HVS

MARKET REPORT

ALIS 2026 Takeaways: A Hotel Investment Landscape Defined by Liquidity, Caution, and a Race for Differentiation

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The 2026 ALIS Conference made one thing clear: the hotel industry is navigating an unusual moment where capital is plentiful, deal flow is scarce, and the operating landscape is rapidly and constantly shifting. Optimism was evident but grounded, marking a clear move beyond post-pandemic enthusiasm toward more practical, disciplined thinking.

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The Market Is Flush with Funds, But Underwriting Remains Tight

Across sessions and conversations, one theme stood out: there is no shortage of capital. From CMBS lenders to bridge providers, conventional funds, and JV partners, the money is there for both acquisitions and new developments, but deal volume remains muted.

Two main barriers continue to hinder transactions:

- Low cash flows, pressured by rising operating costs.
- Major PIPs that push underwriting past acceptable limits.

As a result, more buyers are focusing on strong in-place cash flow rather than chasing value-add plays. The appetite to deploy capital is real, but inventory remains thin. Several buyers noted that some of the listings unveiled at ALIS were recycled from last year.

Pricing Realism Takes Hold, Bringing Buyers and Sellers Closer

Sellers are becoming more realistic about pricing, helped by improving interest rates and a stronger appetite to transact in 2026. Brokers shared that owners are actively seeking value checks, creating a sizable BOV pipeline heading into the year.

The good news is that many believe the bid-ask gap has narrowed to roughly 5%, which could finally help unlock deal activity. Even more encouraging, several owners said today's ~6% cost of debt is workable again, making new deals pencil for the first time in a while.

Market Forecasts Show Modest Growth—and Persistent Uncertainty

HVS and industry analysts expect RevPAR growth to stay flat to modest in 2026. There's little agreement on how major events like the FIFA World Cup will influence demand, underscoring how tough forecasting has become.

Key trends shaping the outlook include:

- A widening dissociation between GDP and travel demand.
- Luxury segments outperforming economy and midscale.
- Continued pressure on margins driven by labor, regulation, and rising expenses.

Despite these headwinds, many owners expressed cautious optimism that top-line revenues will trend upward, albeit slowly.

The AI Acceleration: A New Era of Competitive Advantage

One of the most discussed themes at ALIS was artificial intelligence. Adoption is no longer an experiment; it's a competitive necessity.

Recent research shows that once travelers try AI, they quickly adopt it as their main starting point for trip ideas and hotel searches, with usage doubling from Q2 to Q3 2025. Analysts are projecting AI platforms could capture up to half of all travel-search share by 2026.

This shift has real implications for traditional review sites and search behavior, making it more important than ever for hotels to ensure their content is structured, accurate, and easy for AI tools to read so they remain discoverable at the moment travelers begin planning.

Additionally, for hoteliers, the competitive edge is increasingly tied to how effectively they adopt AI, whether through operational efficiencies, automated revenue management, personalized guest journeys, or streamlined labor-intensive tasks. Groups that invest early in these capabilities are likely to stand out as the landscape grows more crowded and competitive.

Management Company Consolidation on the Horizon

Signs point toward increased Merger & Acquisitions activity among third party management companies. Scale, technology capabilities, and operating efficiency become more important in a rising-cost environment. Owners are expecting more from their operating partners, and groups that can deliver are beginning to stand out.

Policy, Politics, and a Potential Shutdown

Despite the positive tone, several attendees expressed concern about the looming government shutdown, particularly regarding the impact on SBA financing. With an election year ahead, political uncertainty is expected to exert additional pressure on confidence and planning.

Where the Industry Stands Heading Into 2026

The overall sentiment coming out of ALIS is best described as "optimistic realism." The industry recognizes a mix of challenges, from margin pressure and forecasting uncertainty to rising operating costs and a narrower pipeline of available assets, yet many participants appeared energized by improving interest rates, more grounded seller expectations, and the accelerating influence of AI across the sector.

Most expect that another reset in asset values may still be necessary before transaction activity truly opens up. Even so, there is a growing sense of momentum, supported by steady demand patterns, several major events on the horizon, including the USA's 250th Anniversary and the FIFA World Cup 2026, and a gradually stabilizing rate environment, which suggest that the market could become more active in the months ahead.