HVS

MARKET REPORT

Strategic Differentiation and Value Creation: Takeaways from the 2025 BLLA Boutique Hotel Investment Conference

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The 2025 Boutique Hotel Investment Conference by BLLA brought together hotel owners, investors, developers, advisors, and brands with a focus on independent, boutique, and lifestyle hospitality. This year's panels and conversation centered around operational efficiency driving owner's profitability and the renewed appetite for thoughtful, experience-driven hotel and F&B concepts. This article discusses our key takeaways from the conference.

Hosted at Florence Gould Hall in New York City, the 2025 Boutique Hotel Investment Conference, organized by the Boutique & Luxury Lodging Association (BLLA), immediately followed the NYU International Hospitality Investment Forum held earlier that week. The event brought together a mix of hotel owners, investors, developers, advisors, and brands committed to pushing the boundaries of independent, boutique, and lifestyle hospitality. Against a backdrop of industry evolution and consumer expectation shifts, this year's panels and conversation focused on operational efficiency driving owner's profitability and the renewed appetite for thoughtful, experience-driven hotel and food and beverage (F&B) concepts.

Below are HVS's key takeaways from the conference.

Cutting Through the Brand Noise: Creating Differentiated Hospitality

Boutique hotels often have the advantage of being able to break from rigid brand standards and deliver more intentional, guest- and location-specific experiences. This flexibility allows owners to design facilities and programs that reflect the needs of their market and consumer rather than conforming to a one-size-fits-all model. It also supports more efficient use of capital, enabling owners to invest only in the elements that deliver return, both during development and in ongoing operations.

As the hospitality landscape becomes increasingly saturated with soft-branded and lifestyle offerings, the need for clear, intentional positioning has become more important. Through HVS' brand and operator search work, we consistently see

owners prioritizing alignment with platforms that bring true strategic value, promoting the highest and best use of their funds for the strongest return on investment. Selecting the right partner requires a clear understanding of market fit, operating capabilities, and alignment with long-term ownership strategy. Several panelists and conference attendees emphasized that owners are increasingly prioritizing projects that are thoughtfully conceived, as these are more likely to sustain long-term value.

Rethinking Food & Beverage and Other Operated Departments as a Value Driver

The consensus: cookie-cutter restaurants are dead. Boutique hotels are increasingly treating F&B not as a requirement but as a core strategy to engage both travelers and locals. Developers and owners shared that they're selecting F&B operating partners based on their expertise in and understanding of three concentric audiences: hotel guests, locals, and the locale's cultural ecosystem.

Ultimately, F&B outlets, as well as other operated departments like spas and retail, must contribute meaningful revenue and margin to the hotel's bottom line. Other operated departments cannot be mere guest amenities or loss leaders; they should be seen as individual business units that need to perform in their own right. Rod Clough, MAI, President of HVS Americas, noted that if a spa is not operating with the appropriate expense margins, then the ownership or asset manager needs to investigate the root causes, such as labor, pricing, or utilization, and make strategic adjustments to ensure profitability. Aesthetic appeal and experiential value are not enough; every operated department must be held accountable to the same financial performance standards as the rooms department.



Capital Market Trends

With interest rates stabilizing yet still elevated, financing boutique hotel projects remains challenging in today's capital markets. Boutique projects, often smaller and more narrative-driven, may require more customized capital solutions than their branded counterparts.

Preferred equity has become a key tool to close financing gaps, according to some industry experts, particularly in urban conversions and ground-up developments with high basis costs. In some cases, EB-5 and Opportunity Zone programs are being utilized, though their application is situational. Family offices remain interested in boutique hotel investments, particularly when the strategy includes long-term hold horizons and sound real estate fundamentals. Across the board, groups deploying capital are focused on strong sponsorship, clearly defined business plans, and realistic proformas.

Asset Management for Boutique and Lifestyle Hotels

As boutique properties grow in number and ambition, so too does the need for disciplined asset management. Being labeled an “independent” or “boutique” hotel is no excuse for inconsistent financial performance or operational looseness. Sophisticated owners are employing asset managers and applying institutional-grade tools—benchmarking, data analytics, and asset management oversight—to drive gross operating profit (GOP) and long-term asset value.

Several case studies shared on stage revealed how a thoughtful balance of creativity and accountability can help a boutique property outperform its competitive set, which often includes branded hotels. The takeaway: in the hands of the right management and asset management team, an independent hotel can rival branded or brand-managed hotel in returns.

Final Thoughts

This year’s BLLA conference reaffirmed the enduring power of boutique hotels to inspire and create value, both financial and emotional. Succeeding with a boutique or lifestyle hospitality project requires discipline, ingenuity, and above all, a respect for place and people.