

State of the Industry 2025



In 2024, U.S. hotels struggled under inflationary pressures, high interest rates and rising costs as property-level expenses, including insurance, maintenance, IT and overall operational costs outpaced hotel revenue growth, further intensifying the challenging, post-pandemic hotel business environment.

Despite these issues, the projected hotel industry outlook in 2025 remains strong, driven by key trends in guest spending, shifting traveler behaviors and upcoming major sports and entertainment events, according to AHLA's 2025 State of the Industry Report produced in collaboration with Accenture.

2025 PROJECTED INDUSTRY OUTLOOK

\$128B

Total
Compensation
(Wages and
Salaries)

2.15M

Total Hotel
Employees

\$55B

State and Local
Tax Revenue
Generated

\$30B

Federal Tax
Revenue
Generated

\$777M

Hotel Guest
Spending

\$103

Revenue Per
Available Room

KEY TRENDS

New Traveler Archetypes Expand The Target Market As Demographics Shift.

- The most significant driver of this change is the rapidly growing aging population.
- Rising housing costs and student debt are reshaping the priorities of younger generations.
- 89% of Gen Z adults say travel is a top financial priority, preferring unique, uncharted experiences.

Beyond The Stay: Changing Consumer Desires Opens Opportunities To Diversify Revenues.

- Traditional revenue drivers like net unit growth, RevPAR and occupancy are no longer enough to ensure sustainable growth.
- Hotels are accommodating changing consumer desires by offering custom experiences, modern lifestyle loyalty programs and elevating valuable partnerships.

The Draw Of Events: Sports And Entertainment Reveal New Ways To Leverage Consumer Enthusiasm.

- Sports and music tourism are projected to become a \$1.5 trillion industry by 2032.
- Recent sporting and entertainment events such as Super Bowl LVIII and Taylor Swift's Eras Tour generated over \$860 million for local economies in Las Vegas and Los Angeles.
- The FIFA World Cup (2026) and the 2028 Summer Olympics in Los Angeles provide significant growth opportunities for the hotel industry.

Generative Artificial Intelligence Enables Companies To Break Through Noise, Rebuild Trust.

- Better service that reflects careful and responsible use of data builds trust.
- Taking a human-centered approach to technology adoption will separate winning organizations.