

# THE 2026 HOTEL INDUSTRY REPORT

Adapt & Thrive in a Changing  
Hospitality Landscape

# EXECUTIVE SUMMARY

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In 2025, the U.S. hotel industry is not just recovering, it is reinventing itself in the face of new realities and opportunities. This 2026 U.S. Hotel Industry Report from **The Travel Foundry** highlights how hotels have surged back with record revenues and robust demand while navigating economic headwinds. More importantly, it captures a sector reshaped by technology and shifting guest expectations.

Artificial intelligence and automation have left the buzzword stage and stepped into daily operations, powering everything from personalized marketing to intelligent concierge services. Today's guests, especially Millennials and Gen Z, expect frictionless digital experiences, personalization at every turn, and brand values that feel authentic. Loyalty is being rewritten. Points are no longer enough. Travelers want curated perks and emotional connections. Sustainability, once a talking point, is now table stakes and a key differentiator as guests choose brands that prove they care for the planet.

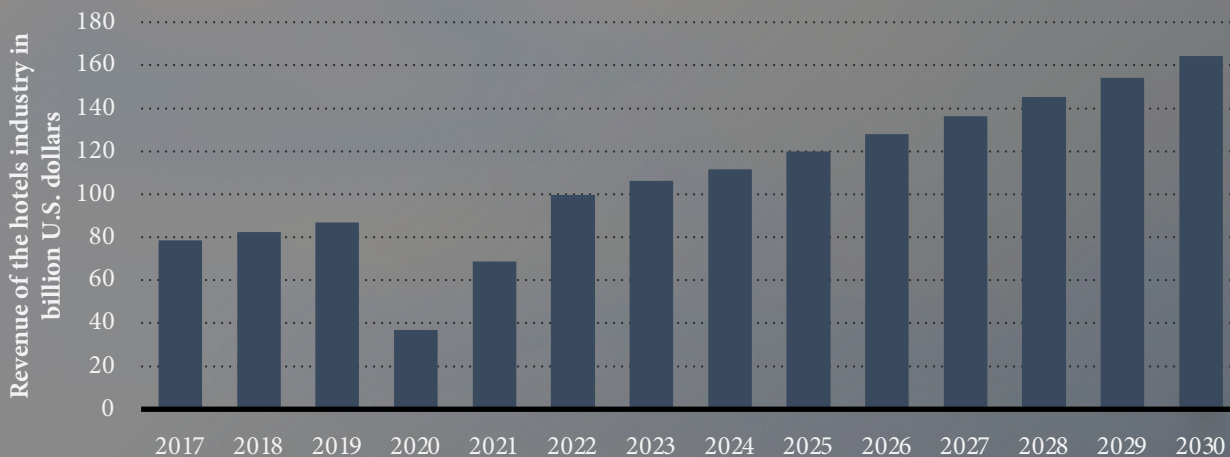
For marketing directors, general managers, owners, and executives, the message is direct: adapt or risk irrelevance. The following pages distill the major trends, guest insights, and opportunities shaping 2025 and beyond. Each takeaway is matched with real-world examples and action steps. The aim is not just to present data, but to give a narrative lens into where the industry is moving and how to position your brand to lead.

The future of hospitality will belong to those who embrace change, harness loyalty, personalize every touchpoint, and elevate digital engagement into unforgettable guest experiences and sustainable growth.

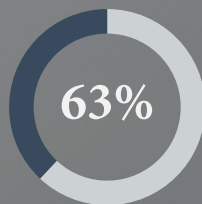


# 2026 OUTLOOK

**Demand has plateaued. Profitability will depend less on market tailwinds and more on operational control.**



**Occupancy:**



range through 2026, roughly flat to slightly lower vs 2025 depending on source. [CBRE Hotels+1](#)

**ADR:** +1 percent in 2026, rate growth converging with demand.

**RevPAR:** +0.8 percent in 2026 after a soft 2025.

## **What This Means For Hotels:**

**Owners:** Focus on margin protection and mix strategy. Flat demand means you can't count on RevPAR to cover rising labor and FF&E costs.

**Revenue teams:** Protect shoulder nights, segment by profitability not volume, and tighten stay controls (LOS, rate fences).

**CFOs:** Model real ADR growth versus inflation. A +1% rate increase in a 3% inflation environment means effective rate decline.



# SUPPLY PIPELINE

New builds remain slower than the long-term average as capital and FF&E costs stay elevated. Conversions increase, and extended-stay projects lead new openings through 2027. Net supply growth remains below historic norms, which supports pricing when demand compresses.

**Why It Matters:** Limited new supply helps protect pricing, but the mix is shifting. Extended-stay projects will intensify competition for long-stay demand.

*Lodging Econometrics shows 747,000 rooms in the U.S. pipeline (+8% YoY)*

## **What This Means For Hotels:**

Evaluate extended-stay where healthcare, logistics, and universities create reliable length of stay.

Protect pricing power with disciplined inventory release around events.



# COMPETITIVE LANDSCAPE



- Marriott International Inc.
- Hilton Worldwide Holdings Inc.
- Best Western International Inc.
- Choice Hotels International Inc.
- Other Companies

**Market remains fragmented:** Even Marriott, the largest player, controls just 5.8% of share. With nearly 9 out of 10 dollars flowing to independents and smaller groups, there is enormous headroom for distinct brands that can signal clearly who they are for.

**Hilton beats Marriott on margins:** Despite being smaller, Hilton's 20.8% profit margin far outpaces Marriott's 14.1%. This shows that operational focus and yield discipline can outperform sheer scale.

**Franchised midscale models thrive:** Choice Hotels holds only 0.5% of share, but their asset-light franchising delivers the highest margins in the sector at 33.3%. Independent hotels can take cues—lean structures with strong brand licensing or partnerships can be just as powerful as size.

**Global giants aren't guaranteed US strength:** Accor, a global powerhouse, has only 0.4% of share in the US. Regional relevance still trumps global scale. Independents with strong local resonance are better positioned than they might think.



# COMPETITIVE LANDSCAPE

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Short-term rentals remain a strong alternative for families and longer stays. In cities with tighter rules, like New York, legal STR supply dropped and pushed some guests back to hotels, which supported rate.

Expect continued regulatory patchwork across the U.S., so track local rules in your comp set. Position hotels on reliability, service, and loyalty value, and use extended-stay products to win length-of-stay shoppers.

*Airbnb reports NYC STR listings plunged over 90% following 2023's law change*

## What This Means for Hotels:

**Position clearly:** Promote reliability, recognition, and on-site services STRs cannot replicate.

**Track regulation:** Monitor local rules in your comp set. Adjust bidding and length-of-stay strategy where STR supply contracts.

**Product development:** Lean into extended-stay and suite inventory to capture guests displaced from rentals.



# WHO'S TRAVELING?

## Demographics

### Millennials + Gen Z

- Driving the biggest shift in hospitality
- Value authenticity, inclusivity, and digital ease
- Share every experience, good or bad, across social platforms
- Gen Z lives on mobile: 85% plan and book trips on smartphones (eMarketer)
- Seek hotels that align with their lifestyle and values

### Boomers + Gen X

- Still a major revenue engine, especially in upscale segments
- Prioritize comfort, safety, and loyalty rewards
- Expect reliability and consistency from brands they trust

## Travel Purpose



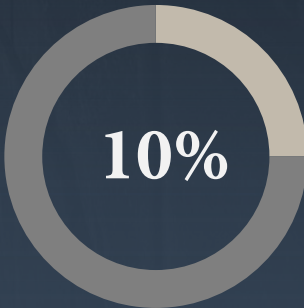
69%

Leisure  
Travelers



13%

Business  
Travelers



10%

International  
Travelers



# WHAT GUESTS WANT IN 2026

## Clarity, fast

Within seconds guests want to know if your hotel fits how they see themselves. If your brand looks like it was built by committee, they leave.

## Control without choreography

Guests want to self-serve the basics, then get warm, unscripted help when it counts. Seventy percent will skip the front desk if given the option (PR Newswire).

## A reason to return now, not later

Status and points still matter, but personalized value during the stay matters more. Instant perks over future promises.

## Proof over posture

Brand promise must match brand delivery. The gap shows up as a half-empty wine glass under the bed, a delayed room, a scripted non-answer. Close the gap or reviews will.

## Experience over everything

Travelers increasingly choose the right experience over the lowest price. Experience is not garnish, it is the strategy (McKinsey & Company).

*Mews found*

**68%**

*of travelers  
now prioritize  
personalized  
experiences  
over points*

## What This Means for Hotels

Audit your digital front door (OTA, site, Instagram). Guests decide “for me / not for me” in seconds.

Nail the basics (mobile key, messaging) to free staff for real hospitality.

Train teams to close the promise gap. One broken promise kills ten brand claims.

Treat experience design as the business model, not the garnish.



# TODAY'S GUEST MINDSET

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Hotel guests have never been more empowered, and never more discerning. They are used to seamless tech, endless choice, and tailored service in other industries, and now they demand the same from hotels. Several themes define the modern traveler.

## Seamless Digital Service

Guests want to book, check-in, and order from their phone, but still expect quick, human help when complexity arises.

Hotels with mobile key and messaging see higher satisfaction and repeat booking (Hotel Dive 2025).

## Quality, Value, and Values

Guests scrutinize the price–experience ratio. Surprise fees erode trust instantly.

They also evaluate what brands stand for: treatment of staff, eco-initiatives, and community impact.

Values aren't abstract, they're a booking filter.

**72%**

*of U.S. travelers said they value personalized communication and recommendations*

## What This Means for Hotels:

**Tech teams:** Prioritize omnichannel consistency. Guests expect the same tone and service whether on app, phone, or in-person.

**Owners:** Rate integrity is inseparable from trust. Don't nickel-and-dime if you want repeat business.

**Leadership:** Invest in purpose with proof. Staff culture, sustainability, and community ties drive loyalty as much as points.



# TODAY'S GUEST MINDSET

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## Expectation of Seamless Digital Service

- Guests want digital ease without losing human warmth.
- Booking, check-in, and room service should be simple and instant from their phone, without standing in line.
- A clunky or confusing digital interface can derail the entire stay.
- Hotels that offer mobile key access and in-app messaging consistently see higher satisfaction scores.
- When problems arise, guests still expect fast, friendly human support.
- The sweet spot: let technology handle transactions, while staff focus on being attentive hosts and knowledgeable guides.
- Guests now expect an omnichannel journey, with consistent service whether they connect via app, phone, face-to-face, or social media.

## Quality, Value, and Values

- Travelers are closely weighing quality against price and expect transparency.
- Hidden fees or unclear pricing erode trust and satisfaction.
- Experiences must feel worth the spend, delivering real quality and care.
- Guests also care deeply about a brand's values and social impact.
- Most consumers now prefer companies that demonstrate a positive impact.

### What This Means For Hotels:

The message is simple: guests are judging both the tangible and the intangible. Service, comfort, and price matter, but so do purpose, principles, and proof that a brand is aligned with the world they want to live in.



# MARKET OPPORTUNITIES

Amid shifting guest expectations, hotels have a window to stand apart. These are the levers to capture market share, build loyalty, and future-proof growth.



## Rebuild Trust to Protect Rate

Reputation is the fastest lever to RevPAR. Publish service standards, show how issues are resolved, and close the loop in reviews. Rate integrity follows trust.



## Redefine the Comp Set

Your competition is not only the hotel down the street. It is short-term rentals, social media expectations, and lifestyle brands. Define your edge in one line guests would repeat.



## Engineer a Profitable Guest Mix

Not every guest segment delivers equal return. Model by length of stay, ancillary spend, channel, and complaint risk. Then design experiences around the guests you want more of.



## Loyalty as a Relationship, Not a Program

Points alone no longer hold attention. Travelers want instant, personalized perks and membership that feels like belonging. Think partnerships (dining, rideshare, retail) and tiered VIP experiences that extend your brand beyond the room.



## Personalization at Scale

Guests expect recognition, not mass marketing. AI-driven CRM systems can turn data into curated offers, anticipate preferences, and empower staff to deliver wow moments. Personalization drives loyalty and rate premiums.

*Hotels responding to 100% of reviews see rating gains  
(TripAdvisor)*



# MARKET OPPORTUNITIES



## Strengthen Direct Channels

Every direct booking saves margin and builds data. Make it obvious in five seconds why guests should book direct: member-only offers, smoother digital flows, and content that inspires.



## Hospitality in Every Digital Touchpoint

From booking to checkout, digital has to feel effortless. Mobile key, messaging, and omnichannel response build trust. Technology should clear the way so staff can focus on being true hosts.



## Purpose That Guests Can See and Feel

Sustainability and social impact are baseline expectations. Credible action, backed by data, earns loyalty and pricing power. Guests want to participate in your purpose, not just read about it.



## Monetize Beyond Rooms

Hotels are platforms, not just addresses. Unlock new revenue streams with day passes, memberships, co-working, workshops, and curated micro-events that draw locals and travelers alike.



## Innovate the Product Mix

The line between hotels and rentals is blurred. Lean into what hotels do best, consistency, service, amenities, while experimenting with flexible offerings like subscription stays, home rentals, or blended bleisure packages.

### What This Means for Hotels

- Track revenue per guest, not just per room.
- Ancillary spend drives growth.
- Make purpose and partnerships visible.
- Guests book values as much as beds.
- Test blended models. Subscriptions or flexible stays can smooth cash flow.



# PROOF, NOT THEORY

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**Loyalty as ecosystem:** Bonvoy extends into daily life via partners and rides, making loyalty habitual. Lesson, embed beyond the stay.

*Marriott Bonvoy has 228M members (Marriott 2024 report)*

**Frictionless first minutes:** Hilton Digital Key used at massive scale, demonstrates tech can remove friction so staff can add warmth.

**Sustainability that sells:** Net-zero properties generated global earned media and eco-demand by backing claims with audits and visible changes. Lead with evidence, not slogans.

*71% of affluent travelers prefer experiences (Mews)*

**AI with personality:** chat and SMS triage at scale, humans fix with empathy and brand voice.

**Signature experiences:** programs like wellness runs or artist residencies become a hotel's calling card and a shareable memory.

**Culture is the loudest media:** empowered teams create moments marketing cannot. Guests feel it, reviews reflect it.

## **What This Means for Hotels:**

Every property can define one **signature signal** — a proof point that resonates and scales into reputation.

AI and tech are accelerators, not replacements. The human layer is what makes the memory.

Sustainability is no longer storytelling. It must be visible, audited, and experienced by guests.



# THE 45-DAY ADVANTAGE

Travelers spend weeks researching and comparing before booking, and weeks waiting to arrive. This is your compounding window.

Week 6 to 4 before booking: high-signal storytelling across search, OTAs, and social. Make fit obvious in five seconds.

Week 3 to 1 before booking: retarget with segment-specific reasons to choose you. Highlight the feeling your guest is buying.

Post-booking to arrival: turn waiting into anticipation with choice emails, curated add-ons, and micro-surprises.

Post-stay: close the loop. Ask the question that surfaces one actionable improvement. Then tell guests how you used it.

*Travel brands see a 20–30% lift in ancillary sales from pre-stay campaigns (Hospitality net)*

## What This Means for Hotels

- Put more budget into pre-arrival. Early touchpoints beat late-funnel ROI.
- Use anticipation sequences (email, app, SMS) to turn waiting into belonging.
- Treat post-stay feedback as free R&D. Acting on it builds loyalty fastest.



# TAKING ACTION FOR HOTEL LEADERS

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A focused playbook for the next 90 days.



## Pass the Five-Second Signal Test

Look at your homepage, OTA listing, and Instagram. Can a qualified guest instantly see “this is for me”? If not, rewrite your hero content now.



## Engineer Pre-Arrival Choreography

Build a three-touch email or app sequence: orient, personalize, and create anticipation. Add one small loyalty perk that feels generous and immediate.



## Mobile Spine, Human Warmth

Implement or refine self check-in and digital key. Retrain lobby staff to host and problem-solve, not process. Measure time-to-room and first-issue resolution.



## Close the Brand Gap

Audit housekeeping, maintenance, and response scripts. Fix the top five issues guests actually notice. Publish standards internally and celebrate quick wins.

## What This Means for Hotels:

These are **90-day moves**, not 12-month projects. Leaders who act now will see rate protection, happier staff, and stronger reviews before the next quarter closes.



# TAKING ACTION FOR HOTEL LEADERS



## Loyalty That Pays Now

Redesign loyalty to include instant on-property perks at every tier. Partner locally (a free coffee, gym pass, or tour credit) to extend your ecosystem beyond the stay.



## Lead With One Signature Experience

Choose a single branded experience that fits your identity. Name it, package it, and showcase it visually. A clear signature drives rate premium and differentiation.



## Sustainability Guests Can Feel

Add visible, credible green actions, refill stations, solar chargers, local sourcing. Train staff to explain the impact. Sustainability must move from posture to proof.



## Automation Behind the Scenes, Surprise Out Front

Use AI and automation for routine tasks. Reinvest saved minutes into surprise-and-delight moments that feel human and personal.



## Stay Data-Informed and Agile

Track what resonates, reviews, booking patterns, campaign results. Double down on what works, pivot fast when it doesn't. Agility is a competitive advantage.

**What This Means for Hotels:** These aren't "nice to haves." They are **profit levers disguised as guest perks.** Loyalty, sustainability, and agility are how you turn flat demand into competitive advantage.



# ABOUT THE TRAVEL FOUNDRY

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The Travel Foundry is a strategy and creative partner for travel and hospitality brands that refuse to play it safe. We decode what guests actually respond to, then build the signals, experiences, and systems that make a brand unmistakable.

We build frameworks hotels can run every day, stories guests actually remember, and clarity that turns marketing into measurable bookings.

**Contact Us:**  
Elevate your guest experience  
with The Travel Foundry

**[Thetravelfoundry.com](https://thetravelfoundry.com)**  
**[hello@thetravelfoundry.com](mailto:hello@thetravelfoundry.com)**

# APPENDIX

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**THE TRAVEL  
FOUNDRY**