2026 STATE OF THE INDUSTRY REPORT

From Resilience to Opportunity

AHLA

The American Hotel & Lodging Association

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LETTER FROM AHLA PRESIDENT & CEO ROSANNA MAIETTA

In 2025, the U.S. hotel industry operated under sustained pressure from rising costs, uneven recovery, and shifting travel patterns. Even so, hotels maintained demand, supported more than two million jobs, generated tens of billions of dollars in tax revenue for governments at every level, and continued to serve travelers safely and reliably across the country.

That resilience should not be mistaken for full recovery. Operating costs continue to outpace revenue growth in many markets, and profitability remains below pre-pandemic levels after inflation. However, the outlook for 2026 is clearer. Major global events will drive demand across U.S. destinations, and the permanent extension of key pro-growth tax policies has given owners and operators the certainty needed to plan, invest, and hire. The industry is ready to meet that demand, but sustained growth will depend on a policy environment that supports travel, workforce development, and cost control.

This report provides a data-driven assessment of where the industry stands and what will matter most in the year ahead. Among its key findings:

- Hotels remain a major economic engine. The industry generated $85 billion in local, state, and federal taxes in 2025, with tax contributions expected to rise again in 2026.
- Recovery remains uneven. Occupancy has not fully returned to pre-pandemic levels, and RevPAR growth continues to lag inflation in many markets.
- Cost pressures present crippling challenges, with rising operating expenses keeping industry profitability below 2019 levels.
- Domestic travel dominates travel demand. Domestic leisure travel continues to anchor hotel demand, while international inbound travel remains meaningfully below pre-pandemic levels, underscoring the importance of policies that strengthen U.S. competitiveness.
- Hotels are investing in people. Wages and benefits continue to rise, and employment growth is expected to accelerate in 2026 as operators expand to meet demand.

Taken together, the 2026 State of the Industry report makes a clear case: converting resilience into sustained growth will require policies that foster positive travel sentiment, support workforce development, and allow hotels to manage costs while continuing to invest in their communities.

AHLA will continue to advocate for a policy environment that allows hotels to compete, grow, and deliver economic value nationwide. We look forward to working with policymakers, industry partners, and stakeholders in the year ahead to make a difference for this industry.

Rosanna Maietta
President & CEO

INTRODUCTION

The AHLA *2026 State of the Industry Report* describes a hotel sector that remains fundamentally resilient while adapting quickly to economic, market, and political change. In 2025, U.S. hoteliers sought to realign their operations in response to a broad range of external challenges, demonstrating resilience across the industry. Natural disasters, economic volatility, and rapidly changing public policy at all levels of government created an environment of sustained uncertainty, even as major federal legislation delivered long-sought tax clarity for the industry. Against this backdrop, hotel owners and operators demonstrated adaptability and discipline, recalibrating business strategies to remain competitive in a rapidly changing landscape.

While overall demand remained steady throughout the year, domestic gains offset a decline in international travel. Domestic travel emerged as the primary occupancy driver, reaching a level 21.1% higher than the pre-pandemic levels in 2019 despite reductions in business and government travel. International inbound travel remained 17% below 2019 levels as travelers postponed, altered, or canceled trips to the United States.

Critically, inflation continued to outpace growth, with operating costs increasing four times the rate of revenue over the past five years, intensifying pressures on already dwindling margins. Operating costs increased across nearly every category in 2025, with property and liability insurance costs rising most sharply. Reflecting the industry's commitment to offering highly competitive wages, wages continued to exceed the national average but also contributed to higher operating costs in a relatively flat-demand environment.

The report identifies key market dynamics and emerging trends that shape current performance, and outlines strategic responses that can strengthen demand, maximize long term value, and unlock new business opportunities. This assessment is designed to equip industry leaders with insights that support informed and disciplined decision-making in a business environment that, while unpredictable, continues to present meaningful opportunity.

Demand for travel is hardwired into the American economy, not only a significant contributor to GDP but one of the nation's most important service exports. American and international travelers want personalized, memorable experiences. They want to participate in major cultural events. They want convenience, comfort, consistency, and a safe place to stay.

As U.S. hotels prepare to welcome travelers in 2026 for major events including America250 and the FIFA World Cup tournament, hoteliers are focused on differentiating their properties, exceeding guest expectations, and doing so while protecting profitability. This report serves as a guiding resource in that effort, offering a clear view of where the industry stands today and where it is headed.

OVERVIEW OF THE U.S. HOTEL INDUSTRY & PERFORMANCE

The domestic hotel industry navigated a challenging operating environment in 2025, marked by uneven recovery patterns and evolving sources of demand. While the sector continued to demonstrate resilience, not all performance metrics have returned to pre-pandemic levels. Growth rates remained below inflation, and the pace of recovery varied significantly by market and property type. Occupancy remained below 2019 benchmarks across much of the country, underscoring the long tail of pandemic-related disruption.[1]

According to CoStar, approximately 75% of U.S. hotel submarkets operated below 2019 occupancy levels in 2025.[1] Hybrid and remote work continued to suppress midweek corporate travel, placing sustained pressure on urban hotel performance. At the same time, more geographically dispersed meeting and leisure demand favored suburban and secondary markets, where recovery has progressed more steadily. Downtown and airport-oriented submarkets remained the furthest from recovery, while leisure-focused destinations posted stronger rebounds but continued to trail pre-pandemic peaks.[1] Hotel performance in 2025 fell short of initial projections, resulting in quarterly downward revisions to full-year forecasts by CoStar and Tourism Economics as demand and pricing power normalized more slowly than expected. 2025 ended with occupancy at 62.3%, down from 63.1% in 2024 and 5.3% below the 65.8% level recorded in 2019. Average Daily Rate (ADR) growth held steady at 0.8%, reaching $160.30.[1]

2025 RevPAR Forecast Evolution – Y-o-Y Change (%)

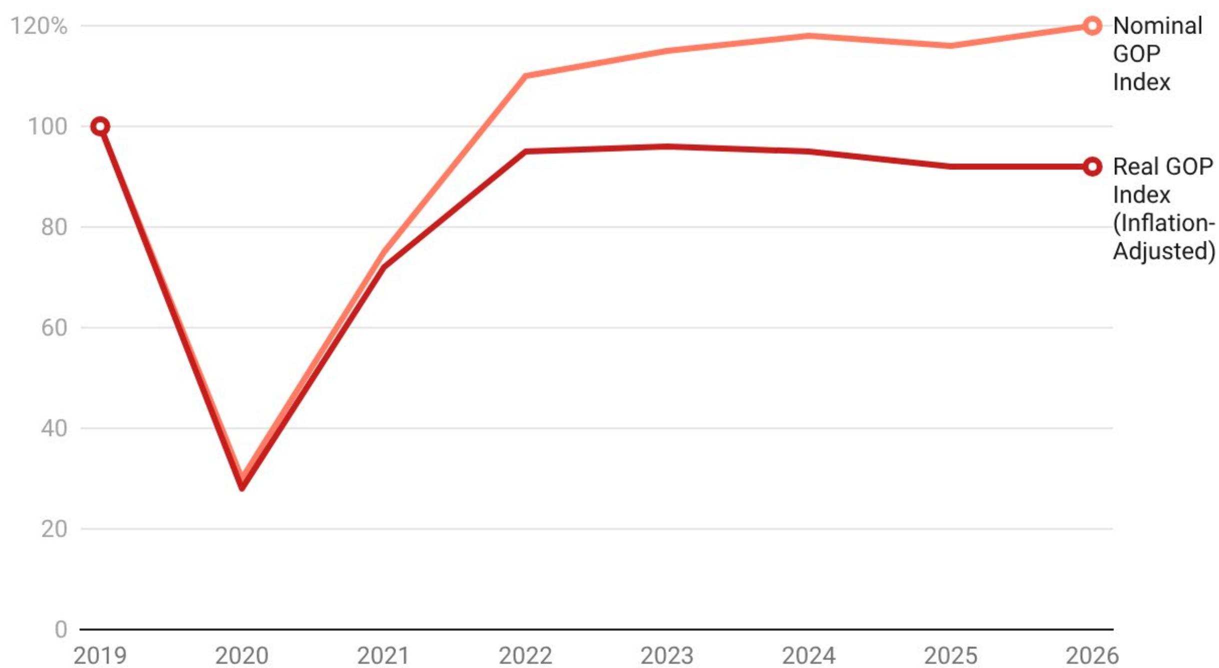
Source: CoStar/STR

In contrast, Revenue per Available Room (RevPAR) - a metric that combines pricing power (average daily rate) and demand (occupancy) - was revised downward by 0.3 percentage points, indicating a 0.4% decline to $99.80.[2]

Looking ahead, CoStar's 2026 forecast introduced similar downward trends. Modest growth is expected to be largely driven by short-term, event-based demand rather than broad market momentum. Occupancy is expected to decline slightly, signaling a gradual and cautious recovery, rather than a full normalization of demand. Year-over-year, demand growth (+0.5%) is anticipated to align with supply, supporting modest gains in ADR (+0.9%) and RevPAR (+0.5%).[2]

While growth is underway, downward adjustments to the 2026 forecast – occupancy (-0.3 percentage points), ADR (-0.1 percentage points), and RevPAR (-0.3 percentage points) - are expected to limit the industry's full potential, with over $200 million in room revenue and $490 million in guest spending unlikely to materialize.[3] These forecast revisions reflect limited improvement in macroeconomic conditions. Rising unemployment and persistent cost pressures are expected to constrain hotel performance, with ADR growth continuing to lag inflation and further compress operating margins.

Gross Operating Profit, Real vs. Nominal – Indexed to 2019



Source: CoStar/STR and Tourism Economics

In addition to softer performance metrics, profit expectations were also revised downward in CoStar's updated forecast. Gross Operating Profit per Available Room (GOPPAR) forecasts for 2025 were lowered from prior estimates, driven primarily by rising operating expenses. After adjusting for inflation, real profitability remains at roughly 90% of 2019 levels, reflecting an incomplete profitability recovery from the pandemic largely due to continued cost pressures.[2] Cost increases are most pronounced in food and beverage operations, with additional pressure across other operated departments (e.g., parking, retail, spa, golf), as well as higher marketing and utilities expenses. Non-operating costs, particularly insurance, continue to add further strain on profitability.

COST PRESSURES & RISK FACTORS

Heading into 2026, hotel operators face a cost environment shaped less by market cycles and more by policy and regulatory decisions. Unlike prior periods in which expenses rose and fell with inflation or demand, many of today's cost drivers are cumulative, mandated, and largely outside operators' control. Labor mandates, insurance and litigation exposure, regulatory compliance, energy requirements, tariffs, and new taxes are rising simultaneously, compressing margins even as demand growth remains uneven across markets. The result is a narrowing set of options for hoteliers, who are increasingly forced to choose between higher prices, reduced service levels, deferred investment, or withdrawal from high-cost jurisdictions altogether.

Emerging Constraints on Profitability

Labor and operating costs intensified sharply in 2025 and are poised to escalate further in 2026, placing sustained pressure on hotel profitability even as demand growth remains uneven. The U.S. Bureau of Labor Statistics data shows that salaries, wages, and payroll-related expenses in the Accommodation and Food Services sector rose sharply between years 2020 and 2024.[4] Total compensation increased by approximately 26.5%, substantially outpacing growth in the Consumer Price Index (CPI) and reflecting a structural reset in labor costs rather than a temporary inflationary spike.[5] Looking ahead, labor expenses are projected to continue rising due to mandated wage increases, benefit expansions, tariffs ((e.g., furniture) and compliance costs, even as ADR growth moderates. As a result, each incremental increase in labor burden now translates directly into margin compression, reducing gross operating profit with limited ability for operators to offset costs through pricing alone.[6]

For example, in Los Angeles, the extreme new wage law represents one of the most aggressive local labor mandates imposed on the hospitality sector in decades. The policy requires hotels and airport-adjacent hospitality businesses to pay a significantly elevated minimum wage in advance of the 2028 Olympic Games, untethered from occupancy levels, seasonal demand, or operating margins. Unlike prior phased increases, the ordinance drives the wage and benefits north of $60 per hour by 2028, nearly double California's statewide floor, and adds mandatory healthcare and training costs on top of base pay.[7]

While city officials continue to debate potential changes to the law, the new mandates are currently in effect.[8] The additional cost burdens are likely to shrink margins, force operational cutbacks, and push some properties to reduce hours or cut jobs just as demand peaks around mega-events. Some hoteliers have been forced to reconsider or completely abandon development projects in the city.[7] Such steep, mandated labor costs risk accelerating closures, deterring new investment, and pushing travelers to alternative markets or lodging types with lower cost structures.

These pressures are not theoretical. In 2025 alone, more than 100 restaurants closed across Los Angeles, with operators citing unsustainable labor costs, rent, and regulatory burdens as primary drivers.[9] The restaurant sector can serve as an early warning signal for hospitality more broadly, and the scale of closures underscores how mandated cost increases can outpace revenue growth in high-cost markets. Hotels face similar dynamics, particularly those with on-property dining and banquet operations that are highly sensitive to cost fluctuations.

In addition, mandated compliance costs tied to labor scheduling, paid leave, workforce reporting, and wage ordinance administration are also climbing rapidly.[10] New requirements for robust scheduling systems, complex paid-leave tracking, and frequent workforce disclosures increase costs for hotels of all sizes. Hoteliers are quickly learning how to comply with a patchwork of nationwide laws, as failure to comply can result in considerable fines, retroactive adjustments, loss of operating licenses, and litigation exposure that further burden hotel operations.[11]

Beyond labor and compliance, trade policy is adding another layer of cost pressure heading into 2026. Tariffs on imported furniture, fixtures, appliances, steel, aluminum, lumber, and building materials directly raise the cost of hotel renovations, refresh cycles, and new construction. These higher capital costs arrive at a time when interest rates remain elevated, making financing more expensive and delaying projects critical to maintaining brand standards. Even routine replacements such as case goods, kitchen equipment, and vanities are now materially more expensive due to tariff-driven supply chain impacts.[12] Furthermore, the uncertainty around trade policy makes it challenging for hotels to plan and budget for upgrades.

This year, we can expect state and city budget shortfalls created by the expiration of one-time pandemic relief funds, slowing tax revenue growth, and rising costs across the economy.[13] Localities are increasingly considering hotel and tourism tax increases as a way to shore up revenues, a trend already emerging in 2026 planning cycles. Several states have enacted or are considering increases to their lodging tax rates.[14] Several cities are considering increases to hotel occupancy taxes or special tourism improvement levies to expand downtown services or public safety budgets.[15] Likewise, some 2026 FIFA World Cup and Olympics host cities have adopted so-called temporary increases in accommodations taxes to capitalize on projected visitor flows.[16] These taxes are often justified with narratives around mega-events, but are used to fill budgetary shortfalls. New taxes on travelers will raise costs and could depress demand and may compound existing burdens to further reduce competitiveness for markets that rely on discretionary travel.

Similarly, energy and utility costs are rising as cities and states implement Building Performance Standards (BPS) and other climate mandates that require commercial properties to reduce energy use and emissions. These regimes, now in place or ramping up in states such as Colorado and California, require benchmarking, reporting, and retrofits that drive capital expenditures and operating costs for existing buildings, including hotels.[17] While compliance deadlines and penalties vary, the underlying trend is clear: properties that fail to meet energy-performance targets face fines and reputational risk, and those in compliance pay higher upfront costs for upgrades that are only partially recoverable through energy savings. Such mandates increase both the cost of operations and the complexity of portfolio management as hoteliers must plan multi-year capital programs on top of other cost pressures.

Hoteliers will also likely continue to see rising insurance costs. Nationwide, liability and property insurance costs for hotels have risen sharply over the past few years as underwriters grapple with escalating risk and cost assumptions. Third-party litigation funding has exacerbated these trends by encouraging prolonged claims and nuclear verdicts that feed into underwriting pricing.[18] Recognizing this dynamic, Georgia enacted tort reform in 2025 to curb excessive litigation exposure and improve transparency around litigation financing, aiming to stabilize insurance costs for businesses. Likewise, Florida's comprehensive tort reforms have been followed by reductions in auto and property insurance rate filings and a decline in lawsuits against carriers, illustrating how legal reforms can help moderate premium growth when litigation cost drivers are constrained.[19]

While not a direct operating cost, when federal per diem rates for lodging and meals do not reflect market conditions, they can inadvertently compress operating margins. The annual per diem rates are valued components of the government travel system. While federal employees are the largest consumer group that relies on the national standard, state governments and private businesses do as well.[20] When per diem levels remain flat as other operating expenses rise, hotels effectively absorb the difference, resulting in forgone revenue and increased margin pressure. Consequently, it is critical that federal per diem rates keep pace with operating realities.

Set annually by the U.S. General Services Administration (GSA) using a trailing 12-month ADR metric, per diem rates directly influence lodging demand in many markets. For FY 2025, the standard continental United States (CONUS) rate increased to a total of $178. $110 for lodging and $68 for meals and incidentals, marking the first adjustment to meals and incidentals in three years and generating an estimated $100 million in additional hotel revenue.[21] However, holding rates flat in FY 2026 reduced their real value as industry costs continued to rise. Stagnant per diem levels constrain hotels' ability to serve travelers while covering expenses, ultimately limiting travel capacity and dampening associated economic activity. Aligning per diem rates with current market conditions is essential to support government travel and maintain a resilient hospitality industry.[22]

Taken together, these cost pressures create structural challenges for hoteliers heading into 2026. Unlike cyclical downturns, many of these expenses are policy-driven and permanent, limiting operators' ability to recover margins even as demand improves.

Analysis from AHLA Allied member CBRE indicates that, despite sharp cost escalations over the past six years, revenue growth in 2025 and 2026 remains modest. CBRE's analysis highlights in detail the primary drivers of rising expenses outlined above and how operators are adapting strategic measures to protect profitability.

Similarly, AHLA Premier Partner Avendra emphasizes how a well-managed supply chain can become an essential tool, helping hotels mitigate risk, control costs, and support operational resilience in a volatile environment.

PARTNER HIGHLIGHT | CBRE

ENVIRONMENT REQUIRES FOCUS ON EXPENSES

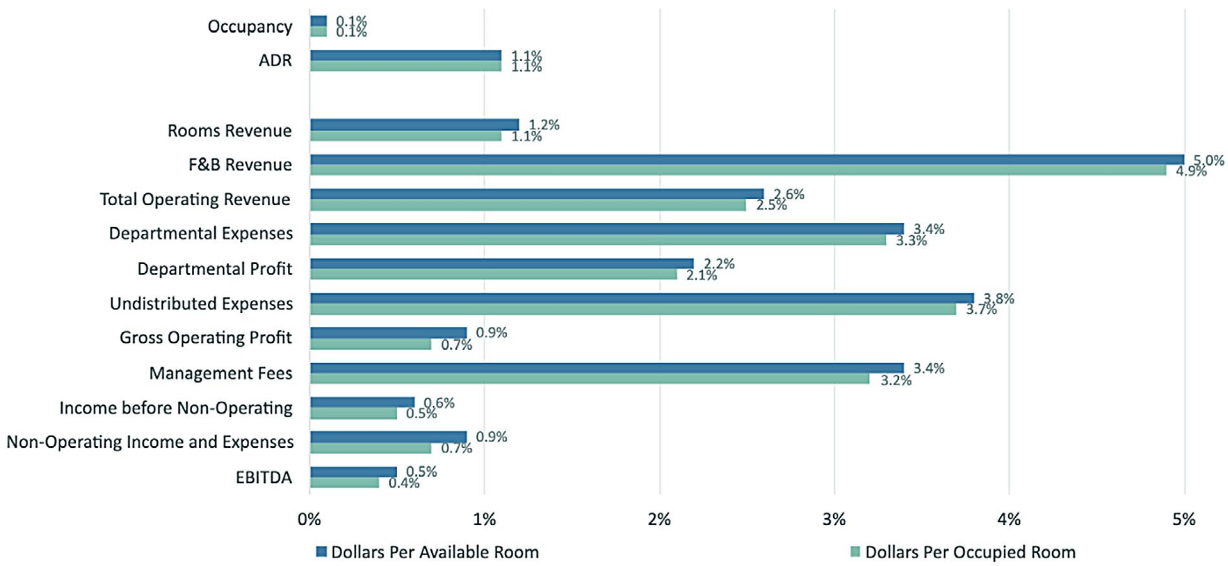
By CBRE Hotels Research, AHLA Allied Member

In the 89 years that CBRE has tracked the financial performance of the U.S. lodging industry, one fact has remained constant: hotel managers adapt to preserve profitability during challenging economic and market conditions. CBRE's August Hotel Horizons® U.S. national forecast report projects RevPAR growth of 1.5% in 2026, but sustaining profitability will remain difficult.[23] Yet, history shows operators respond with a mix of creative revenue strategies and robust cost controls to meet these challenges.

Based on a sample of 2,245 U.S. hotels participating in CBRE's monthly Trends® in the Hotel Industry survey, this analysis reflects the most recent data available as of November 2025. YTD Q3 2025 results represent hotel performance through August 2025.[24] According to the data, total operating revenue increased by just 2.6% during the first eight months of 2025. This is half of the 89-year long-run average of 5.2%, and equal to the 2.6% average year-over-year monthly change in inflation (CPI) through Q3 2025.

The challenge for hoteliers is that expenses continue to increase at a pace greater than inflation. The combined increase in operated and undistributed department expenses through Q3 2025 was 3.6%, and after adding management fees and non-operating income and expenses, total hotel expenses have risen by 3.2%. With expenses increasing at a greater pace than revenues, gross operating profit (GOP) margins for the CBRE sample have declined from 35.5% year-to-date (YTD) Q3 2024 to 34.9% in Q3 2025. Concurrently, YTD earnings before interest, taxes, depreciation, and amortization (EBITDA) margins fell from 22.1% in 2024 to 21.7% in 2025, reflecting hoteliers' ongoing struggle of translating revenue growth into bottom-line performance.

Dollars Per Available Room vs Dollar Per Occupied Room, Y-o-Y Change (%)



Source: CBRE | Data shown reflect year-to-date hotel performance through August 2025

While flow-through has declined, the aggregate performance of the CBRE sample shows that hotel operators have been able to achieve a very slight increase in profit dollars from 2024 to 2025. Dollars for the CBRE sample increased by 0.9% through YTD Q3 2025, while EBIDTA rose by 0.5%.

While preserving profits in an environment of slow revenue growth and rising expenses is an achievement, the performance of U.S. hotels has been bifurcated. Among the six property categories tracked by CBRE, only resort hotels achieved an increase in profits during 2025. Based on chain-class, only luxury and upper-upscale hotels saw their profits rise during the year. Profit gains in these categories were driven by above-average increases in revenues that enabled growth in flow-through.

Revenues

Room revenue is traditionally the greatest and most profitable source of revenue for hotels. Unfortunately for the U.S. hotels in CBRE's sample, rooms revenue increased by just 1.2% through YTD Q3 2025. This is due to the average occupancy level for the sample rising just 0.1% in that timeframe, while average daily rates (ADR) grew by 1.1%. Weak economic indicators, changes to corporate and group traveler patterns, and sluggish inbound international travel have contributed to the flat levels of occupancy. With flat occupancy, hoteliers have lost pricing power.

To offset the low growth in rooms revenue, hotels have focused on other areas of revenue generation within their hotels. Through Q3 2025, food and beverage revenue has increased by 5.0%. While alcoholic beverage sales declined, food sales in both hotel restaurants and local catering events increased. Ancillary revenue sources within the F&B department, such as service charges and meeting room rental, also rose.

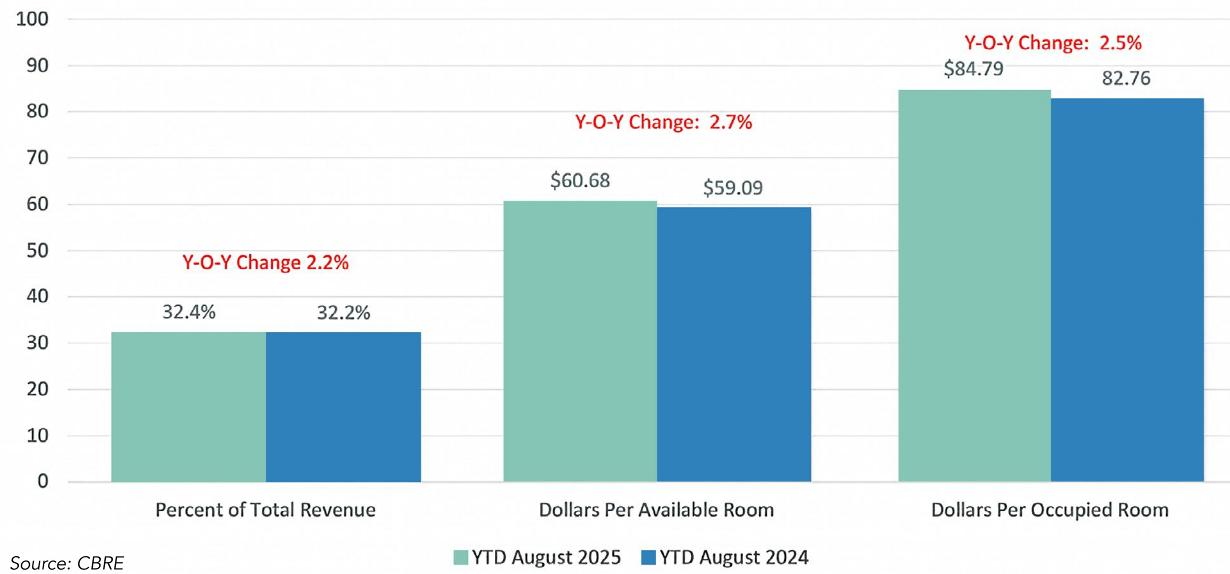
Revenue from other operated departments (e.g., parking, retail, spa, golf) increased by 7.9%, while miscellaneous income grew by 16.1%. Hoteliers have become creative in partnering with other entities to produce unique packages and experiences that have helped generate commission income.

Operated Departments

Since most expenses within the operated departments are variable in nature, we analyze them on a dollar per-occupied-room (POR) basis. Through Q3 of 2025, total operated department expenses have increased by 3.3% on a POR basis. After controlling for the 0.1% increase in occupied rooms, the 3.3% change in POR appears to have been driven by rising costs in food, operating supplies, and guest amenities.

U.S. Hotel Labor Related Hotel Expense Growth, Labor Expenses – Y-o-Y Change (%)

Salaries, Wages, and Payroll-Related Expenses



Source: CBRE

Labor costs make up more than 50% of the expenses within the operated departments and 32.4% of the total revenue, so changes in staffing, salaries, wages, and benefits also drove the 3.3% rise in costs POR. Through Q3 2025, nationwide, labor costs for hotels rose by 2.5% on a POR basis. Since leisure and hospitality wage rates have grown by 4.1% during the same period, the 2.5% increase in total labor costs POR implies that hotels are yielding greater productivity from fewer employees.

Undistributed Departments

Undistributed department expenses are overhead costs that benefit the entirety of the hotel. While most of these expenses are fixed, some variable expenses have shown an influence on changes in undistributed department expenses. In aggregate, total undistributed department expenses increased by 3.8% on a dollar per-available-room (PAR) basis, and 2.7% on a POR basis, through Q3 of 2025.

Among the undistributed departments, expenses increased the least in the administrative and general (2.5%) and sales and marketing (3.9%) departments. This is due to credit card commissions and franchise fees, which make up a considerable percentage of total expenses in these departments. Because these costs are based largely on a percentage of revenue, the limited growth in rooms and total operating revenue has helped temper the rise in costs of the administrative and sales and marketing departments.

The 5.0% increase in expenses in the information and telecommunications department reflects the proliferation of the use of technology throughout the hotel. Property operations and maintenance costs have risen by 4.6% and are heavily influenced by the rise in the cost of replacement parts and materials. The 5.5% increase in utility costs reverses the trend of subdued utility expense growth in 2024.

Ownership Expenses

Below the gross operating profit line are expenses that are typically negotiated and paid by the owner. They include management fees, rent, property taxes, insurance, and other various ownership costs. These expenses are also offset by the inclusion of non-operating income from certain commercial leases and other miscellaneous sources.

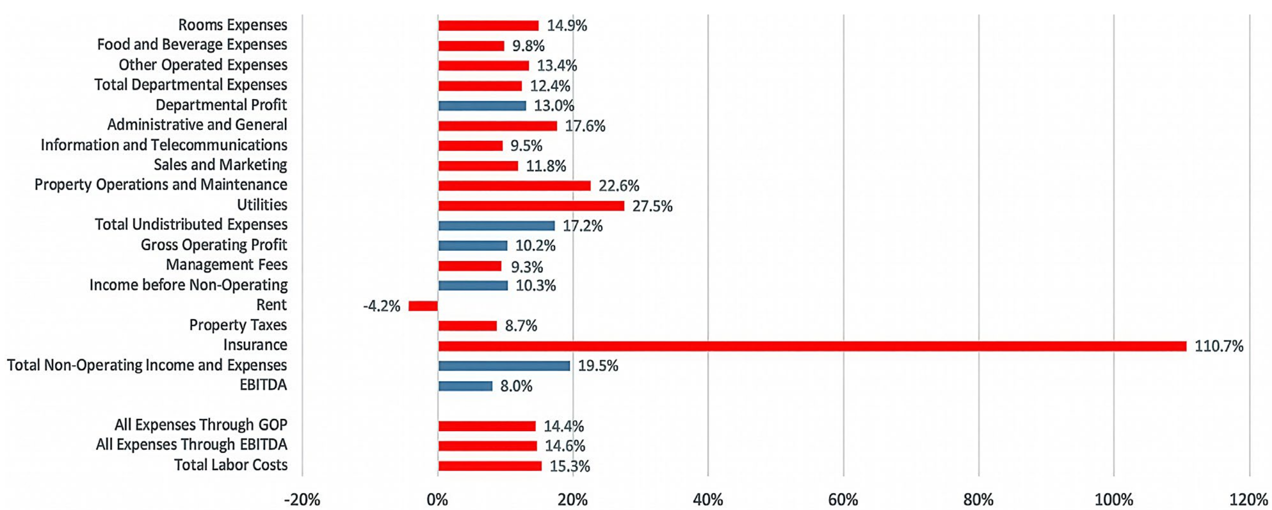
These expenses are largely fixed and under less control by management, as they are mostly contractual in nature. Despite this lack of control, we have seen some reductions in ownership-related costs during 2025. Favoring hotels in 2025 were a 1.0% reduction in rent payments and 4.0% decrease in insurance costs. While insurance costs declined during 2025, they were still double the premiums paid by hotel owners in 2019.

Through Q3 2025, property tax payments were up 5.8%, which is most concerning to owners who have seen the values of their properties stay flat or decline given the soft revenue and profit growth in recent years. To compare, property taxes declined by 1.8% in Q3 2025 to Q3 2024. This could be the result of owners successfully appealing their property tax assessments.

Post-Pandemic Outlook

Since the COVID industry recession in 2020, U.S. hoteliers have struggled to balance sluggish revenue growth and rising costs. Remote work and technology have had a negative impact on corporate and group travel patterns, while fewer inbound international travelers have muted leisure travel.

U.S. Hotel Labor Related Hotel Expense Growth, Labor Expenses Dollars per Available Room - 2019 - 2025 % Change



Source: CBRE

A group of 3,721 hotels that have participated in CBRE's annual Trends® in the Hotel Industry survey each of the past six years accommodated 7.1% fewer occupied rooms in 2025 compared to 2019. With average daily room rates for the group up 15.3% during the same period, rooms revenue (the largest source of revenue for hotels) has increased just 7.1%.

Meanwhile, for U.S. hoteliers, total operating costs have increased by 14.6% from 2019 through 2025. With expenses rising at a greater pace than revenue, hotel operations have become less efficient, and fewer dollars are flowing through from the top line to the bottom line. The EBITDA margin for the CBRE sample declined from 28.3% in 2019 to an estimated 27.1% in 2025.

Of note, some of the greatest cost increases from 2019 through 2025 are largely out of hotel operators' control. Utility costs are 27.5% greater in 2025 than in 2019. Maintenance costs have risen by 22.6%, largely due to the increased cost of construction materials and labor. Insurance payments have more than doubled during the past six years, a national trend that is most acute in Florida, Texas, and California.

It should also be noted that the average wage rate for hospitality employees in 2025 was 40% greater than in 2019. This significant rise was the result of the need to pay higher wages to attract and retain talent after several workers left the industry in 2020, plus local wage legislation. Offsetting the increase in salaries and wages was the previously mentioned reduction in occupied rooms, and therefore the need to schedule fewer staff for fewer guests. The net result was an increase in total labor costs of 15.3% from 2019 to 2025, which is greater than the 12.8% rise in total operating revenue.

PARTNER HIGHLIGHT | AVENDRA

HOW TO PLAN FOR A DYNAMIC SUPPLY CHAIN: STRATEGIC SOURCING AS AN ESSENTIAL TOOL

By Eleanor Waddell, Vice President, New Sales & Recurring Revenue, Avendra International, AHLA Premier Partner

Hotel operators who embrace agility, data-driven decision-making, and trusted partnerships are better equipped to maintain service excellence while managing expenditures.[25]

Procurement Agility: Building Cost Resilience

Effective sourcing starts with flexibility. By leveraging market intelligence and maintaining strong supplier relationships, operators can anticipate shifts and secure pricing stability. Successful operators:

- Prioritize suppliers with proven reliability and volume consistency
- Utilize fixed-pricing agreements and forward-looking contracts to avoid reactive price hikes
- Validate alternatives before switching while ensuring quality, availability, and competitive pricing

Food & Beverage: Navigating Market Volatility

Looking ahead to 2026, current market indicators suggest price increases across most commodity categories in the first half of the year, with the notable exceptions of pork and fluid dairy products. Several factors are shaping these cost pressures, including tariffs, global supply constraints, and shifting trade policies, which are expected to affect a range of food and beverage inputs:

- Shrimp: Prices remain elevated due to tariff impacts and constrained global supply.

- Coffee: Short-term increases are expected, though the projected rollback of tariffs on Brazilian coffee is anticipated to potentially ease prices by the second quarter of 2026. Hotels can mitigate rising costs by brewing smaller batches to reduce waste and making modest menu price adjustments if needed.
- Soybean meal and cooking oil: Trade policies are contributing to higher input costs, pushing prices moderately upward.
- Beef: Costs remain high, driven by tight domestic supply and continued import restrictions.
- Pork: Remains cost-effective protein options for buffets, banquets, and room service.

Capital Equipment & Smallwares: Investing Strategically

Rising material and labor costs, coupled with global supply chain disruptions, are driving up equipment prices. Agile responses include:

- Placing orders early to mitigate potential price escalations
- Investing in multifunctional, ENERGY STAR® certified, and Internet of Things (IoT)-enabled equipment to reduce long-term costs and improve labor efficiency
- Considering refurbished equipment and extended warranties to stretch budgets

Operators can use predictive analytics tools to forecast needs and make informed purchasing decisions.

Amenities: Balancing Sustainability and Cost

Tariffs and sustainability mandates are reshaping amenity costs.

- Paper-based and certified packaging adds 4–7% in costs.
- Operators can buy in bulk, avoid customization, and choose non-committed stock lines to maintain flexibility.
- Adopting certified sustainable packaging can potentially enhance brand value and help offset the impact of rising material costs.

Partnering for Stability

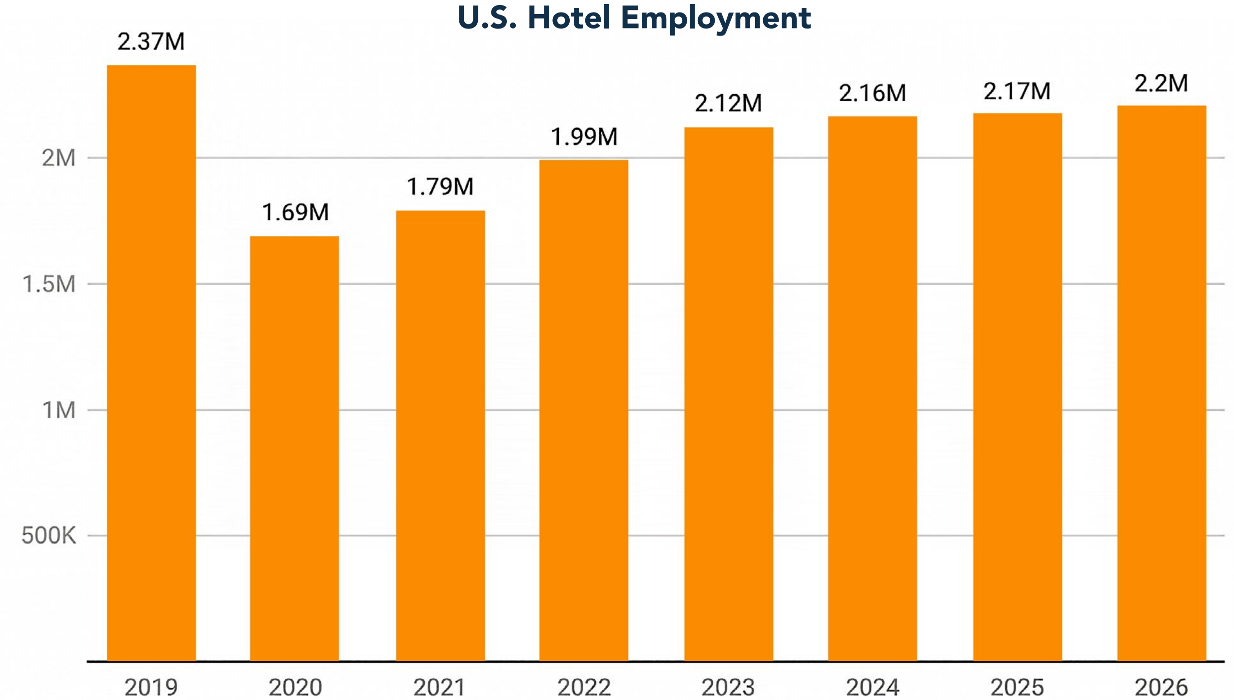
In a dynamic marketplace, strategic sourcing is more than a cost-control measure – it's essential for businesses. Partnering with experts who monitor global trends, tariffs, and supplier shifts empowers operators to stay ahead of disruption, manage spending, navigate economic volatility, and deliver consistent guest experiences.

WORKFORCE & WAGES

The hotel industry plays a vital role in creating jobs in every community and supporting national employment. Even amid rising costs and increasingly stringent labor mandates, the industry employed approximately 2.17 million workers in 2025, while total salaries, wages, and benefits paid by hotels increased by $207.7 million, reaching $127.9 billion during the same period. Compensation is forecast to rise by an additional $355.8 million in 2026, approaching $131 billion.[26]

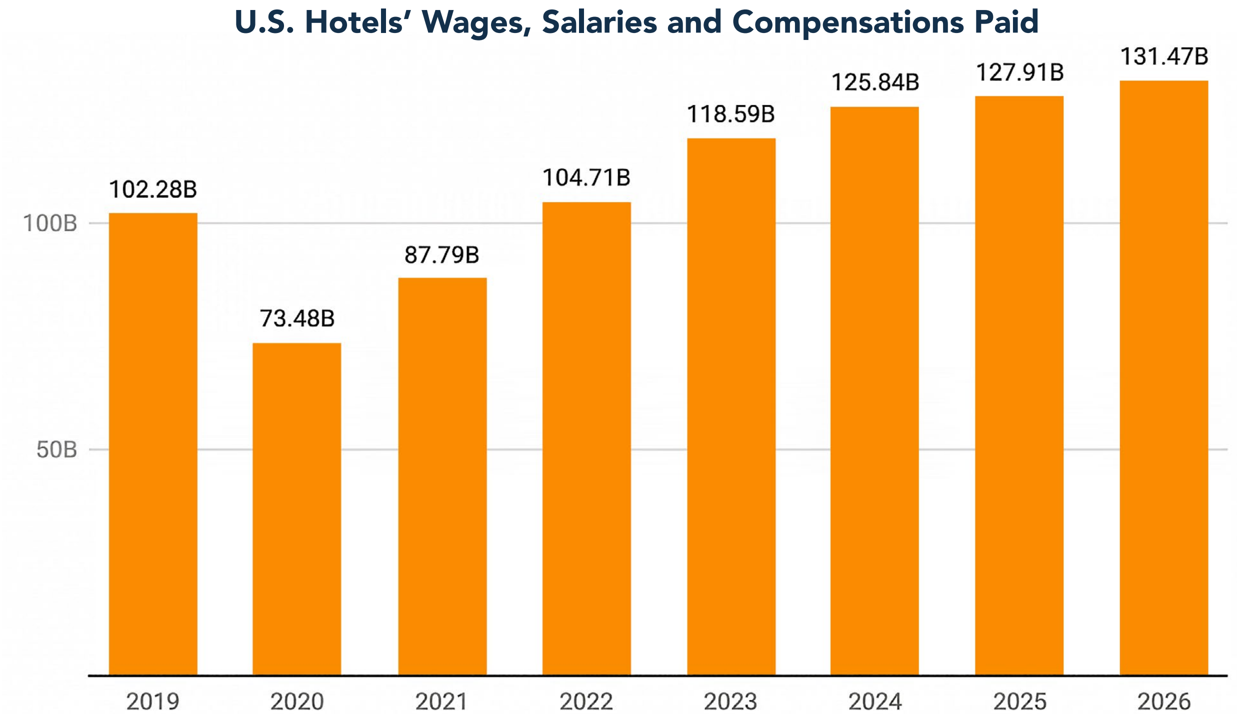
Workforce challenges and recruitment pressures eased compared with 2024; however, staffing shortages still exist, with nearly 46% of AHLA members reporting shortages as recently as November 2025.[27] Employment grew modestly in 2025 with an addition of 10,000 employees. Projections for 2026 indicate stronger growth, with over 30,000 new positions expected, bringing total employment in direct hotel operations to about 2.2 million.[26]

U.S. Hotel Employment



Source: Tourism Economics

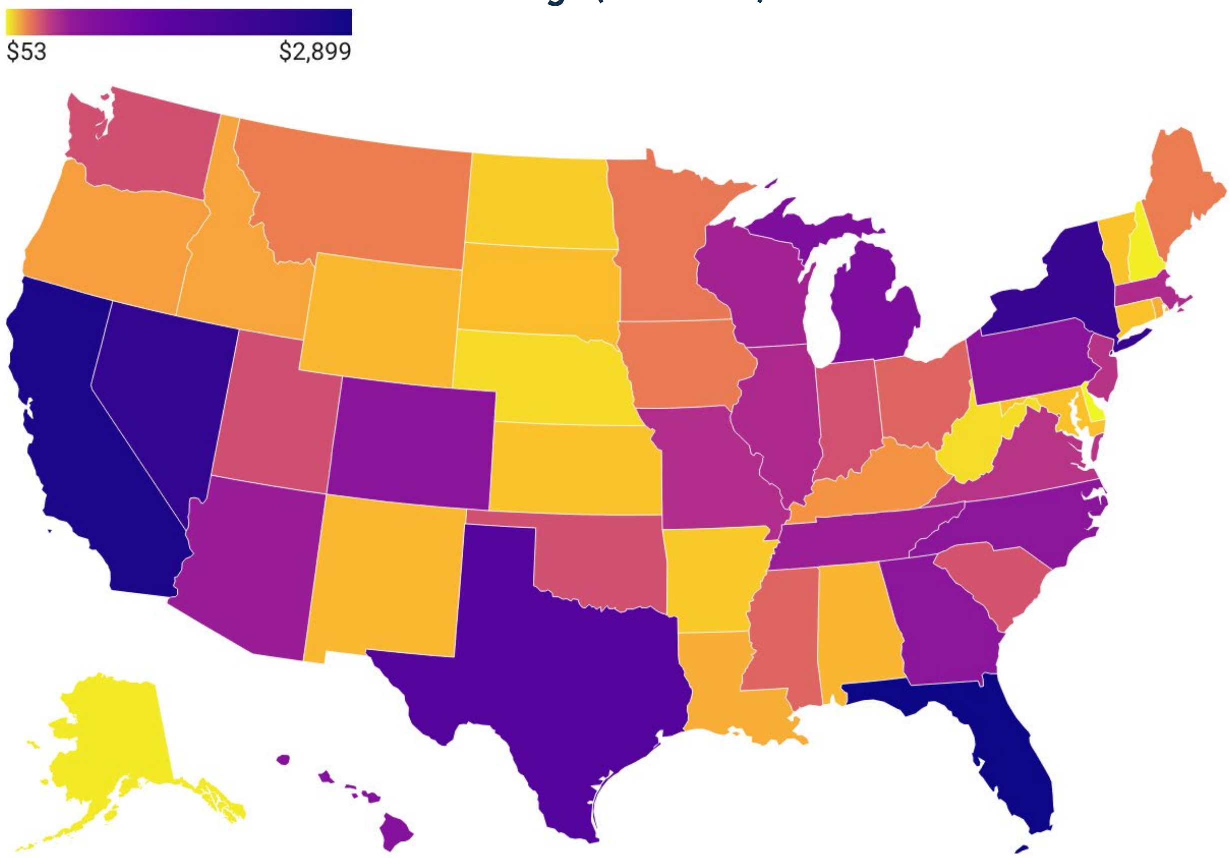
Looking at the broader picture, from 2019 to the levels forecast for 2026, total compensation is expected to grow by 28.5% nationwide, equivalent to $29.2 billion, even though overall employment will remain at 164,000 positions below pre-pandemic levels. These increases reflect the industry's commitment to retaining talent and addressing competitive labor market conditions.[26]



Source: Tourism Economics

At the regional level, Nevada and California have experienced the largest declines in employment between 2019 and 2025 levels, with each state seeing approximately 28,000 fewer positions compared to 2019. Despite workforce shortages in California and Nevada, the industry paid 20% more in total salaries, wages, and compensation between 2019 and 2025, equivalent to over $2 billion in each state. At the property level, this translates into higher labor costs, with an estimated 15% increase during the same period.[26]

U.S. Hotel's Salaries, Wages, and Compensation Paid, 2019 vs. 2025 Change (in Millions)



Source: Tourism Economics

These rising costs come at a challenging time for major markets such as Los Angeles, which have yet to fully recover international travel demand. Compounding the issue are rigid operational mandates, such as daily housekeeping and minimum square-footage cleaning requirements, layered on top of additional wage mandates. These factors drive operating costs significantly higher, often resulting in higher consumer prices or reductions in services.

To highlight these concerns, a Los Angeles law requires housekeepers to be paid at least $45 per hour for the entire shift if they work any overtime. These mandated costs are unsustainable for hotels to absorb without passing them on to consumers or reducing services.[28] Similar challenges are emerging in other markets, compounded by legislation targeting hotel operations, such as New York City's Safe Hotels Act and similar extreme labor and licensing policies.[29]

The mandates apply regardless of demand conditions or financial performance and are expected to materially increase operating expenses for hotels and airport-adjacent properties. As a result, operators face tighter margins, reduced operating flexibility, and difficult staffing decisions, particularly in cost-sensitive areas such as food, beverage, and events.[29]

Evidence of these pressures is already visible across the local hospitality landscape. A wave of restaurant closures in 2025 – attributed to rising labor costs, rents, and regulatory requirements – illustrates how rapidly escalating expenses can overwhelm revenue growth in high-cost markets.[9] Similar dynamics affect hotel operations, investment activity, and development decisions, with potential implications for market competitiveness and visitor demand. New York City reported the most project cancellations in 2025, followed by Los Angeles.[30,7] These cancellations reduce future hotel supply and represent a meaningful loss of potential job creation and economic activity in both cities.

Policy developments also shaped workforce dynamics in 2025. The "Working Families Tax Cut Act" signed into law in 2025 included President Donald Trump's signature "No Tax on Tips" proposal. The measure will likely increase take-home pay for more than 800,000 tipped hotel workers.[31] While tipping remains appreciated but not universal, hotels continue to offer competitive wages to attract talent and keep the industry appealing. This legislation will further incentivize workers to join and remain in hospitality, strengthening retention and workforce stability at a time when labor pressures remain significant.

The H-2B visa program also remains critical in helping hotels address persistent seasonal labor shortages when domestic workers are unavailable. Recent research shows that expanded access to H-2B visas supports U.S. employment and wages. A new study by Edgeworth Economics finds that each H-2B worker supports approximately three to five U.S. jobs, and regions receiving more H-2B visas experience 1.6% stronger wage growth for domestic workers.[32] The H-2B program continues to play an essential role, particularly supporting additional workforce needs in resort and leisure destinations during peak travel seasons. Hotels and motels account for nearly 9% of all certified H-2B positions, making hospitality one of the program's largest user sectors after landscaping. By supplementing seasonal staffing needs, H-2B workers help hotels maintain operations, support year-round employees, and strengthen local economies – underscoring the need to maintain and modernize the program to meet real-world labor demands.

To address workforce challenges, hoteliers turn to the AHLA Foundation (AHLAF), the national charitable affiliate of the American Hotel & Lodging Association. AHLAF plays a vital role in helping people find their home in hospitality by investing in the hotel industry's workforce at every stage of their careers. The Foundation focuses on developing and supporting current employees, attracting future talent, and strengthening the industry's reputation as an employer that offers access, opportunity, and rewarding careers for all. Serving as a trusted convening entity, AHLAF aligns and rallies diverse stakeholders, elevates the perception of hospitality as a long-term career destination, and delivers select training programs and resources that help individuals—and the industry as a whole—thrive. Through its programs, the AHLA Foundation:

- Provides academic and travel scholarships for current and future hospitality professionals, helping bridge the gap between higher education and industry workforce needs
- Builds registered apprenticeship pathways that combine paid, on-the-job training with classroom instruction to prepare talent for in-demand roles
- Supports women's advancement through FORWARD, a movement that builds community, develops leaders, and creates transformative experiences across the hospitality industry
- Connects emerging talent with industry leaders through mentorship that offers guidance, support, and career insight
- Offers free professional development and training to strengthen skills, expand opportunity, and support long-term career mobility

Amid these challenges, hotels are taking proactive steps to improve employee retention, advance career mobility, and enhance operational performance. AHLA Allied Member Actabl highlights actionable solutions that help properties optimize labor management and streamline operations.

PARTNER HIGHLIGHT | ACTABL

BUILDING THE FUTURE HOTEL WORKFORCE: STRENGTHENING RETENTION, MOBILITY, AND ADAPTABILITY

By Sarah McCay Tams, Head of Research and Editorial, Actabl, AHLA Allied Member

The hotel labor market entered 2025 with rising pressure. Staffing shortages continued to affect most operators, yet career advancement opportunities remain strong, with hotel housekeeping ranking among the top U.S. careers for upward mobility.

Total industry headcount grew by approximately 4% between January and September, as reported by HotelData.com in its Q3 2025 Labor Costs and Trends report.[33] Even after a typical seasonal dip in September, headcounts remained above early-year levels, indicating stronger retention and more consistent scheduling. As economic and regulatory pressures continue to challenge operators, this stability reflects a workforce beginning to settle after several volatile years.

A More Resilient Workforce Takes Shape

Hotels started 2025 with staffing levels trending upward. Despite a February slowdown, teams recovered through spring. By September, our Labor Costs and Trends report showed that average headcount was 4% above its January baseline. This exceeded the modest workforce growth projected, as U.S. hotels were expected to add only limited employment gains this year.

Wage patterns helped reinforce this progress. On-property leadership roles posted steady year-over-year growth in wages, but this was offset with an adjustment in hours to keep cost per room almost flat against 2024 figures.

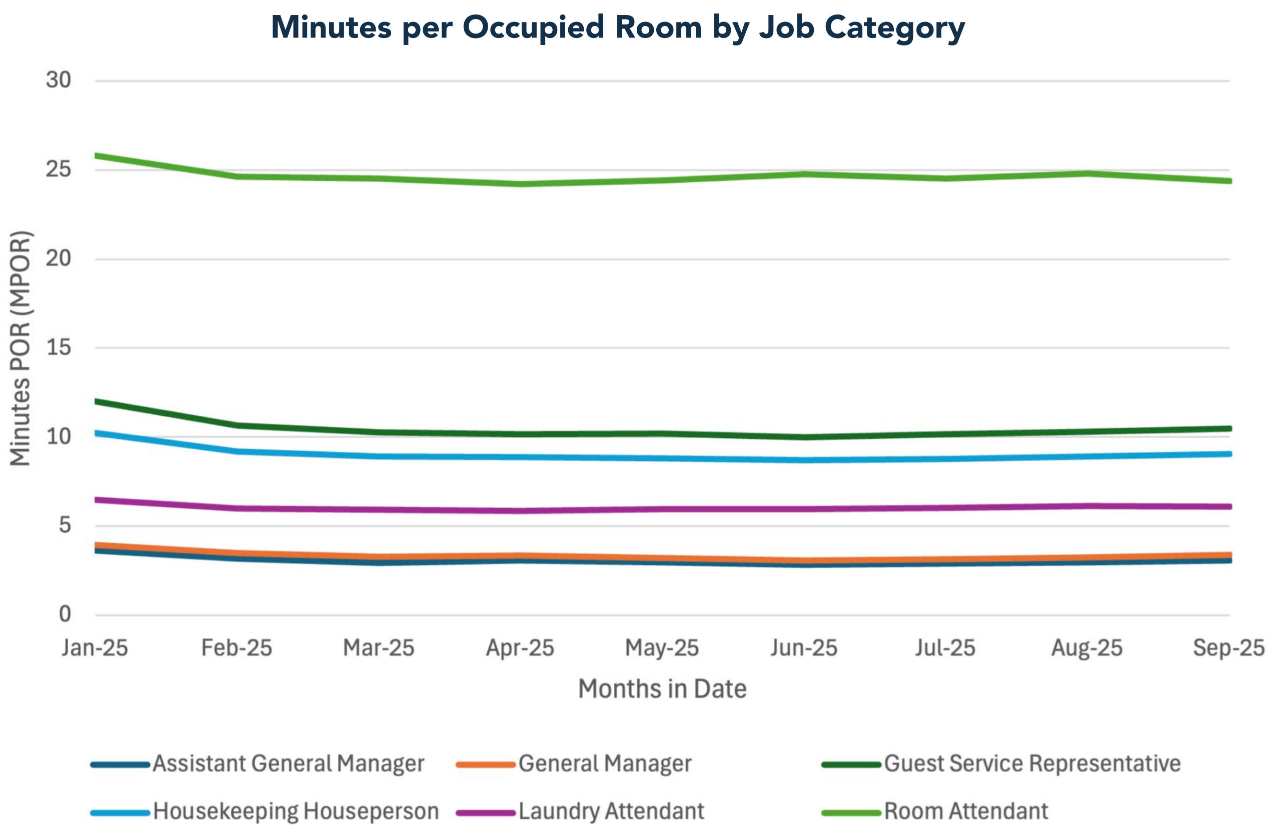
Some hourly positions experienced short-term cooling in 30-day wage changes, but the trend remained positive. These pay adjustments supported retention as operators navigated rising labor and operating costs.

Overtime trends moved in the same direction. Overtime peaked early in the year, then eased as staffing stabilized. Insights from Actabl's Hotel Effectiveness platform suggest that tracking real-time labor data may reduce overtime by about 1%, while supporting scheduling accuracy and helping mitigate burnout risk.[34]

Efficiency Improves Across Departments

Productivity gains across departments show a workforce growing more capable and adaptable. Minutes per occupied room (MPOR) – a key efficiency metric that measures the average labor minutes required to service one occupied guest room – declined by 9% from January through September, indicating meaningful gains in productivity.

Room attendant MPOR dropped by 5.5%, housekeeping saw a decrease of 11.5%, and MPOR for guest service representatives dropped 12.7%. These reductions point to improved task alignment and more consistent coverage.



Source: Actabl

These changes are the basis of a larger shift. Hotels continue to balance rising operating costs with elevated guest expectations, and those with stronger scheduling discipline and real-time labor visibility have been better positioned to manage both. This creates a more stable workforce that can maintain performance.

Career Mobility in Action

Hospitality's defining strength has always been its accessible path to advancement. Not many industries have such direct paths from entry-level positions to multi-site management.

Regional Manager Frank Morris began his hospitality career in high school, working at a pizza restaurant before moving into a hotel role in Boise, Idaho. "The pay was better, I had fun with my friends, and I felt accomplished when the day was over," he says. Today, he oversees nine hotels. His leadership centers on balance and clarity. Data-informed labor planning has been associated with improved schedule predictability and reduced overextension.

His journey reflects a broader trend: the AHLA survey data shows that 72% of hoteliers believe opportunities for advancement have improved or remained strong since the pandemic. Hotels that offer training, support, and scheduling stability often retain employees long enough for them to move into supervisory and management roles.[35]

Ben Campbell, CEO of Hospitality America, offers another example of hospitality's upward mobility. Graduating amid the challenging 2009 job market, he gravitated toward service. "I became addicted to it," he says. His path moved from sales director to general manager, then into multi-property operations, and ultimately to CEO.[36]

His leadership is grounded in values that shaped him early in life. "Treat it like it's yours," his father told him. "Leave it better than you found it," his mother added. These principles form Hospitality America's PEACH culture – passion, excellence, adaptable, community, and humble. "Everybody who walks around our company asks, 'Are we being PEACH today?'" he says.

Ben's team uses labor optimization tools to align labor plans with occupancy and daily purpose, helping employees understand expectations and identify opportunities to learn new skills. "The talent we're trying to recruit wants to be trained better," he says. "They want to understand the full scope of their job."

A Workforce Positioned for What Comes Next

As the industry enters 2026, a clearer picture of workforce progress is emerging. Hotels strengthened retention, expanded training, and improved scheduling practices throughout 2025. Departments across the house saw efficiency gains, and many operators reduced overtime to healthier levels through better visibility and staffing discipline.

These improvements point to a broader industry shift: hotels are building teams that can adapt more quickly to changing demand, meet rising guest expectations, and operate more effectively even as costs continue to climb. With continued investment in training, culture, and data-driven tools, hotel leaders are better positioned to develop future talent, drive career mobility, and sustain performance.

The hospitality workforce remains one of the sector's greatest assets, and its growing adaptability will help strengthen the industry in 2026 and beyond.

U.S. TRAVEL DEMAND DRIVERS & MARKET CATALYSTS

A broad range of factors contributed to flat or slightly lower hotel room demand in 2025 compared to 2024, based on nationwide industry averages. Domestic travel spending increased slightly, while international inbound through October was 2.5% below 2024 levels. The University of Michigan Consumer Sentiment Survey, which tracks household views on personal finances and the broader U.S. economy, showed some of the lowest confidence readings in decades. Despite this prolonged uncertainty, domestic travel remained resilient, with U.S. consumers continuing to plan trips and travel intentions hovering around 90% throughout the year, though with greater budget caution.[38]

Domestic Travel in 2025: Steady and Strong

Domestic leisure travel remained the core of the U.S. hotel industry. Americans continued to prioritize travel spending in 2025, with overall expenditures growing by a projected 1.1% year-over-year, to a total of $1.35 trillion.[39] Leisure trips comprised the vast majority of U.S. domestic travel in 2025, accounting for more than 80% of the 2.4 billion total trips and $1 trillion in total travel spending.

Nationwide room demand in 2025 was 0.43% lower than in 2024, but slightly above (0.10%) 2023 levels. Demand was almost universally steady on a state-by-state basis, with the exception of Nevada, which saw a 7.4% drop year-over-year; Texas, where demand declined by 2.6%; and Wisconsin, where demand rose by 3.4%.[26]

The federal government shutdown in October exacerbated uncertainty and disrupted demand in markets that rely on federal travel, such as communities with military bases and major government facilities. The hospitality sector nationwide sustained a 3% decline in occupancy year-over-year during the shutdown. Washington, D.C., hotels saw sharp declines in both occupancy and RevPAR.[40]

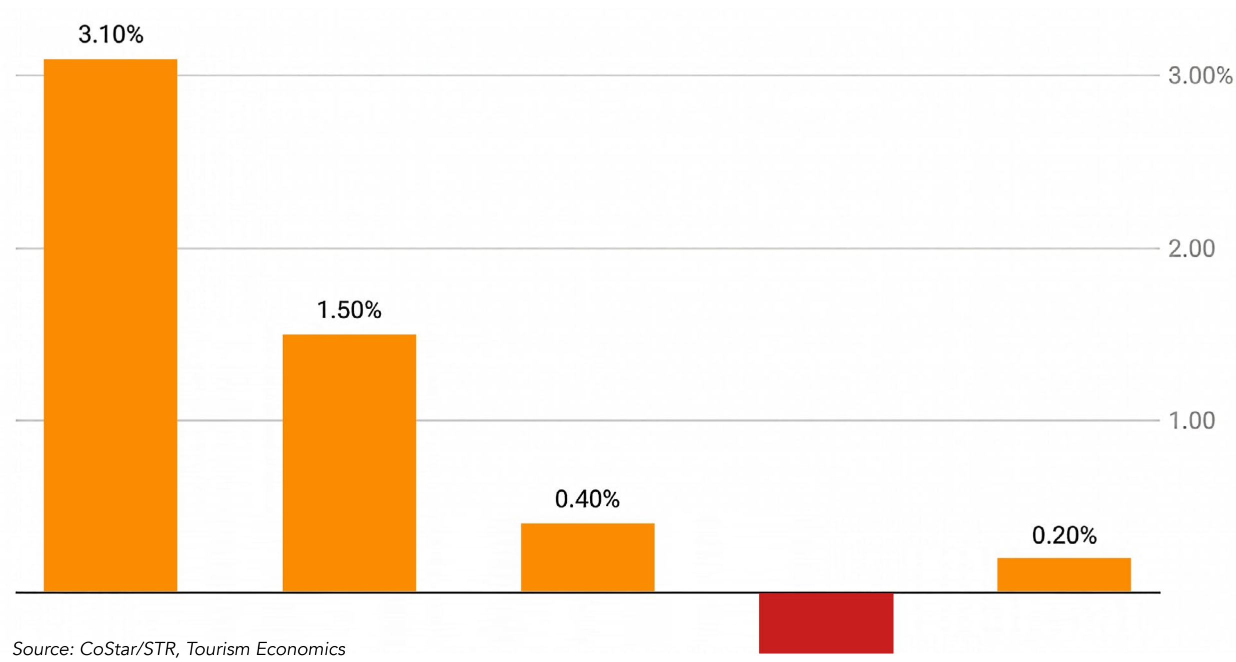
International Inbound Travel Declined in 2025

While outbound travel by U.S. residents has recovered more quickly, inbound international travel continued to lag. Despite economic uncertainty throughout 2025, U.S. outbound travel spending grew by 5.9% year-to-date compared to the same period last year. Overseas visitation to the U.S., however, remained 17% below 2019 levels during the three-month period ending September 2025. While many regions were nearing full recovery in 2024, declines occurred across all regions in 2025. Arrivals from the Americas, which were 5% above 2019 levels in January 2025, fell to 4% below 2019 levels by September.[37]

International inbound travel has been a critical contributor to the U.S. hotel industry, historically accounting for 15.5% of U.S. travel spending.[26] It is not simply a component of the tourism economy, it is one of the nation's most important service exports, according to the International Trade Administration of the U.S. Department of Commerce. When international visitors travel to the United States, they purchase American goods and services, including hotel accommodations, food and beverage, transportation, entertainment, and retail – spending $4,000 per trip on average.[41] From an economic and trade perspective, these expenditures are classified as exports because foreign customers are spending money within the U.S. These exports directly contribute to the U.S. GDP, help support millions of local jobs, and generate substantial tax revenues at all levels of government without requiring production or shipment overseas. Strengthening international inbound travel is a pro-growth, pro-jobs export strategy critical to long-term economic competitiveness.

Before the pandemic, the U.S. maintained an annual travel trade surplus of $8.8 billion, but exploded to annual $65.4 billion deficit during the twelve months through August 2025. This deficit reflects the gap between outbound spending by U.S. travelers ($243.9 billion) and inbound spending by international visitors ($178.5 billion).[26]

U.S. Hotel Room Demand by international travelers, year-over-year change (%)



Source: CoStar/STR, Tourism Economics

2026 Demand Drivers: Mega-Events

A significant driver of both domestic and international inbound demand in 2026 will be a series of so-called "mega-events," led by America250, commemorating the 250th anniversary of the founding of the United States, and the FIFA World Cup, hosted across 11 American cities. Together with dozens of related events, these moments present powerful opportunities for U.S. hotels to welcome new and returning guests with best-in-class hospitality.

America250 is a nationwide, year-long effort to engage all 350 million Americans in celebrations throughout the year. Organizers anticipate more than 50 "tentpole" programs and events nationwide, culminating on July 4, 2026. Historically significant destinations are already experiencing heightened interest with early bookings for the Independence Day period accelerating well ahead of prior years. Washington, D.C., for example, has reported an 8% increase in early bookings for the July 4 week year-over-year.[42]

The FIFA World Cup is expected to generate a surge in international visitors, alongside significant domestic travel as Americans follow matches across host cities over several weeks. FIFA projects that a total of 6.5 million people will attend these games, generating a total of $2.4 billion in revenue and creating almost 32,000 jobs among the accommodation and food service sectors in the United States.[43] As the tournament progresses, demand is expected to intensify, with later-stage host cities positioned for particularly strong performance. Oxford Economics estimates that hotels in New York, Kansas City, and Atlanta will see the greatest positive impact among U.S. host cities.[44]

Key Factors Associated with Hotel Performance in FIFA World Cup Host Markets

	Home Team Host	Weekend Match	High-Profile Match	Large Stadium	Central Stadium Location	Leisure Destination	Strong International Visitation	Market Compression	Team Base Camps	Broadcast Operations
Mexico City	■	■	■	■	■	■	■	■	■	
New York City		■	■	■	■	■	■		■	
Kansas City		■	■	■	■			■	■	
Los Angeles	■	■	■	■		■	■			
Atlanta		■	■	■	■				■	
Dallas		■	■	■					■	■
Guadalajara	■	■		■				■	■	
Seattle	■	■		■				■	■	
Vancouver	■	■		■	■			■		
Houston		■		■	■				■	
Miami		■	■			■	■			
Monterrey		■		■				■	■	
San Francisco		■		■	■	■	■			
Toronto	■	■		■				■		
Philadelphia		■		■					■	
Boston		■	■							

Sources: Tourism Economics, FIFA, Costar-STR, Bureau of Labor Statistics, Stascan, Google Maps

Beyond generational and historic mega-events, a robust calendar of high-profile live events will continue to drive travel demand across U.S. markets. Iconic music and arts festivals such as Coachella, Lollapalooza, and the New Orleans Jazz & Heritage Festival – alongside professional football, basketball, and baseball championships – collectively generate hundreds of thousands of room nights and billions of dollars in economic activity. These events reinforce the central role of live entertainment as a foundational demand driver for the lodging sector. In 2025, Lollapalooza alone generated more than 91,000 hotel room nights,[45] while Coachella contributed over $155 million in visitor spending to California.[46]

Trends for 2026: Personalized experiences, pet-friendly travel, following fandoms, sustainability

Several factors suggest that domestic travel demand will be at least as strong in 2026 as in 2025. Even in uncertain times, Americans see travel as intrinsic to their lives, and travel intentions have remained steadily high since the end of the pandemic. This is particularly true for Millennials and older members of Generation Z, now recognized as the most influential travel demographics on a global basis.[47] These consumers are comfortable using technology to customize their travel experiences and maximize value, a trend that will continue and accelerate in 2026. A 2025 American Express survey found that 61% of Millennials and Gen Z travelers use their credit cards to maximize travel rewards, often "stacking" reward points across programs.[48]

While younger travelers were quicker to explore the use of AI for travel planning, usage has been rising steadily across the board; a July 2025 report found that one-third of American travelers surveyed had used generative AI in their planning.[49]

Successful hoteliers will meet these guests' expectations and capitalize on other trends flagged for the coming year, including:

1. **Prioritizing convenience and self-care.** In a volatile economy, leisure travelers are looking for experiences that are exactly what they want, as they want it, when they want it. This is a continuation and expansion of the 2025 trend toward hyper-personalized experiences. It may manifest in continued preferences for last-minute bookings and "staycations" close to home.[50] It will draw travelers to properties that offer fitness and wellness services and amenities.[51] And it will accelerate the use of AI tools to plan trips and maximize loyalty program benefits.[52]

2. **Traveling with pets.** The U.S. pet industry represents approximately $157 billion in annual spending, and pet-friendly offerings have become an increasingly important selling point for many hotels and hospitality brands.[53] Being able to travel with a pet not only makes Americans more likely to travel, it also makes it easier for them to extend their stays. Amadeus lists "the pawprint economy" as its top travel trend for 2026.[54]

3. **Pop culture tourism.** A major trend of 2025 will continue as fans seek out experiences related to their favorite TV shows, books, movies, and even games. 81% of Gen Z and Millennial travelers plan getaways around these types of programs. What Expedia calls "set-jetting" is expected to draw growing numbers of travelers to locations in the U.S. and become an $8 billion domestic industry.[55]

4. **Sustainability.** An AHLA-commissioned survey in Fall 2025 found that 67% of travelers considered sustainability very or somewhat important, with businesses travelers and travelers aged 18-24 most likely to do so.[56] Nearly three in five adults said they would be willing to pay more for a hotel with strong sustainability practices. Hotels can boost traveler confidence in their sustainability practices through participation in programs such as Hotel Kitchen, a platform for food waste prevention, training, and sustainable hotel management created by AHLA and the World Wildlife Fund; and by pursuing sustainability certification through programs such as Green Key Global, a joint venture of AHLA and the Hotel Association of Canada. More than 2,100 hotels in the U.S. and Canada have achieved this certification, with more to come through partnerships with nine brands and 45 hotel management groups.

AHLA Premier Partner Deloitte Consulting LLP looks more closely at six major forces shaping consumer demand in the hospitality sector and how hotels can leverage these dynamics to build occupancy, increase guest satisfaction, and maximize value for owners. Following this, AHLA Premier Partner Amadeus discusses new strategies for generating demand amidst the rapidly changing market and media landscape.

PARTNER HIGHLIGHT | DELOITTE CONSULTING LLP
CAPTURING DEMAND IN A WORLD OF CHANGE: SIX STRATEGIC IMPERATIVES

By Matt Josephson, Principal and U.S. Hospitality Leader, Deloitte Consulting LLP, AHLA Premier Partner

The hotel and lodging sector is at an inflection point. Economic volatility, changing traveler behaviors, digital transformation, heightened sustainability expectations, workforce shortages, and shifting geopolitical landscapes are converging to redefine how the industry operates. To help leaders navigate this market, Deloitte Consulting LLP conducted a two-year *Future of Consumer* research initiative, engaging 1,000+ professionals, industry experts, clients, and consumer industry insiders. From this work, we summarized six forces shaping consumer-facing industries: 1) An Unprecedented Consumer, 2) Exponential Technological Growth, 3) Environmental Pressures and the Energy Renaissance, 4) Our Society Rewired, 5) Industry Upheaval, and 6) Shifting Economics, Policy, and Power.

These forces introduce challenges to the hospitality industry but also offer opportunities for those equipped to adapt and thrive in a world of constant change. *Future of Hospitality* aims to define six strategic imperatives that organizations should consider as they navigate change. The six consumer-facing forces, combined with the six hotel and lodging sector imperatives, capture both the challenges and opportunities facing an industry that should adapt to thrive in a world of constant change. From consumer fragmentation to capital constraints, these imperatives outline practical moves to help attract guests, manage resources, and create owner value.

SIX HOTEL & LODGING STRATEGIC IMPERATIVES:

1) Capture next-generation demand through portfolio innovation and diversification
Evolving demand patterns – illustrated by the surge of 18.1 million Americans (~11% of the workforce) embracing digital nomadism in 2024 and the rising share of adults who now prioritize wellbeing – are fragmenting traveler behavior and shifting discovery to artificial-intelligence (AI) tools and social feeds, where peer reviews and influencer content often outweigh brand messaging.[57] Hotel and lodging brands have several options to capitalize on this shift in needs: consider prototyping day-use rooms and quiet workspaces for mobile workers, offering pet-friendly floors, and creating wellness-oriented rooms and programs with local partners, and then scale what performs well. Look into segmenting by cohort: Millennials and Gen Z tend to favor experiential affordability, while Boomers lean toward comfort.[58] Consider using flexible partnerships and attribute-based offers to serve distinct personas without diluting the brand.

2) Drive loyalty by activating AI-driven direct experiences to deliver broader customer value
Loyalty often depends on owning the digital journey and personalizing every step. Smart assistants can convert inspiration into booked stays, and property apps can surface timely offers for dining, spa, and activities. Add a loyalty layer that uses recent-stay signals and partner data to deliver benefits in the moment, such as a pre-ordered coffee for customers who frequently purchase coffee or bonus points for adding breakfast. For owners, this mix could raise direct bookings, increase on-property spending, and reduce dependence on online travel agencies.

3) Unlock new growth markets
With elevated interest rates and supply chain pressures, U.S. hotels under construction reached a five-year low in mid-2025, raising the bar for capital deployment.[59] Owners can prioritize conversions and adaptive reuse to reduce total project cost and time, supported by brand

playbooks for standardized conversions, procurement savings, and regional "circuits" that link multiple properties into multi-night itineraries. Secondary cities may be promising for select-service, extended-stay, and micro-luxury concepts as travel patterns diversify.

4) Achieve breakthrough efficiency by becoming a predictive enterprise
Margin pressure from wages, utilities, and financing suggests the need for a change in productivity. Employment recovery sits near 88% of 2019 levels even as payroll costs hit highs, so hotels need forecasting and automation to protect service and economics.[60] Use predictive maintenance to help preempt equipment failures, AI staffing forecasts to help right-size schedules, food-waste analytics to help fine-tune purchasing, and real-time data to help optimize housekeeping routes. Consider building a unified intelligence core that integrates reservations, occupancy, service metrics, loyalty behavior, and external signals such as weather and local events.

5) Develop responsibility as a core value proposition
Guests, communities, and regulators expect progress on sustainability, access, and price transparency. With the global Ecotourism market expected to grow by 14.7% from 2023 to 2032, design and retrofit for efficiency and resilience, including water and waste reduction by design.[61] Adopt accessible design so spaces work for all ages and abilities. Commit to transparent pricing to meet customer needs – adopting all-in pricing for luxury travelers, and offering bare-bones rates with add-ons for cost-conscious travelers.

6) Invest in the future-ready workforce
Operational stability depends on workforce renewal. Employment in parts of the sector remains below 2019 levels while payroll costs are high, which intensifies the need for productivity and upskilling.[61] Consider digital apprenticeships that blend analytics, hotel technology, and service design with on-the-job learning; AI-supported coaching that provides real-time guidance to improve service and upsell performance; and credentialed, AI-orchestrated talent pools that match skills to shifts across properties. These investments can raise service quality, improve retention, and sustain transformation.

WHAT'S NEXT

The industry is entering a decisive window. Over the next 12 to 24 months, leaders who act on the six imperatives could convert shifting demand and new technology into durable advantage. The near-term agenda should include: sharpening portfolios around distinct guest needs; turning digital discovery into direct relationships; expanding in data-backed markets while keeping development asset-light; modernizing operations with predictive intelligence; embedding responsibility into pricing, design, and community engagement; and equipping teams with tech-enabled skills. The potential risk in waiting may not only be missing the upside; it could be falling behind competitors already testing, learning, and compounding advantages across these six pillars.

PARTNER HIGHLIGHT | AMADEUS

REVOLUTIONIZING HOSPITALITY: THE DEMAND GENERATION ADVANTAGE

By Amadeus, AHLA Premier Partner

Hoteliers aim for high occupancy, consistent revenue, and year-round success, with demand generation being the key. However, demand generation is often misunderstood, poorly executed, or focused on short-term gains instead of long-term demand.

Is personalized demand generation a revolutionary strategy or just a passing trend? The answer depends largely on how hoteliers approach it. We found that hoteliers identify growing direct channel revenue as their biggest challenge, highlighting just how essential mastering demand generation has become.

Moving beyond traditional leads

Old-school lead generation methods like cold calls, mass emails, and third-party bookings may bring quick results, but they often fail to foster repeat visits and sustained revenue growth. To stay ahead, hotels need to connect with guests before they book and nurture relationships long after their stay, turning one-time visitors into loyal customers. Demand generation accomplishes this by focusing on building ongoing interest and awareness through personalized content. This comprehensive strategy captures attention and nurtures relationships over time through understanding, attracting, engaging, converting, and retaining travelers.

Hotels can enhance demand by understanding guest preferences and behaviors, using data to offer personalized deals like spa packages for relaxation-seekers or hiking trips for adventurers at the perfect moment. The Travel Dreams report by Amadeus shows that 52% of travelers (and 66% of business travelers) are willing to share personal data for tailored offers, driving immediate bookings and fostering long-term loyalty.[62]

However, personalization alone isn't enough; demand generation also involves creating a seamless experience across various platforms like social media, email, websites, and word of mouth. While recommendations from friends and family remain influential, social media ads and travel influencers are gaining traction, especially among Gen Z, with nearly half seeking travel inspiration on social media and 42% influenced by travel social media creators. By delivering the right content and offers at the right time, hotels can drive bookings and build lasting relationships, turning guests into loyal advocates who share their experiences with others.

Challenges in demand generation

Despite recognizing its importance, many hotels struggle with effective demand generation.

- **Lack of coordination:** Demand generation requires collaboration across departments. Often, marketing, sales, and revenue teams work in isolation, leading to inconsistent messaging and missed opportunities.
- **Short-term focus:** Relying on one-off discounts, flash sales, or online travel agencies (OTA) may boost occupancy temporarily, but fails to build long-term guest loyalty and brand recognition.
- **Misguided advertising:** Spending on pay-per-click or social media ads without a clear strategy

can waste resources. Proper targeting, performance measurement, and integration with revenue management are crucial.

- **Data utilization:** Hotels that do not effectively track customer behavior, preferences, or booking patterns miss out on valuable insights that can shape demand generation strategies.

Unified commercial strategy for effective demand generation

A unified commercial strategy is essential for effective demand generation, bringing together marketing, operations, revenue management, and technology to work in lockstep rather than in isolation. By aligning these functions around shared goals, hotels can better anticipate traveler needs, optimize pricing and distribution, and deliver consistent, high-value guest experiences. This integrated approach enhances demand generation by balancing customer acquisition, retention, and profitability, ultimately leading to higher occupancy, stronger revenue performance, and sustainable business growth.

Here's how commercial strategy can contribute to demand generation:

- **Sales & marketing alignment:** Ensure sales and marketing teams collaborate to attract high-value customers through targeted campaigns using customer relationship management (CRM) data and digital marketing.
- **Operations synchronization:** Coordinate with front office, housekeeping, and food and beverage teams to deliver seamless service and maintain exceptional guest experiences.
- **Finance & revenue collaboration:** Align pricing strategies, promotions, and sales efforts with financial objectives to drive occupancy, profitability, and sustainable growth.
- **Technology & data integration:** Utilize CRMs, revenue management systems, digital analytics, and AI-powered tools to track guest behavior, optimize pricing, and enhance personalized marketing strategies.

Hoteliers can maximize profitability, drive high-margin bookings, and sustain long-term revenue growth by combining pricing intelligence, strategic marketing, and distribution optimization. Mastering commercial strategy is essential for thriving in hospitality.

Demand generation in hospitality varies between global hotel chains and boutique properties. While big brands leverage global reach and loyalty programs, independent hotels can attract and convert guests by focusing on niche markets, storytelling, and hyper-local experiences. Direct booking strategies, personalized offers, and content marketing help reduce reliance on third-party platforms - driving direct revenue and increasing profitability.

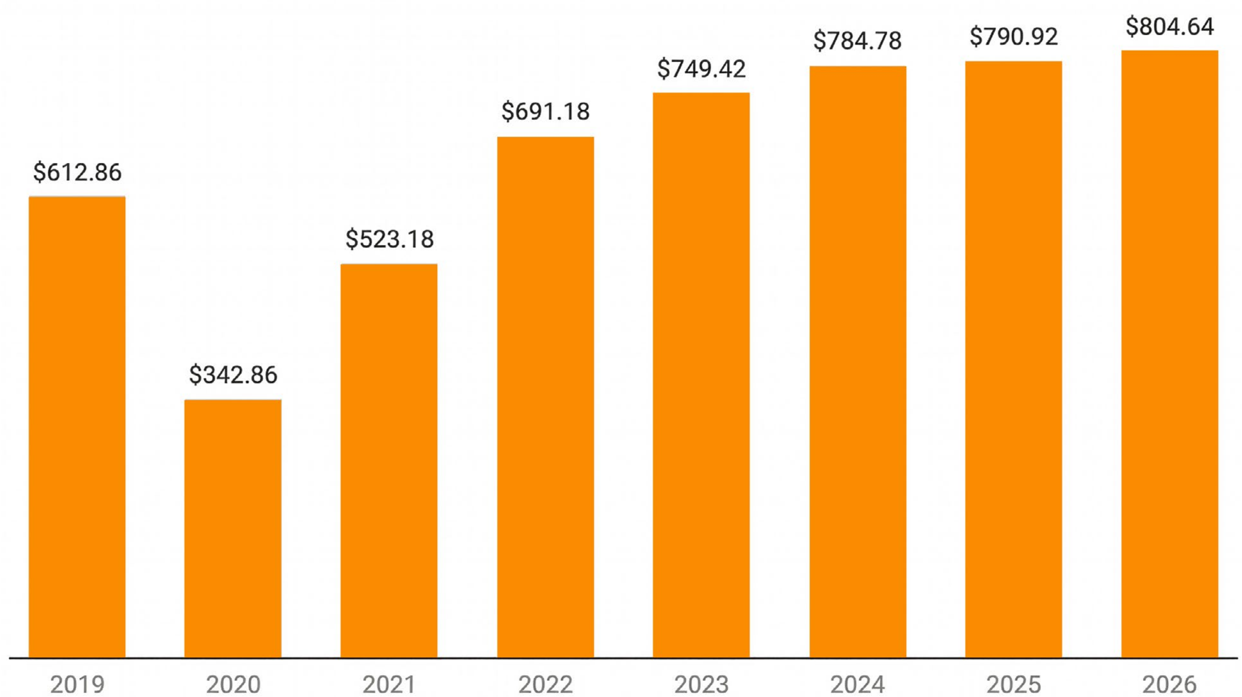
Demand generation is a strategic necessity for modern hoteliers to create a sustained cycle of demand, engagement, and revenue growth. By applying a coordinated approach across marketing, sales, and guest experience, hotels can better anticipate traveler needs, attract the right audiences, and convert interest into sustained, high-value demand.[63]

U.S. HOTEL GUEST SPENDING & TAX REVENUE GENERATED

Hotel guest spending, which is closely linked to demand levels, played an important role in supporting local economies in 2025 on hotel-specific lodging, transportation, retail, restaurants, and other expenditures. Every $100 spent at a hotel generated an additional $234 in local spending across restaurants, shops, and other businesses.[64]

Nationwide guest spending on hotel-specific lodging, transportation, retail, restaurants, and other expenditures reached $790.92 billion – a modest increase of 0.8% ($6.14 billion) compared to the 2024 total of $784.78 billion. This growth rate remained well below the historical average of 2.4% since 2020 and fell short of the guest spending levels over the past four years. While spending increased, the pace signals a new normalization post-pandemic, rather than a return to sustained expansion.[26]

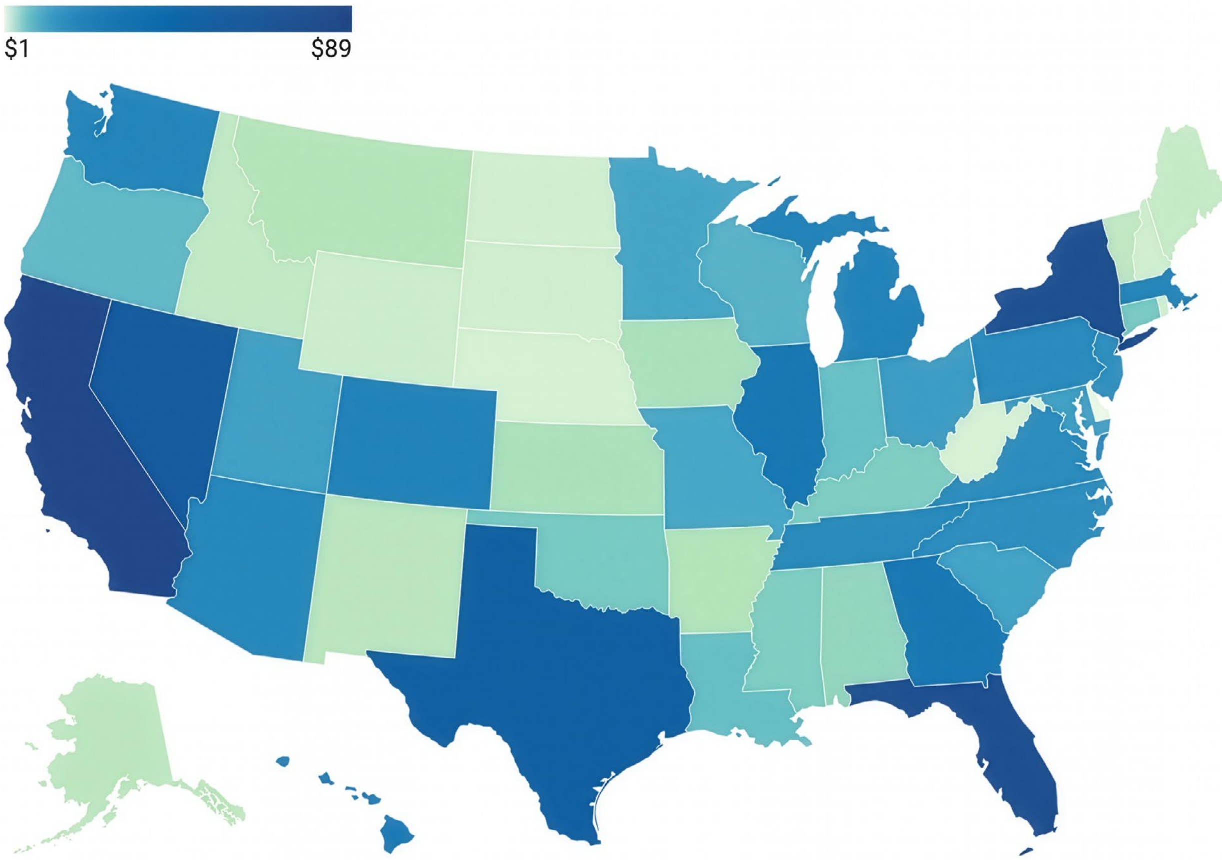
U.S. Hotel Room Demand by international travelers, year-over-year change (%)



Source: Tourism Economics

In 2026, guest spending on hotel-specific lodging, transportation, retail, restaurants, and related categories is projected to total $804.64 billion, reflecting a 1.7% year-over-year increase.[26] This anticipated improvement is expected to be driven by a surge in international tourism, fueled by major global events, including the FIFA World Cup and America250 celebrations.

U.S. Hotel Guest Spending by State in 2025 (in Billions)

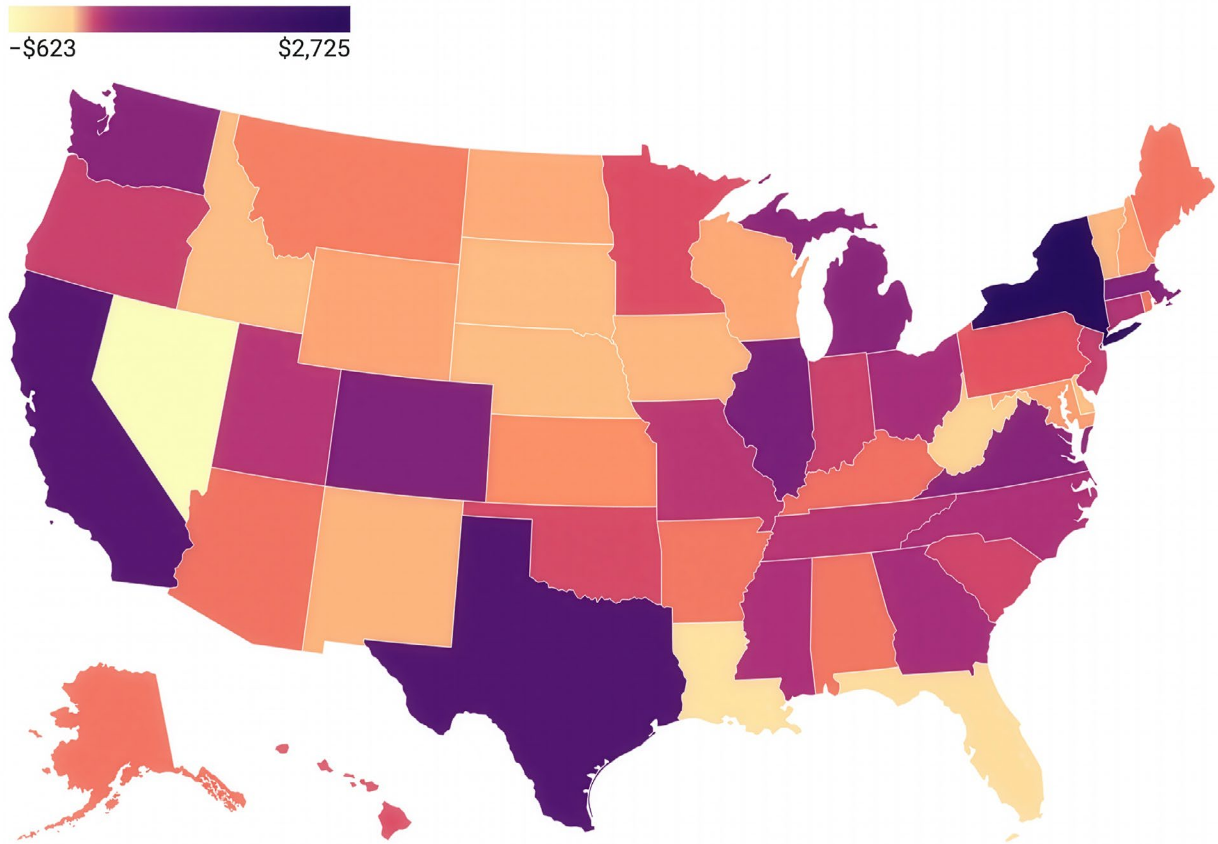


Source: Tourism Economics

Guest spending varied widely across states in 2025, shaped by natural disasters and weaker international demand. Nevada recorded a $6.66 billion decline in guest spending in 2025, down from $64.29 billion in 2024 to $57.63 billion. Out-of-state visitors declined by approximately 8% year-to-date through September 2025.[65] This downturn followed the 2024 spike linked to the Super Bowl and underscored the effect of reduced international inbound travel.

Texas recorded a notable decline, with guest spending falling by $1.07 billion to $53.05 billion, though a recovery is expected in 2026. Hawaii, which was impacted by disasters in 2023, saw guest spending rebound following the Maui wildfires, adding more than $2.3 billion over the past two years.[26]

U.S. Hotel Guest Spending by State, 2025 vs. 2026 Change (in Millions)



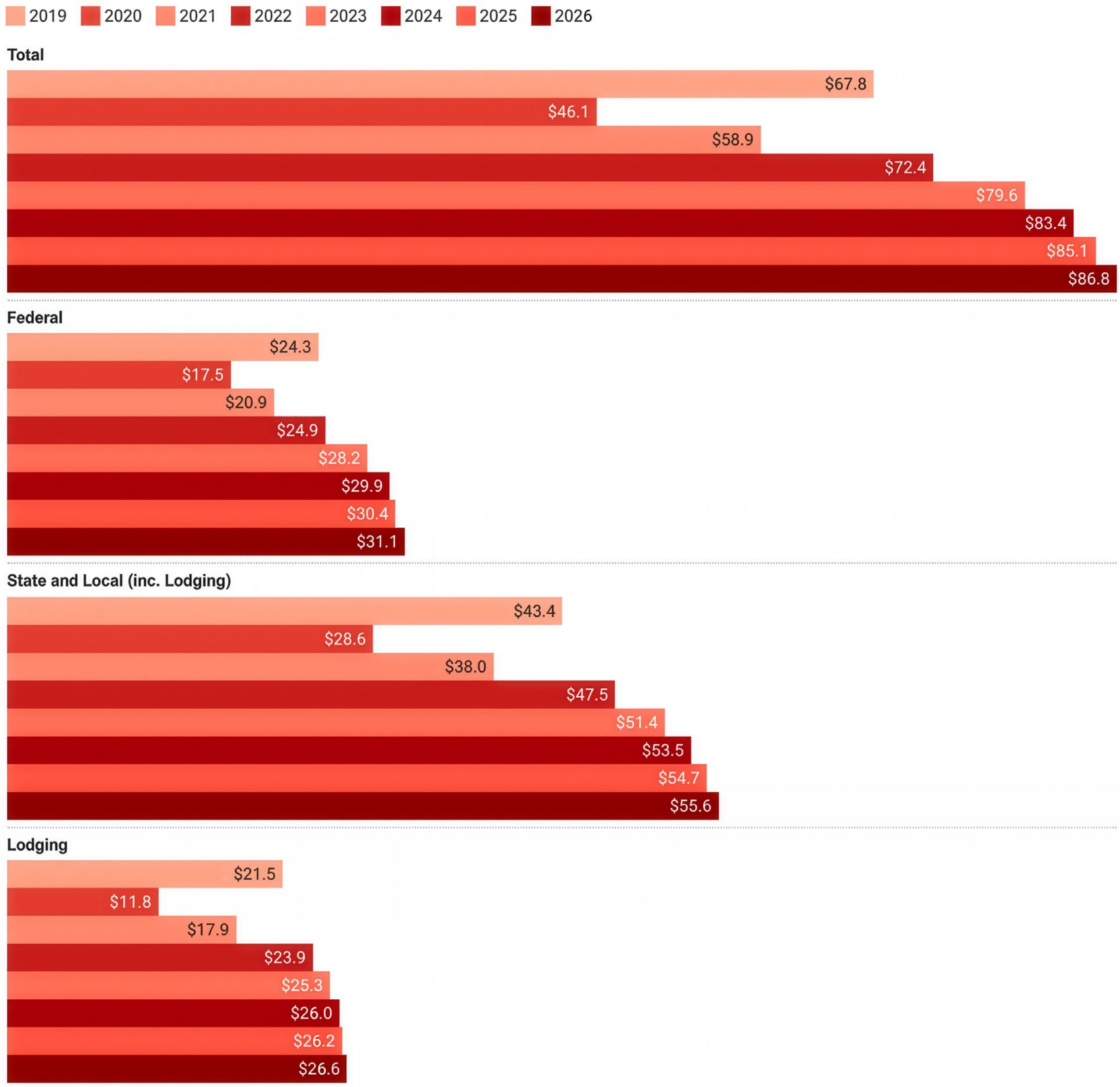
Source: Tourism Economics

Tax and Economic Contribution

Hotels are powerful economic drivers, creating jobs and generating significant tax revenue that provides critical revenue for city and state public services like schools, libraries, sanitation, and road repairs.

In 2025, hotels generated $85.1 billion in total taxes, up from $83.4 billion in 2024, a $1.7 billion increase. This figure is projected to reach $86.8 billion in 2026. Of the 2025 total, federal taxes accounted for $30.4 billion, while state and local taxes contributed $54.7 billion, including $26.1 billion in direct lodging taxes.[26]

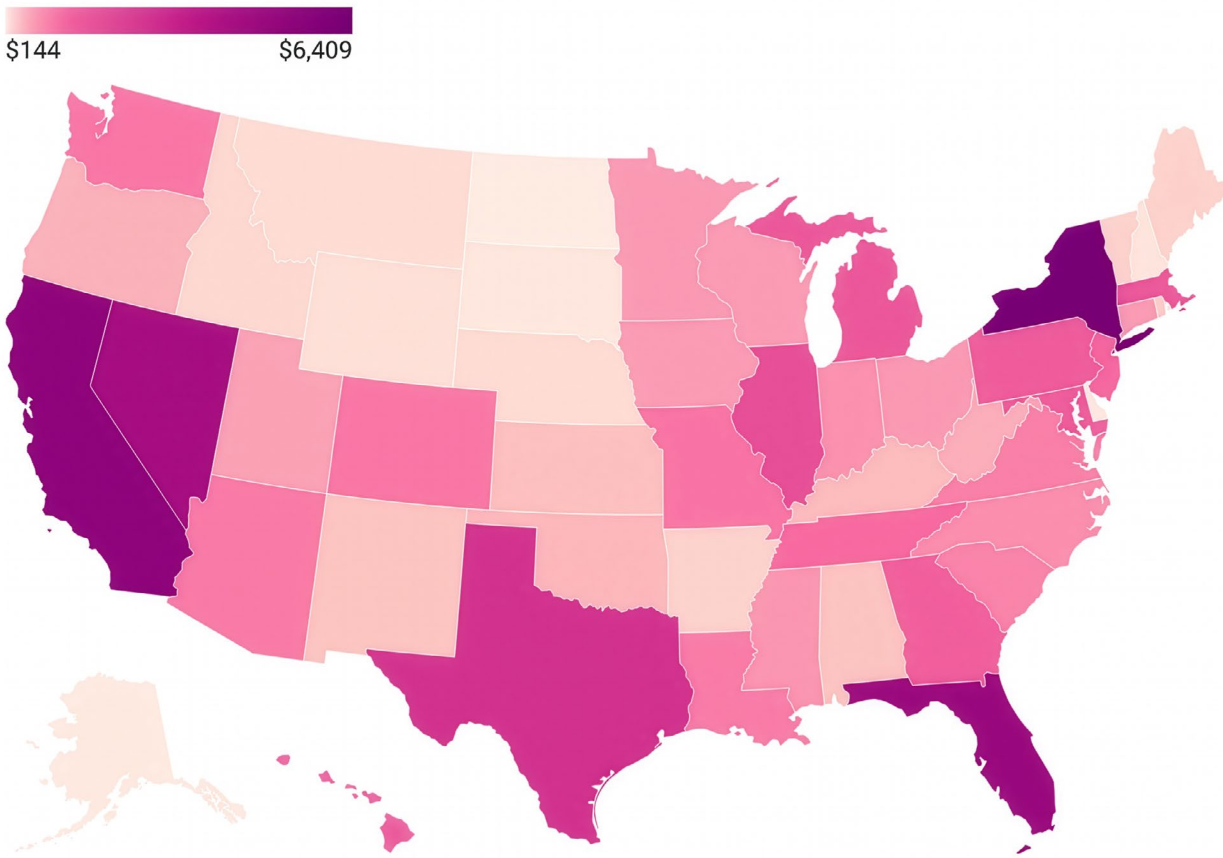
Tax Revenue Generated by U.S. Hotels in 2025 (in Billions)



Source: Tourism Economics

Compared to 2024, federal taxes paid by the industry rose by 1.5%, and state and local taxes increased by 2.4%, with lodging taxes alone growing nearly 1%. New York, California, Florida, Nevada, and Texas were the largest contributors to state and local tax revenue, with New York hotels generating more than $6.5 billion. This data illustrates the hotel sector's outsized importance in financing public services and investments back into local communities.[26]

Statewide Total Tax Revenue Generated by U.S. Hotels in 2025 (in Millions)



Source: Tourism Economics

CAPITAL MARKETS & ASSET TRANSACTIONS

The U.S. hotel investment market has entered an important transition in 2026. After two years of softened activity following the sector's 2022 peak, signs of renewed momentum are beginning to appear. While broader commercial real estate capital markets strengthened in 2025, hotel transactions were slower to recover, but are now showing signs of renewed momentum.

AHLA Premier Partner JLL highlights how recent interest rate reductions, improving debt market liquidity, and upcoming loan maturities are creating conditions for increased deal activity. Institutional investors are showing heightened interest, and urban full-service assets are available at notable discounts to replacement cost, setting the stage for steady growth in hotel investment activity. As capital becomes more accessible, deal volume is expected to rise, especially as investor confidence grows.

PARTNER HIGHLIGHT | JLL

HOTEL TRANSACTIONS GAIN MOMENTUM: CAPITAL MARKETS SIGNAL A NEW PHASE IN 2026

By Daniel C. Peek, President, JLL Hotels & Hospitality for Americas, AHLA Premier Partner

The overall commercial real estate capital markets environment performed well in 2025, with transactions across all sectors increasing 19% through Q3 2025. Investor sentiment overall reignited in the back half of the year with real estate investors again adopting a "risk-on" strategy. However, while dynamics in the hotel sector lagged the market as a whole, the sector is poised for growth in 2026.

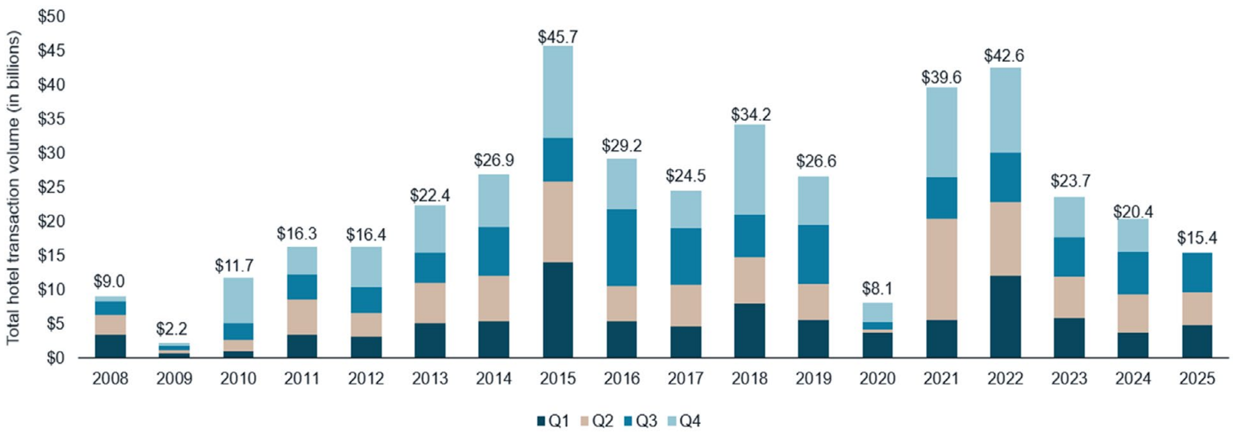
After reaching a cyclical peak in 2022 at $42.6 billion, hotel transaction volume was more subdued during 2023 and 2024. In response to rising interest rates, investors shifted their focus toward smaller, cash-flowing assets in high-growth Sun Belt markets.

The market has clearly reached a turning point. Transaction activity remained steady through the first three quarters of 2025, totaling approximately $15 billion. Since mid-year, large-scale deals exceeding $100 million have gained momentum, signaling renewed confidence among investors. Activity in major urban markets has also strengthened, with several regions recording multiple high-value transactions and notable increases in liquidity.

JLL's U.S. investment sales team has tracked over $18 billion in institutional asset bidding on hotel transactions since July 2025, indicating that investment activity should continue to pick up in the new year. Catalysts for more transactions include improved investor sentiment around the recent rate cuts, increasingly liquid debt markets, upcoming loan maturities, and favorable dynamics for buyers, under which discount to replacement costs and a low new supply environment on a go-forward basis will help support transaction activity.

Urban full-service hotel assets have been trading at a significant discount to replacement cost, presenting investors with a historic opportunity to acquire high-quality urban hotels. Hotel loan maturities are also helping to catalyze transactions in 2026, with $46 billion in loans set to mature and some owners facing cost and CapEx pressures. Despite a more optimistic transaction and financing outlook in 2026, several major markets still face headwinds that could weigh on hotel operating performance in the year ahead.

Quarterly U.S. Hotel Transaction Volumes



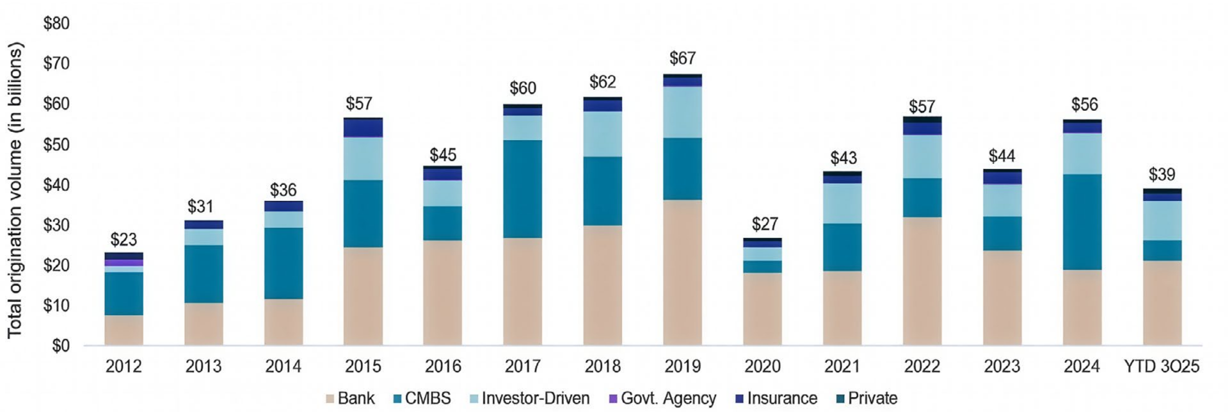
Source: JLL Research | Note(s). Figures shown above each bar represent total volume by year. Includes all transactions $5M+ excluding casinos. Entity-level transactions included only when underlying real estate traded.

A notable rise in debt market liquidity for hotels

Hotel financing liquidity remained robust in 2025, with origination volumes reaching $39 billion through Q3. Following the significant rate increases implemented by the Federal Reserve in 2022, the hotel market has adapted to higher interest rates.[66]

As monetary policy eases further, most lending sources are now actively engaged in financing activities, driving higher origination volumes and credit spread compression. The latest Federal Reserve Dot Plot projects an additional 50 basis points in rate cuts through 2027, creating favorable conditions for refinancing and enabling buyers to complete transactions for assets with solid cash flow.

Quarterly U.S. Hotel Transaction Volumes



Source: JLL Research, RCA | Note(s). Based on independent reports of properties and portfolios of $2.5 million and greater. Data as of June 2025 and believed to be accurate but not guaranteed. Figures above the bars represent total hotel loan origination volume by year.

U.S. hotel supply growth to stay below historic levels in 2026

U.S. hotel supply growth in 2025 and beyond is projected to stay well below historical norms, supporting the performance of existing hotels. Following stronger performance in 2025, upper price tier segments will benefit from the limited supply growth in 2026 as only 10% of the room growth on tap for 2026 comprises higher-end hotels.

For major markets like Los Angeles, New York, and Washington, D.C., the supply pipeline in 2026 is similarly muted. The hotel development pipeline in Washington, D.C., boasts the highest growth in inventory among this group, reaching nearly 2% of total inventory in 2026 and rising to nearly 6% in 2027. Despite major events planned years in advance, the broader Los Angeles market – including the City of Los Angeles and surrounding cities – projected to see room inventory grow by just 1.2% in 2026. Complex permitting processes and high construction costs have constrained new supply additions, while recent hotel closures have offset much of the expected inventory growth. At the same time, demand drivers such as the FIFA World Cup and the 2028 Olympics are expected to help absorb the limited new supply entering the market.

In New York, stricter regulations on short-term rentals, high construction costs, and the impact of the Citywide Hotels Text Amendments to the zoning code are likely to keep supply growth below 1% going forward. While near-term hotel supply growth in San Francisco will be minimal in 2026, it should pick up in 2027 and beyond.

U.S. Hotel Supply Growth

Source: JLL Research, CoStar/STR, Tourism Economics | Note(s). 2025F and 2026F pertain to the STR / Tourism Economics forecast released on June 2, 2025. YTD July 2025 actual supply growth was 0.6%.

DEVELOPMENT LANDSCAPE & HOTEL PIPELINE TRENDS

The U.S. hotel development pipeline reflects the total number of hotel projects at various stages of development, from early planning through active construction. According to CoStar, projects are categorized into planning, final planning, and under construction. While the overall pipeline has reached one of its most elevated levels in recent years, it is increasingly concentrated in early planning stages. Financing constraints, higher construction costs, elevated interest rates, permitting delays, and softer return expectations have limited the number of projects advancing to construction. As a result, actual construction activity has slowed, creating a widening gap between planned developments and those moving forward.

AHLA Premier Partner STR notes that financial constraints, regulatory complexity, and shifting market conditions continue to influence development progress. While certain high-growth markets remain attractive to investors, many projects remain in early planning stages and may never materialize. With a substantial share of the pipeline expected to deliver in the coming years, these dynamics carry important implications for future supply and performance, particularly in major markets.

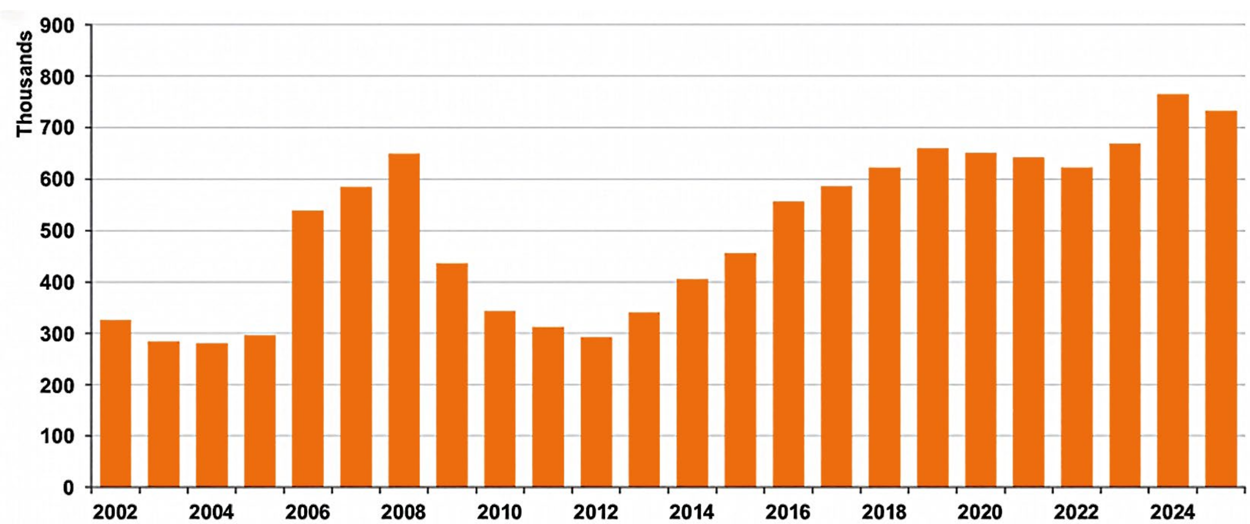
PARTNER HIGHLIGHT | STR

PIPELINE BACKLOG AND MARKET DYNAMICS: A CLOSER LOOK AT U.S. HOTELS

By Isaac Collazo, Senior Director, Analytics, STR, AHLA Premier Partner

At the beginning of Q4 2025, the U.S. hotel development pipeline ranked as the eighth highest of the past 24 years. However, with construction levels remaining low, supply growth has been minimal – marking the lowest three-year annualized rate in a decade. The U.S. hotel pipeline comprised more than 6,070 properties across the three development stages – planning, final planning, and construction – representing a total of 724,096 rooms.

U.S. Hotel Pipeline - Number of Rooms (in Thousands)

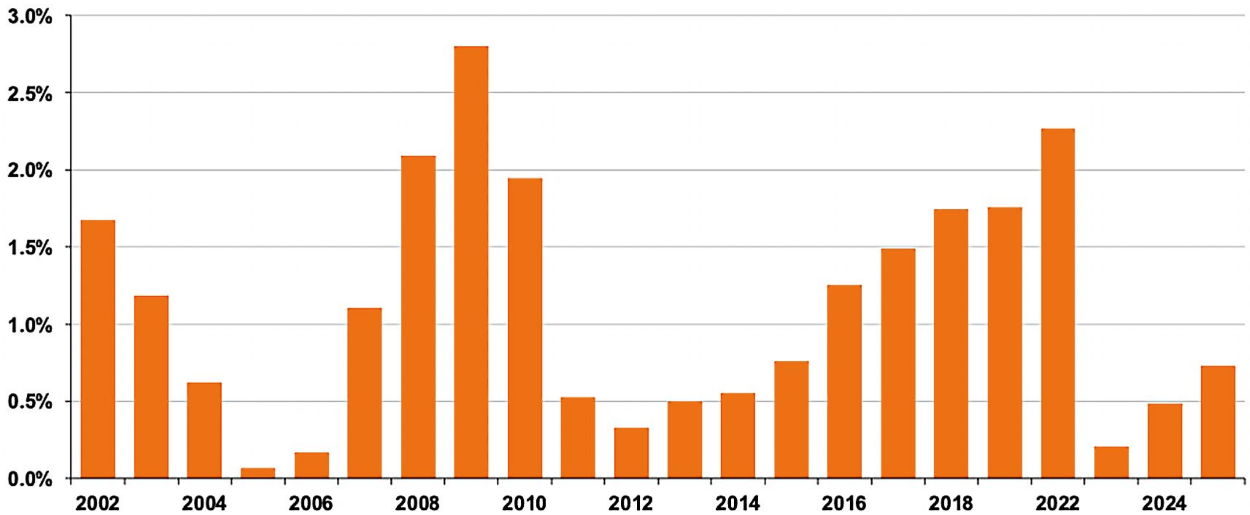


Source: CoStar/STR | Note(s). Data reflected in this chart was collected in October 2025.

Slower construction activity

Although the industry achieved a record earlier this year for number of hotels in the total pipeline, industry supply has grown just 1.4% in the past three years. Further, the industry's annualized growth rate (CAGR) of 0.5% since 2022 is the lowest since 2014, excluding 2020.

U.S. Supply Gains - 12-Month Moving Average



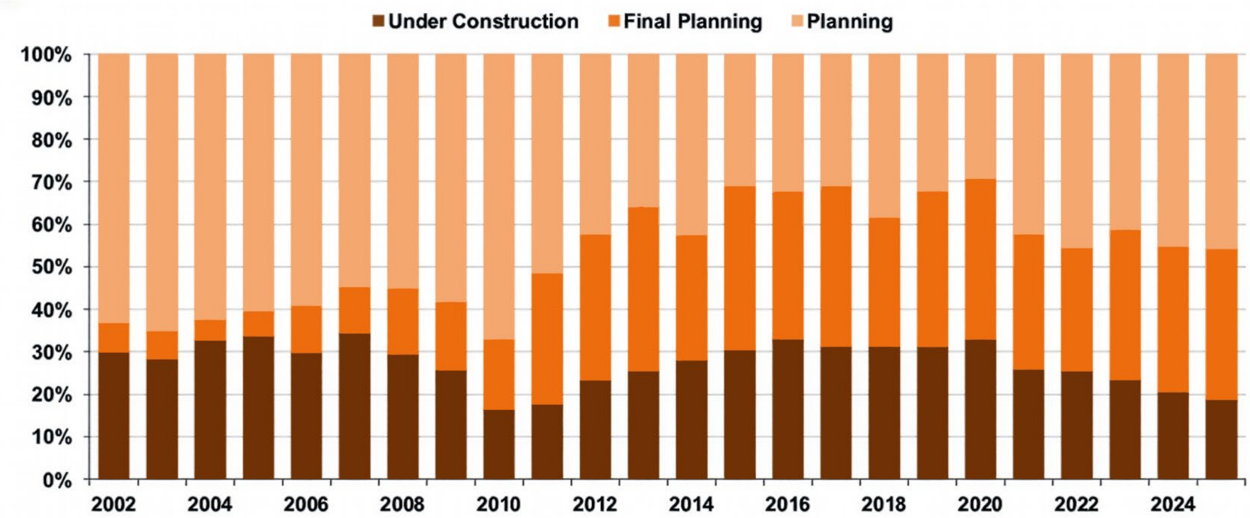
Source: CoStar/STR | Note(s). Data reflected in this chart was collected in October 2025. Excludes 2020 and 2021.

Driving the trend is a reduction in the number of projects under construction. Only 19.5% of hotels (19.1% of rooms) in the pipeline are currently under construction. For comparison, between 2001-2024, 27.6% of hotels (28.1% of rooms) were under construction. Most projects move from planning to final planning to under construction, but that progression has slowed dramatically over the past five years.

While the current percentage is among the lowest of the past 10 years, an even smaller number of properties were under construction after the Great Recession with an average of 689 hotels (84,100 rooms) in that category between 2009 and 2014 versus 1,186 hotels (138,000 rooms) currently. Additionally, the number of rooms currently under construction is in the mid-range of results seen over the past 24 years.

The current pipeline is more than two times larger than the average following the Great Recession, illustrating that the desire to build remains although the development environment is less favorable. The number of rooms in final planning and planning (pipeline backlog) are among the highest on record. The highest number of rooms in those two categories were seen at the beginning of 2025.

U.S. Total Pipeline Progression

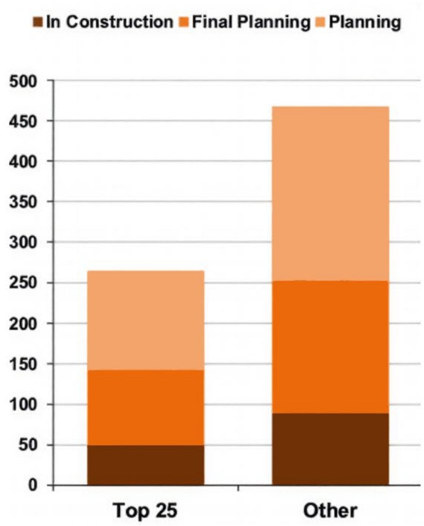


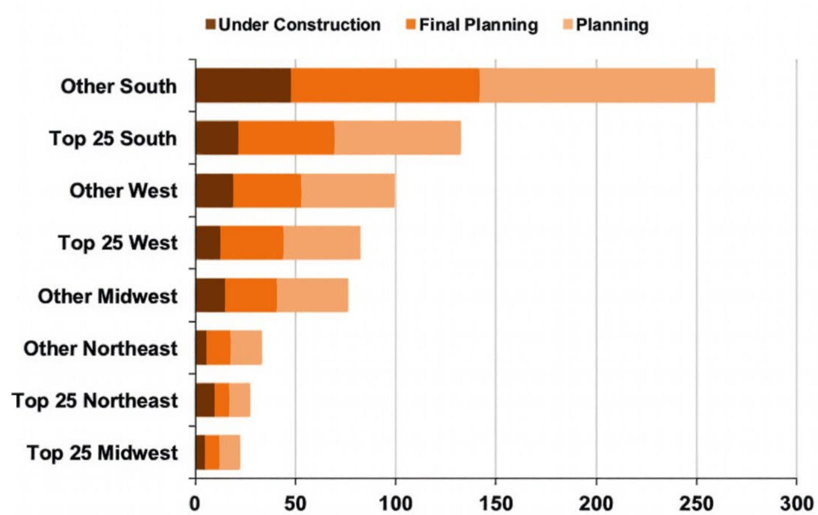
Source: CoStar/STR

Geographic trends

In aggregate, the slowdown in the percentage of rooms under construction is widespread as no noticeable difference has been observed in and out of the Top 25 Markets. However, projects are more likely to be under construction in the Northeast (26.2%) and Midwest (20.8%) than in the South (17.9%) or the West (17.7%).

U.S. Pipeline by Market Type and Location – Number of Rooms (in Thousands)





Source: CoStar/STR

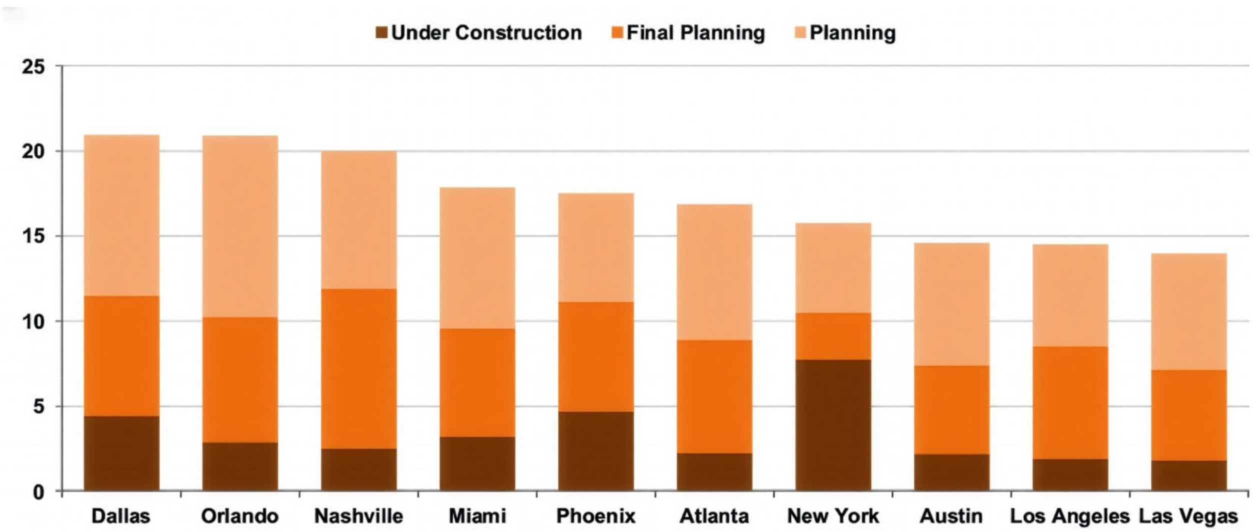
Six states account for 51% of all U.S. rooms in the pipeline: Florida, Texas, California, Tennessee, Georgia, and North Carolina, which is not surprising given population migration patterns. These states also have a lower percentage (~16%) of their pipelines under construction, with California showing the lowest percentage (13.9%).

More importantly, nearly 50% of each state's pipeline rooms are in the planning stage, meaning that most of these projects, based on historical precedent, will never be built. While their construction percentage is low, the six states still account for 44% of the rooms under construction across the U.S.

Five markets (Dallas, Orlando, Nashville, Miami, and Atlanta) account for a quarter of the rooms under construction within those six states, 11% of U.S. rooms under construction, and 13% of the total U.S. pipeline.

Other markets with large pipelines include Austin, Denver, Las Vegas, Los Angeles, New York City, and Tampa. In total, 50% of the pipeline and 48% of rooms under construction are in 33 of the 172 STR-defined U.S. markets with 16 of the Top 25 Markets in that group. Overall, Top 25 Markets represent 36% of all pipeline rooms and those under construction.

U.S. Pipeline in Top Markets – Number of Rooms (in Thousands)



Source: CoStar/STR

New York City is a notable exception among the Top 25 Markets as more than half of the market's pipeline is under construction. The market also has one of the highest in-construction percentages in the nation. This result is likely due to a change in zoning laws, which passed in 2021, requiring special permits and making hotel development more costly due to several workforce provisions in the law.

With the Top 25 Markets lagging the remainder of the U.S., additional supply gains could further dampen performance in the year to come as more than half of pipeline rooms are slated to open before the end of 2026.

Construction time, deferrals, and cancellations

While the financial and construction environments have largely been unfavorable for new development, construction times have not changed much in recent years. A hotel that started construction in 2018 and 2019 took roughly 1.6 years to open. Those that started construction in 2023 required the same amount of time while those that started in 2024 showed slightly less time between construction and opening. Extending further back to the start of the decade, there has been a more noticeable increase in average construction time, with labor shortages as a primary culprit.

Of course, the type and size of a project impacts construction time as larger projects (300+ rooms) take more than two years to complete once construction starts.

Even though construction times do not appear to be impacted as much in the last few years, deferrals are on the rise with the 2025 number the highest of the past 10 years and on par with 2020 and 2022. The largest 2025 deferral levels were in Dallas, Atlanta, Anaheim, Chicago, and Nashville. Overall, 50,000 rooms were deferred in 2025.

Outright project cancellations appear normal compared to the past 10 years, with most occurring outside of the Top 25 Markets. New York City reported the most project cancellations in 2025, followed by Los Angeles, Houston, and Dallas.

Although the U.S. hotel pipeline is near historic highs, construction activity remains subdued compared to both last year and pre-pandemic levels. The large number of rooms under contract could further pressure performance, particularly in the Top 25 Markets.

CONCLUSION: MOVING FROM RESILIENCE TO GROWTH IN 2026

The hotel industry's 2025 performance data makes it clear that hotels are critically important to local, state, and national economies, not only as employers and taxpayers, but also as engines of economic activity with global impact. Facing a wide range of external challenges, hotels proved themselves resilient and adaptable in their commitment to create welcoming, memorable, and safe experiences for domestic and international travelers; recruit, retain, and advance a top-quality workforce; and improve operations in ways that make the industry both more sustainable and more profitable.

While many of 2025's challenges persist, 2026 offers the opportunity to rebound. No single trend will define the industry, but several powerful forces will intersect to shape performance. Although uneven across markets and industry segments, demand remains steady and resilient. The major events of 2026 should boost domestic demand and reinvigorate international inbound travel, while advances in technology promise new and better ways to anticipate and meet travelers' needs. Operating economics, however, will continue to tighten as labor mandates, workforce shortages, insurance and litigation exposure, compliance burdens, supply-chain concerns, and energy requirements accumulate and become embedded in the cost base. The overarching challenge for many owners and operators will be not merely to restore demand, but to protect profitability while meeting rising expectations from guests, investors, and policymakers.

Local, state, and federal policies that spur travel and strengthen the operating environment for hoteliers will be critically important in 2026 and beyond as the industry works to move from adaptability and resilience to vision and growth.

APPENDIX

U.S. Hotel Guest Spending

State	2025	2026 (Projected)	2025 vs. 2026 (Projected)
United States	**$790,922,261,913**	**$804,642,449,092**	**1.7%**
Alabama	$5,685,588,419	$5,808,173,976	2.2%
Alaska	$3,788,628,946	$3,914,340,683	3.3%
Arizona	$18,117,928,867	$18,247,564,542	0.7%
Arkansas	$4,084,553,511	$4,205,602,367	3.0%
California	$89,288,759,845	$90,628,578,054	1.5%
Colorado	$20,346,769,535	$20,960,896,706	3.0%
Connecticut	$6,280,622,815	$6,551,925,905	4.3%
Delaware	$1,196,448,293	$1,242,169,346	3.8%
District of Columbia	$6,947,614,486	$6,842,117,120	-1.5%
Florida	$77,812,244,324	$77,708,182,580	-0.1%
Georgia	$25,211,140,707	$25,548,087,886	1.3%
Hawaii	$26,851,673,222	$27,039,272,741	0.7%
Idaho	$3,447,604,254	$3,500,813,756	1.5%
Illinois	$25,718,969,735	$26,464,796,568	2.9%
Indiana	$6,939,141,945	$7,153,029,005	3.1%
Iowa	$4,627,037,895	$4,690,324,689	1.4%
Kansas	$4,611,060,404	$4,709,730,428	2.1%
Kentucky	$6,181,281,844	$6,313,375,151	2.1%
Louisiana	$6,986,010,760	$6,795,343,182	-2.7%
Maine	$3,329,336,585	$3,454,437,086	3.8%
Maryland	$10,781,586,032	$10,870,875,760	0.8%
Massachusetts	$19,094,098,452	$19,670,316,193	3.0%
Michigan	$20,154,877,544	$20,614,610,878	2.3%
Minnesota	$9,933,088,922	$10,119,786,616	1.9%
Mississippi	$6,169,905,311	$6,482,260,365	5.1%
Missouri	$9,447,531,150	$9,692,528,208	2.6%
Montana	$4,086,537,382	$4,198,711,962	2.7%
Nebraska	$2,365,475,996	$2,420,910,301	2.3%
Nevada	$57,631,299,609	$57,008,674,013	-1.1%
New Hampshire	$2,724,276,900	$2,812,466,498	3.2%
New Jersey	$14,925,929,258	$15,147,541,336	1.5%
New Mexico	$3,810,448,687	$3,878,280,694	1.8%
New York	$76,521,754,846	$79,247,099,850	3.6%
North Carolina	$15,015,002,416	$15,310,377,478	2.0%
North Dakota	$2,723,110,799	$2,804,873,119	3.0%
Ohio	$11,942,509,045	$12,280,242,033	2.8%
Oklahoma	$6,418,965,329	$6,613,014,895	3.0%
Oregon	$7,479,638,564	$7,696,452,862	2.9%
Pennsylvania	$16,404,509,455	$16,576,230,829	1.0%
Rhode Island	$2,386,213,721	$2,499,102,176	4.7%
South Carolina	$10,097,099,431	$10,304,840,320	2.1%
South Dakota	$2,691,150,545	$2,748,426,118	2.1%
Tennessee	$16,840,455,104	$17,097,121,569	1.5%
Texas	$51,047,649,848	$52,519,777,735	2.9%
Utah	$11,016,271,892	$11,277,192,549	2.4%
Vermont	$3,491,797,176	$3,558,456,080	1.9%
Virginia	$15,872,780,530	$16,366,125,710	3.1%
Washington	$19,033,918,856	$19,495,288,936	2.4%
West Virginia	$2,268,719,084	$2,291,629,009	1.0%
Wisconsin	$8,241,152,618	$8,323,545,912	1.0%
Wyoming	$2,852,091,019	$2,936,927,319	3.0%

Source: Tourism Economics

U.S. Hotel Employment

State	2025	2026 (Projected)	2025 vs. 2026 (Projected)
United States	**2,170,949**	**2,202,398**	**31,449**
Alabama	19,965	20,458	494
Alaska	8,875	9,095	220
Arizona	50,813	51,730	917
Arkansas	12,917	13,066	149
California	261,080	264,600	3,520
Colorado	49,677	50,213	536
Connecticut	21,514	21,929	415
Delaware	4,617	4,748	131
District of Columbia	16,511	16,468	-43
Florida	202,935	207,549	4,614
Georgia	48,298	48,886	588
Hawaii	39,029	39,544	514
Idaho	13,268	13,450	182
Illinois	50,165	51,145	981
Indiana	23,289	23,702	412
Iowa	20,899	21,106	208
Kansas	12,201	12,239	38
Kentucky	17,226	17,341	115
Louisiana	29,517	29,186	-331
Maine	11,055	11,276	220
Maryland	27,148	27,501	353
Massachusetts	39,023	39,780	757
Michigan	52,032	52,617	585
Minnesota	36,052	36,614	562
Mississippi	28,863	29,349	486
Missouri	35,792	36,899	1,107
Montana	17,732	17,922	190
Nebraska	9,091	9,368	277
Nevada	173,094	171,888	-1,206
New Hampshire	7,140	7,380	241
New Jersey	48,682	48,935	253
New Mexico	17,607	17,856	249
New York	105,195	107,883	2,688
North Carolina	55,384	56,022	638
North Dakota	6,391	6,453	62
Ohio	37,138	38,003	865
Oklahoma	36,022	36,982	960
Oregon	30,822	31,250	427
Pennsylvania	64,135	65,628	1,493
Rhode Island	6,760	6,850	91
South Carolina	33,298	33,779	480
South Dakota	10,403	10,657	254
Tennessee	41,495	42,158	663
Texas	143,367	146,426	3,059
Utah	22,428	22,869	441
Vermont	11,741	11,900	159
Virginia	44,525	44,819	294
Washington	47,909	48,584	675
West Virginia	11,585	11,779	194
Wisconsin	45,009	45,238	229
Wyoming	11,232	11,278	46

Source: Tourism Economics

U.S. Hotels' Total Wages, Salaries & Other Compensation Paid

State	2025	2026 2026 (Projected)	2025 vs. 2026 (Projected)
United States	**$127,914,073,370**	**$131,472,553,006**	**$3,558,479,637**
Alabama	$718,356,173	$754,073,706	$35,717,534
Alaska	$412,678,343	$443,471,890	$30,793,547
Arizona	$2,769,277,980	$2,863,215,296	$93,937,316
Arkansas	$463,512,602	$472,793,782	$9,281,180
California	$16,109,720,317	$16,563,562,375	$453,842,058
Colorado	$2,715,573,676	$2,829,426,808	$113,853,132
Connecticut	$1,356,640,867	$1,401,025,638	$44,384,771
Delaware	$254,540,254	$267,606,660	$13,066,405
District of Columbia	$1,507,550,438	$1,501,673,509	$ (5,876,929)
Florida	$12,220,629,514	$12,659,095,151	$438,465,637
Georgia	$2,623,830,820	$2,701,299,294	$77,468,473
Hawaii	$3,782,442,445	$3,896,601,006	$114,158,561
Idaho	$511,116,378	$533,287,960	$22,171,582
Illinois	$3,342,630,106	$3,504,767,991	$162,137,884
Indiana	$1,134,543,739	$1,187,953,165	$53,409,426
Iowa	$937,048,009	$959,967,790	$22,919,780
Kansas	$565,321,224	$578,524,191	$13,202,967
Kentucky	$833,015,115	$862,241,334	$29,226,219
Louisiana	$1,470,180,174	$1,477,494,319	$7,314,146
Maine	$ 701,818,916	$738,495,182	$36,676,267
Maryland	$1,977,734,884	$2,033,230,626	$55,495,742
Massachusetts	$2,844,829,756	$2,973,220,197	$128,390,440
Michigan	$3,205,589,116	$3,322,118,522	$116,529,406
Minnesota	$1,428,667,844	$1,475,873,901	$47,206,058
Mississippi	$1,421,032,949	$1,466,259,414	$45,226,466
Missouri	$1,893,076,740	$1,977,570,009	$84,493,269
Montana	$654,078,707	$680,154,925	$26,076,218
Nebraska	$357,588,338	$374,345,579	$16,757,241
Nevada	$13,971,039,711	$13,584,746,433	$(386,293,278)
New Hampshire	$398,335,852	$418,370,038	$20,034,187
New Jersey	$2,943,299,331	$3,031,852,450	$88,553,119
New Mexico	$750,128,108	$780,098,502	$29,970,395
New York	$10,618,888,346	$10,925,340,323	$306,451,977
North Carolina	$2,374,492,408	$2,469,685,192	$95,192,783
North Dakota	$403,500,882	$420,407,891	$16,907,010
Ohio	$1,533,045,205	$1,599,001,225	$65,956,020
Oklahoma	$1,254,479,952	$1,317,698,550	$63,218,598
Oregon	$1,209,258,843	$1,262,432,006	$53,173,163
Pennsylvania	$2,912,668,256	$3,016,229,127	$103,560,871
Rhode Island	$473,421,948	$493,110,090	$19,688,142
South Carolina	$1,752,473,159	$1,815,377,701	$62,904,542
South Dakota	$466,648,521	$480,817,331	$14,168,809
Tennessee	$2,419,261,696	$2,499,630,652	$80,368,956
Texas	$6,687,672,002	$6,981,855,503	$294,183,500
Utah	$1,255,694,867	$1,295,850,833	$40,155,966
Vermont	$611,614,785	$631,147,803	$19,533,019
Virginia	$2,242,285,918	$2,331,658,547	$89,372,629
Washington	$2,473,430,500	$2,555,241,534	$81,811,035
West Virginia	$530,475,598	$544,447,235	$13,971,636
Wisconsin	$1,856,309,481	$1,943,856,631	$87,547,150
Wyoming	$562,622,577	$574,347,190	$11,724,612

Source: Tourism Economics

Tax Revenue Generated By U.S. Hotels (2025)

State	Total	Federal	State and Local (including lodging)	Lodging
United States	**$85,099,368,374**	**$30,375,032,908**	**$54,724,335,467**	**$26,197,682,403**
Alabama	$470,769,586	$164,537,515	$306,232,071	$186,995,499
Alaska	$246,036,127	$95,936,364	$150,099,762	$74,913,816
Arizona	$1,603,283,700	$635,110,146	$968,173,554	$515,991,140
Arkansas	$331,060,314	$108,615,297	$222,445,017	$149,877,431
California	$9,126,015,593	$3,837,328,435	$5,288,687,159	$2,825,995,176
Colorado	$1,656,375,807	$639,646,760	$1,016,729,046	$419,659,418
Connecticut	$999,505,559	$329,344,352	$670,161,207	$153,287,184
Delaware	$208,234,848	$59,961,005	$148,273,843	$26,126,856
District of Columbia	$831,731,549	$257,815,214	$573,916,335	$321,573,125
Florida	$7,886,651,594	$3,084,048,450	$4,802,603,144	$2,765,825,388
Georgia	$1,865,860,498	$606,789,448	$1,259,071,050	$879,568,506
Hawaii	$2,439,945,235	$859,867,228	$1,580,078,007	$1,097,726,553
Idaho	$322,151,187	$116,357,549	$205,793,638	$103,612,368
Illinois	$2,576,186,703	$790,295,888	$1,785,890,814	$710,155,016
Indiana	$1,002,688,060	$249,289,100	$753,398,960	$231,285,507
Iowa	$866,984,186	$212,278,196	$654,705,990	$132,643,631
Kansas	$457,723,910	$131,436,060	$326,287,850	$154,727,890
Kentucky	$533,291,554	$182,610,596	$350,680,958	$227,032,102
Louisiana	$1,276,727,853	$316,160,961	$960,566,892	$167,838,812
Maine	$396,719,097	$160,810,664	$235,908,433	$101,017,197
Maryland	$1,789,614,944	$461,841,310	$1,327,773,635	$339,902,535
Massachusetts	$2,138,137,238	$659,705,075	$1,478,432,163	$795,256,073
Michigan	$2,282,659,377	$744,274,864	$1,538,384,513	$510,322,086
Minnesota	$1,008,504,834	$324,175,876	$684,328,958	$300,739,023
Mississippi	$1,039,365,188	$327,695,100	$711,670,088	$124,346,590
Missouri	$1,461,477,103	$425,334,960	$1,036,142,143	$328,858,589
Montana	$344,045,552	$149,320,305	$194,725,247	$100,819,050
Nebraska	$275,095,678	$80,805,646	$194,290,031	$114,354,515
Nevada	$7,925,533,319	$3,685,555,741	$4,239,977,578	$1,545,313,903
New Hampshire	$257,024,087	$91,353,526	$165,670,561	$94,248,569
New Jersey	$1,915,013,895	$723,693,856	$1,191,320,039	$334,925,952
New Mexico	$474,572,273	$174,319,920	$300,252,354	$134,364,663
New York	$8,925,866,760	$2,517,342,261	$6,408,524,499	$2,908,037,991
North Carolina	$1,321,103,153	$555,753,715	$765,349,437	$465,998,966
North Dakota	$234,009,199	$89,833,893	$144,175,306	$66,942,269
Ohio	$1,029,150,049	$346,875,659	$682,274,390	$387,608,374
Oklahoma	$654,502,553	$271,094,869	$383,407,683	$134,066,782
Oregon	$725,424,934	$279,164,164	$446,260,770	$276,068,065
Pennsylvania	$2,013,995,601	$663,607,662	$1,350,387,939	$519,406,477
Rhode Island	$348,011,175	$113,012,932	$234,998,243	$121,356,791
South Carolina	$1,264,429,684	$409,724,295	$854,705,388	$588,631,633
South Dakota	$263,420,605	$105,083,467	$158,337,139	$78,883,819
Tennessee	$1,674,426,493	$512,359,359	$1,162,067,135	$781,420,382
Texas	$4,276,803,415	$1,524,216,550	$2,752,586,866	$1,700,080,961
Utah	$883,320,830	$294,842,117	$588,478,713	$380,039,693
Vermont	$375,627,805	$140,774,944	$234,852,861	$133,870,467
Virginia	$1,456,297,277	$541,502,959	$914,794,319	$555,635,042
Washington	$1,643,089,858	$628,403,513	$1,014,686,345	$638,756,381
West Virginia	$589,931,322	$118,788,624	$471,142,698	$54,585,751
Wisconsin	$1,082,311,604	$429,106,287	$653,205,317	$313,203,978
Wyoming	$328,659,610	$147,230,230	$181,429,380	$123,784,417

Source: Tourism Economics

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