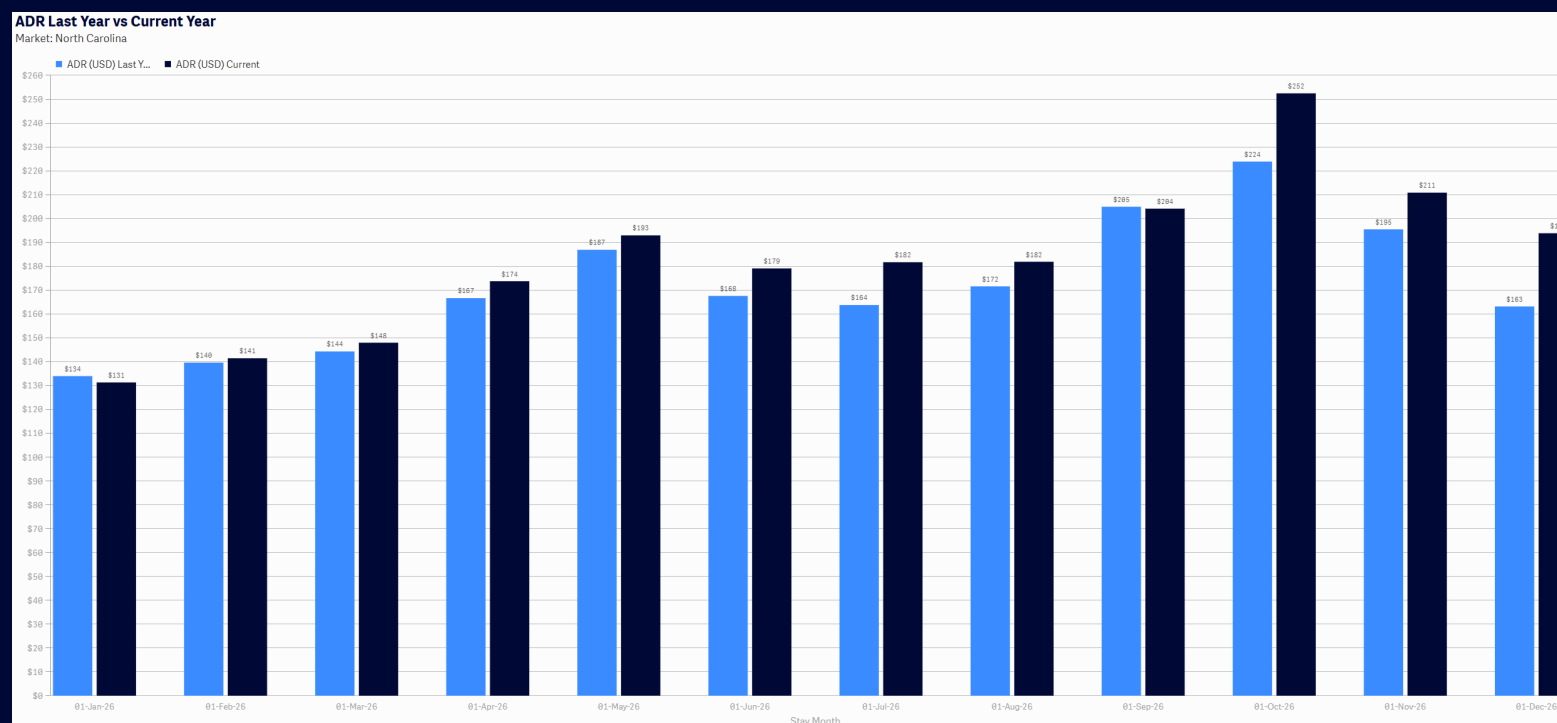
Group business is reasserting itself as a **headline positive for the back half of 2026**, while transient continues to deliver baseline stability.



Rate & Revenue Performance

- **ADR: \$152**, reflecting disciplined pricing and year-over-year improvement.
- **RevPAR: \$32**, holding firm despite only modest changes in occupancy.
- Month-by-month ADR trends show **rate growth concentrated in peak-demand periods**, reinforcing effective yield management.

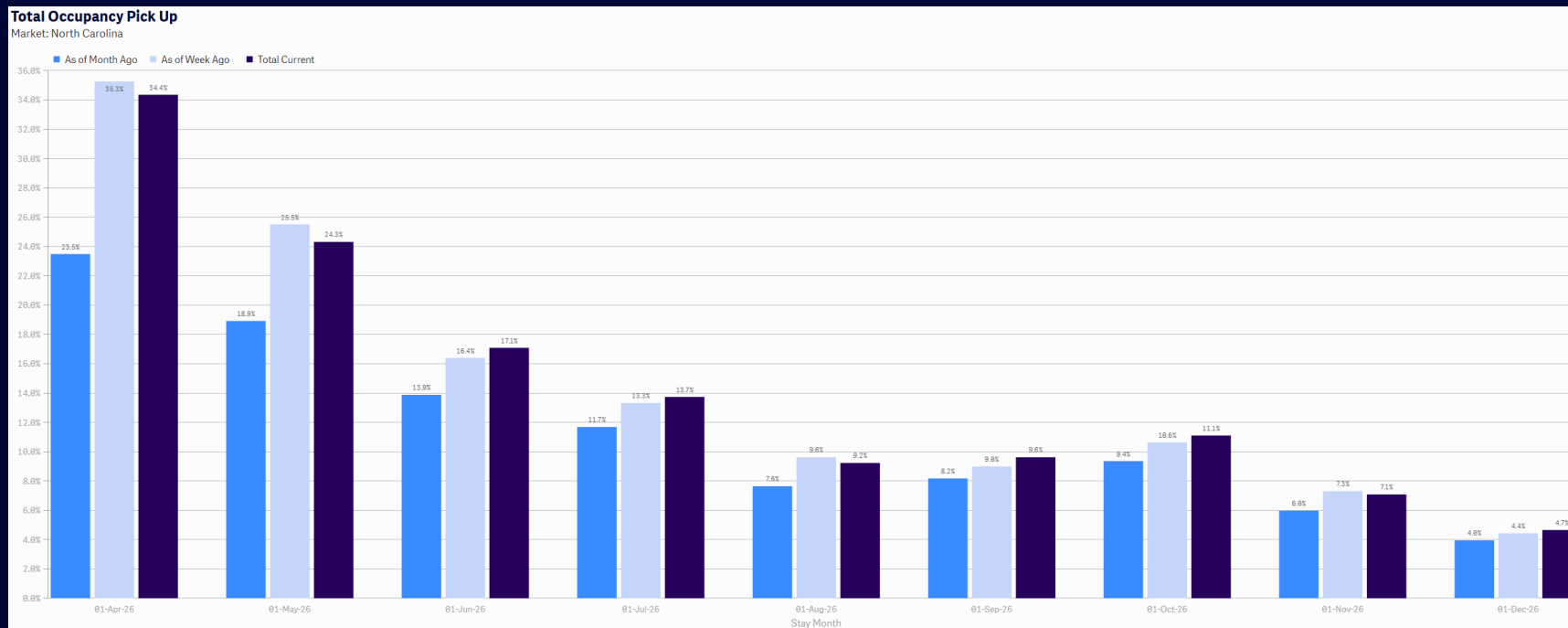
Revenue growth is being delivered through **rate optimization rather than volume chasing**, signaling confidence in demand quality across the state.



Monthly & Pickup Trends

- Strongest performance in **spring and early summer**
- A more muted midsummer period
- **Renewed strength in the fall**, driven primarily by group demand
- Pickup patterns indicate **measured but consistent forward booking activity**, rather than late, reactive demand.

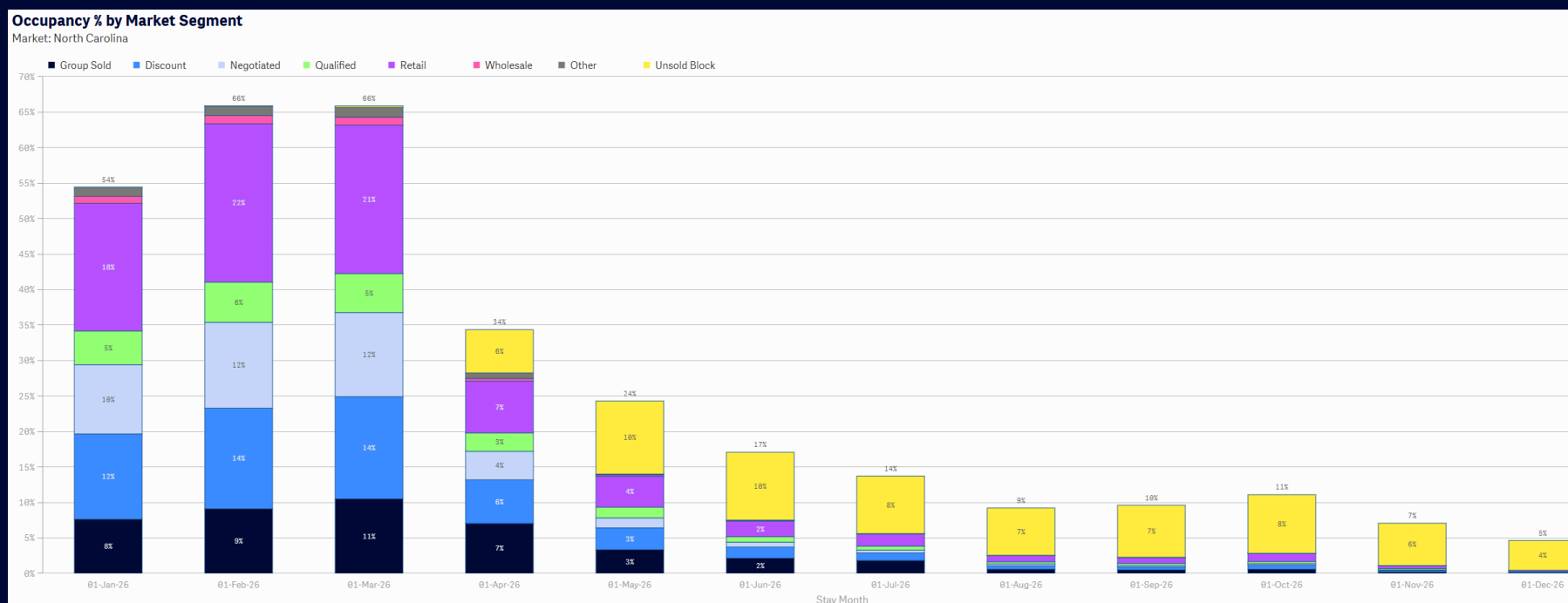
The booking curve supports **strategic planning**, not tactical discounting—hoteliers can plan staffing, pricing, and group strategy with confidence



Segmentation & Channel Mix

- Segmentation remains **balanced**, with:
 - Stable transient share
 - Growing group contribution
 - Discount segments present but not outsized
- Channel mix continues to favor **brand and direct channels**, with OTAs complementing demand rather than dominating it.

North Carolina hotels are maintaining **healthy distribution economics**, avoiding over-reliance on high-cost channels.



Key Takeaways — North Carolina

- **Steady statewide demand:** Occupancy and pickup trends point to stability, not slowdown.
- **Group-driven upside:** Late-summer and fall group pacing is a key opportunity area.
- **Pricing discipline intact:** ADR growth is supporting RevPAR even with moderate occupancy gains.
- **Strategic focus for 2026:**
 - Prioritize **group compression months (Aug / Oct / Nov)**
 - Protect **rate integrity during peak periods**
 - Use transient demand selectively to fill shoulder gaps

Charlotte

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Overall Demand & On-the-Books Occupancy

28.5% for 2026, slightly below last year's 29.5%, but showing a normalizing demand pattern rather than erosion.

The market continues to show healthy forward demand, outperforming pre-pandemic benchmarks while cycling tougher year-over-year comparisons.

What this means: Charlotte remains structurally strong, with demand stability rather than volatility heading into the remainder of 2026.

| Demand Summary - Current | | | | | |
|----------------------------|-----------------|-----------------|--|-----------|--------------|
| Total | Group Sold | Transient | | ADR (USD) | RevPAR (USD) |
| 28.5% | 12.0% | 16.0% | | \$160 | \$34 |
| As of Week Ago | As of Week Ago | As of Week Ago | | | |
| 28.0% | 11.9% | 15.6% | | | |
| As of Month Ago | As of Month Ago | As of Month Ago | | | |
| 23.6% | 11.4% | 11.8% | | | |
| Demand Summary - Last Year | | | | | |
| Total | Group | Transient | | ADR (USD) | RevPAR (USD) |
| 29.5% | 11.9% | 16.9% | | \$155 | \$34 |

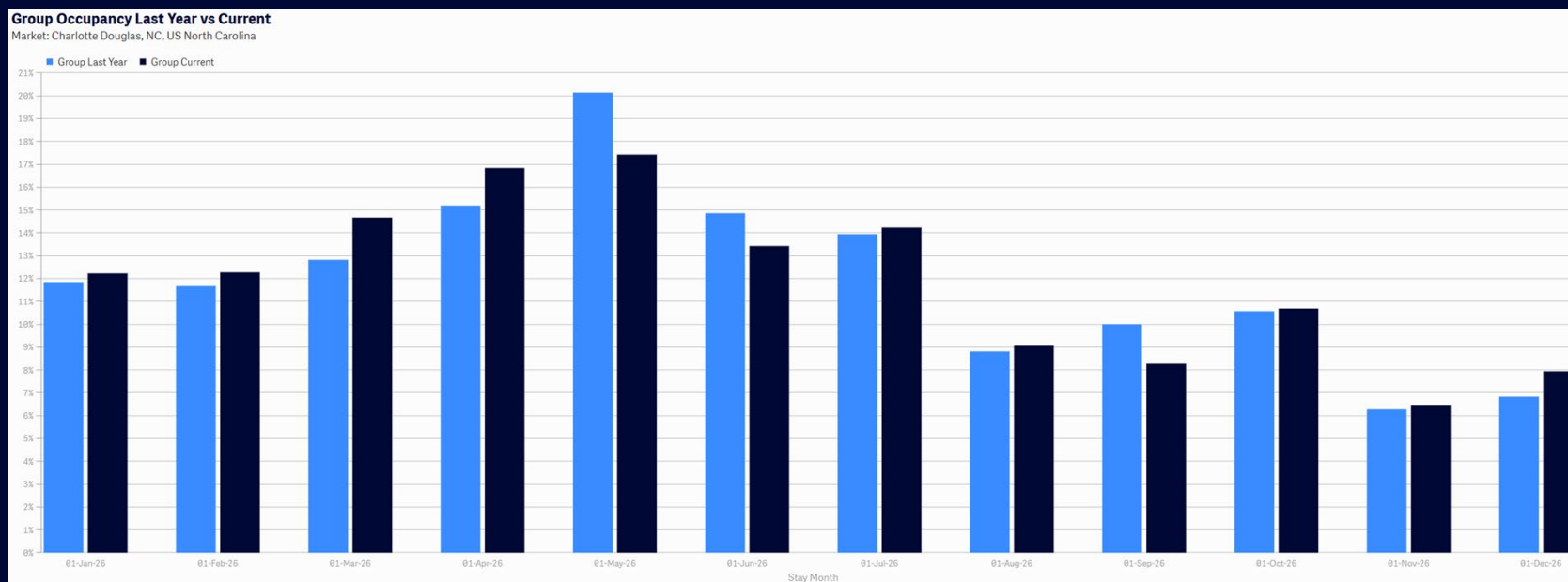
Demand Mix: Group vs. Transient

Group occupancy: 12.0%, modestly ahead of 2025 and well above 2024 levels, reinforcing group business as a key demand driver.

Transient occupancy: 16.0%, slightly softer year-over-year but still materially stronger than pre-pandemic norms.

What this means:

The Charlotte market benefits from a balanced demand base, with group providing upside while transient demand offers stability. The pacing profile suggests confidence in meetings, events, and organized business travel returning with consistency.

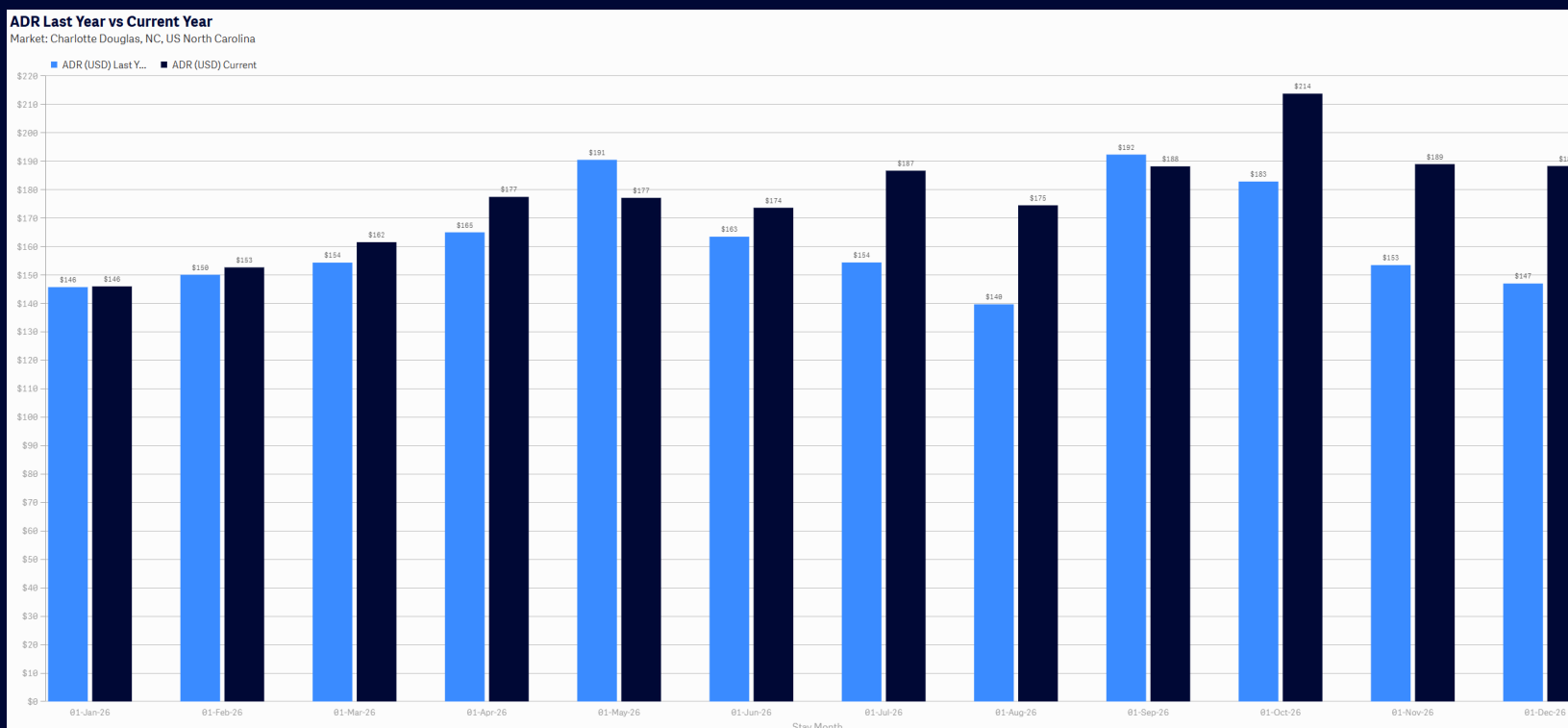


Rate & Revenue Performance

- **ADR:** \$160, up materially from \$155 last year, reflecting pricing power and disciplined revenue management.
- **RevPAR:** \$34, flat year-over-year despite slightly lower occupancy—driven by higher achieved rates.

• What this means:

Revenue growth in Charlotte is being achieved through rate optimization rather than occupancy discounting. Hotels appear confident in demand depth and willing to protect rate integrity.



Seasonality & Group Pacing

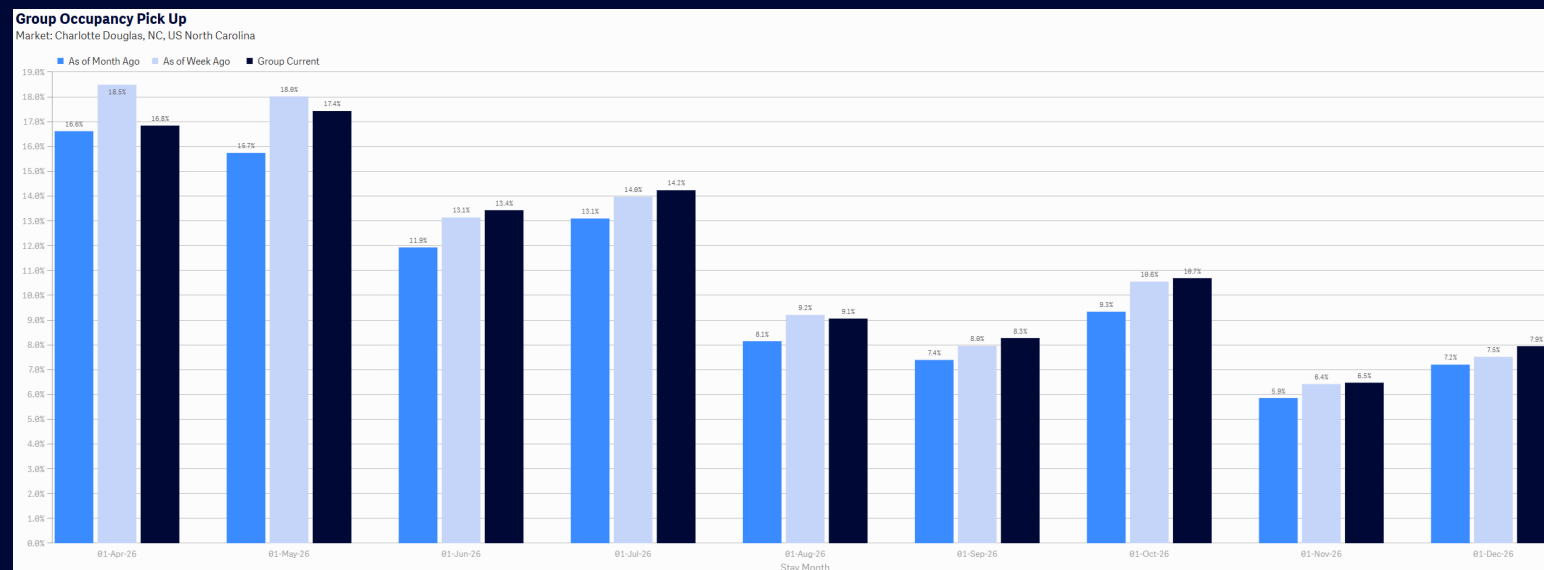
Group demand is pacing strongest in August, October, and November, outperforming the same periods last year.

This aligns with Charlotte's established strength in **corporate meetings, conventions, and fall business travel**.

What this means:

These months represent compression opportunities, where hotels can focus on:

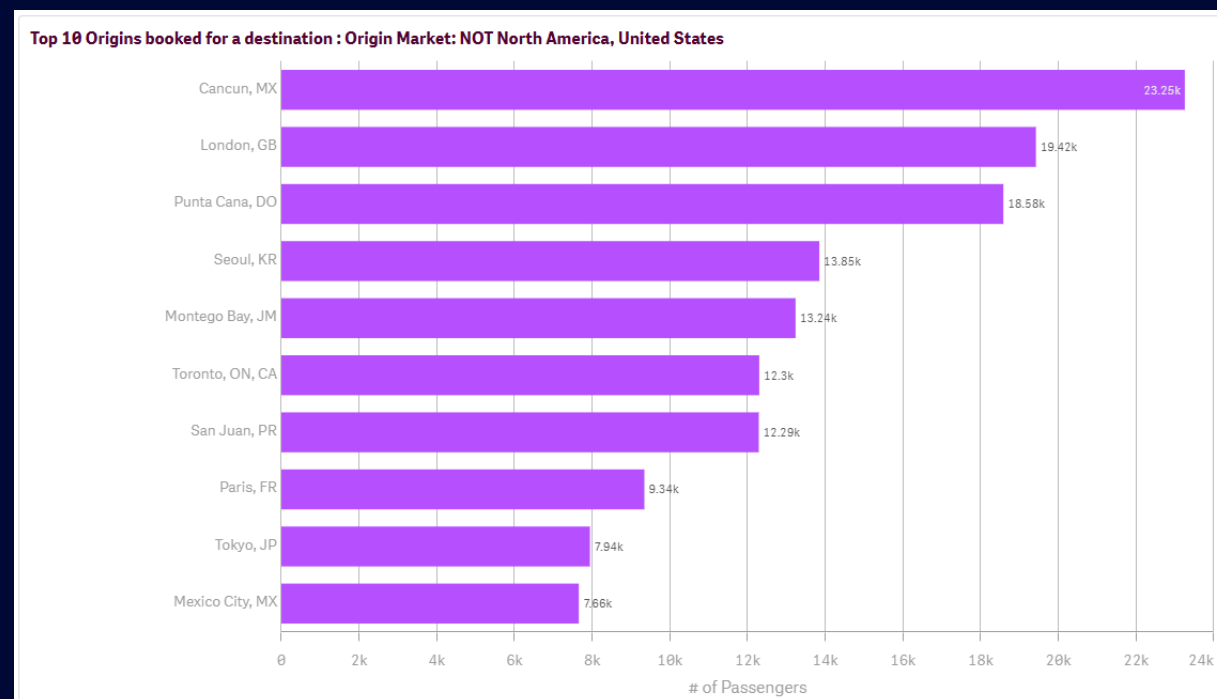
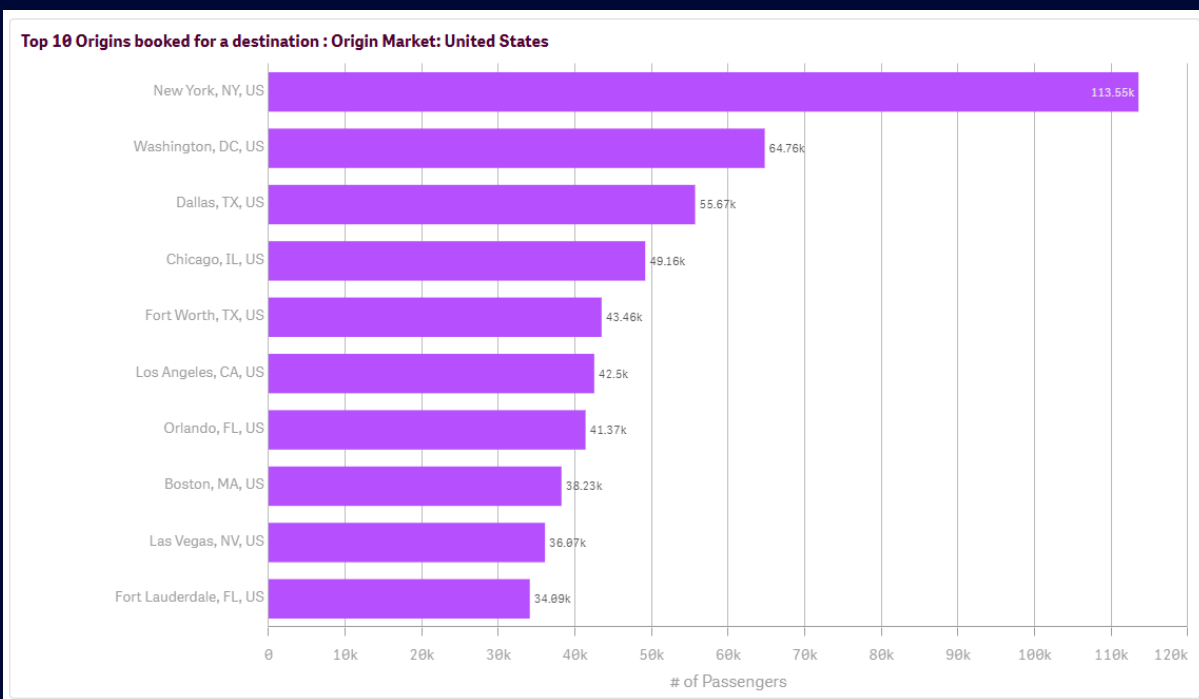
- Strategic group pricing
- Shoulder-night optimization
- Ancillary and total revenue capture



Booking Channel & Origin Trends

Flight Data highlights Charlotte’s top domestic and international origin markets, reinforcing :

- A strong domestic demand base
- Select international feeder markets supporting airport-connected and corporate travel patterns
- Charlotte’s diversified origin mix supports demand resilience even as traveler behavior continues to evolve.



Charlotte Hotels — Key Takeaways

1) Demand remains resilient with a balanced mix

- On-the-books occupancy: 28.5% for 2026 — slightly below last year but well ahead of pre-pandemic levels, signaling normalized yet healthy demand
- Performance is supported by diversified demand drivers across corporate, group, and leisure travel.

2) Group business is a meaningful driver for 2026

- Group occupancy: 12.0%, continuing to outperform 2024 and reinforcing confidence in meetings and events.
- Strong group pacing in August, October, and November highlights late-summer and fall as peak opportunity periods.

3) Revenue growth is supported by pricing discipline

- ADR: \$160, up year-over-year, reflecting continued rate strength.
- RevPAR: \$34, holding steady despite modest occupancy normalization — gains are coming through rate optimization, not discounting.

What does this mean?

- Prioritize group strategy and compression planning around Aug / Oct / Nov to maximize rate and total revenue.
- Maintain ADR integrity while using transient demand strategically during shoulder periods.
- Align sales, revenue, and operations around clearly defined peak group windows.

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