HVS

MARKET REPORT

2025/26 Federal Per-Diem Update: Steady Rates Ahead

OCTOBER 2, 2025

The per-diem lodging rates set the maximum amount a federal traveler can reimburse and are based on the average rates for mid-priced hotels. For the overall continental United States, the recently published per-diem rates for the 2026 fiscal year have remained stable when compared to the 2025 rates.

Federal Per Diem Overview

The federal government per-diem rate is made up of a lodging allowance and a meals and incidental expense (M&IE) allowance. The per-diem lodging rates, which set the maximum amount a federal traveler can reimburse, are based on the average rates for mid-priced hotels and are set annually by the U.S. General Services Administration (GSA). A standard rate applies to most of the continental United States (CONUS), while individual rates apply to about 300 non-standard areas (NSAs), mostly comprising primary destinations or key cities.

Since the 2005 fiscal year, federal lodging per-diem rates have been based on average daily rate (ADR) data, less 5.0%. The rates are updated annually, with the next fiscal year's rates published in mid-August. As explained by the GSA, the three factors that influence the federal lodging rate and may result in per-diem rates that differ from the CONUS rates are listed below:

- Property Selection Criteria: The goal of the GSA is to choose properties best representing mid-range hotels in each market using criteria such as location, fire-safe certification, and various property demographics.
- Time Frame of Data: The GSA uses ADR data from the trailing April–March period.
- Seasonality: Seasonal rates are created by the GSA in many markets that have a sustained period (two or more months) where rates vary by at least 15% from the preceding or following period, based on three years of data.

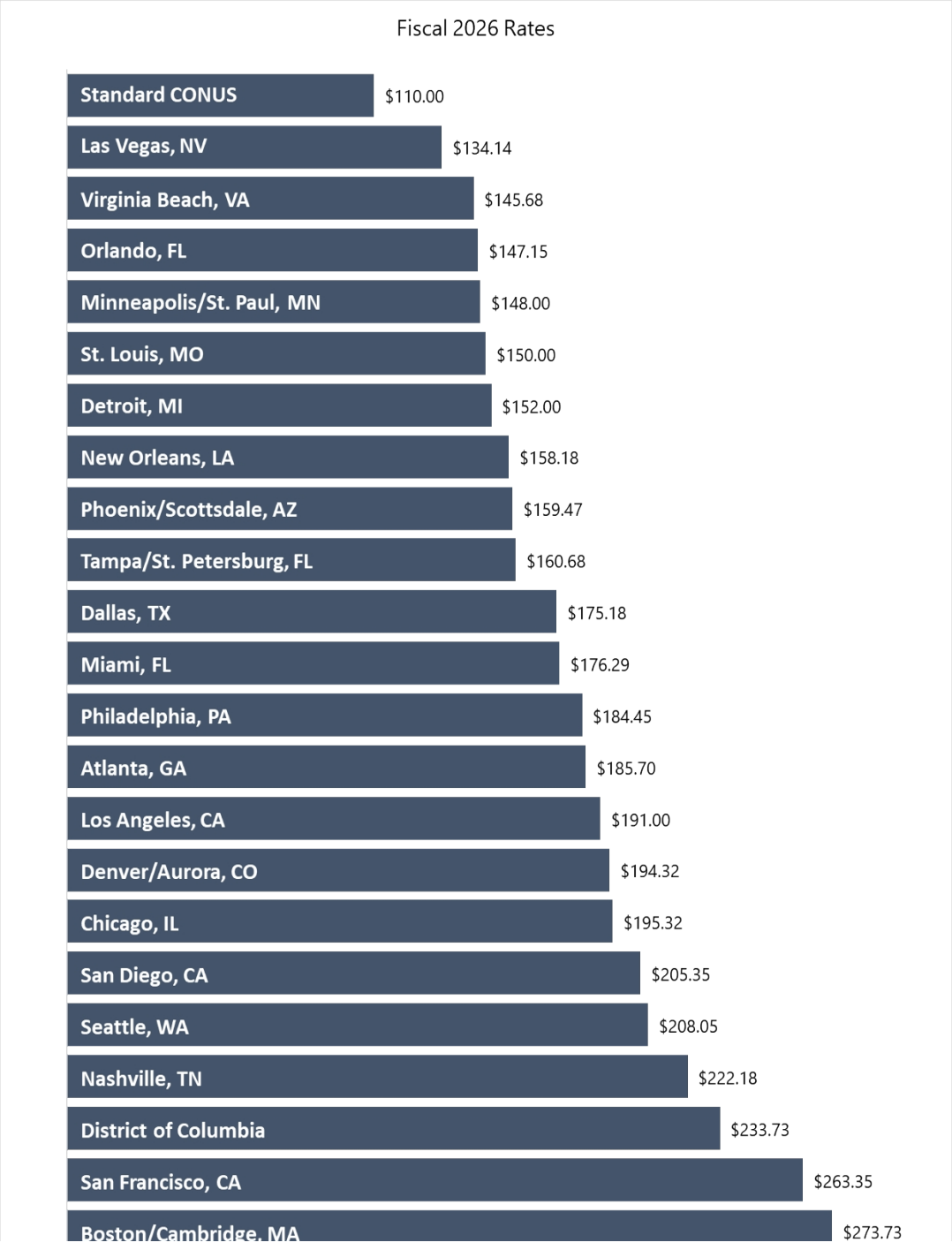
Fiscal 2026 Per-Diem Rates Hold Steady

For the 2026 fiscal year beginning October 1, 2025, the standard CONUS daily lodging allowance and the M&IE allowance will both remain flat at $110 per day and $68 per day, respectively. Individual lodging rates and seasonal rates have also remained stable for all non-standard markets. The GSA reported the stable rates were made possible by the administration's continued dedication to prudent management of taxpayer dollars. It is rare that no market, seasonal, or

ME&I rates are adjusted for a new fiscal year; while there have been past years in which the standard CONUS rate and NSA lodging rates have remained flat, the ME&I numbers were still adjusted in those years.

The standard CONUS lodging rate has fluctuated over the last several years. After a modest increase from FY2022 to FY2023, the CONUS lodging rate surged again in FY2024 before declining minimally in FY2025; however, as detailed above, rates have stabilized for FY2026. Overall, the CONUS lodging rate has increased by almost 15% from FY2020 to FY2026, while M&IE has risen by more than 23%. The most significant growth in the ME&I rates occurred in FY2025, with a roughly 12% increase, which is a signal of inflationary adjustments. For illustration purposes, the top markets' lodging rates for FY2026 are shown below.

Top U.S. Lodging Markets' Lodging Per-Diem Rates Range from $134 to $277





Source: GSA

Understanding the Impact on Hotels

While federal travel may not represent a significant source of demand in many areas throughout the United States, per-diem rates provide several lodging and economic indications, such as year-over-year fluctuations, market seasonality, and demand shifts. From a hotel advisory and valuation standpoint, in markets with strong federal government travel, the most recently published per-diem rates and the seasonality changes are significant considerations in the analysis and development of the hotel's pro forma or revenue projections.

At HVS, we turn data into powerful insights that drive your success. To speak to our local experts about your hotel market's per-diem rate changes and the lodging indications they reveal, please reach out to Chelsey Leffet.