MARKET REPORT

The Lodging Conference 2025: HVS Takeaways

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This year's Lodging Conference was well attended with a cautiously optimistic atmosphere, despite the challenges currently facing the industry. HVS was pleased to sponsor the event, and we were strongly represented with participants from multiple divisions. Several HVS attendees provide their thoughts and takeaways from the event in this article.

HVS was pleased to sponsor this fall's pinnacle event for our industry, a highly-attended and hopeful Lodging Conference, despite the challenges currently facing our industry. HVS President, Rod Clough, MAI, CRE, MRICS, helped open the conference during the Speed Stats session, followed by a presentation later that day. Neil Flavin, COO of HVS Asset Management & Advisory, also participated on a panel. Our suite was bustling with meetings all week, held by leaders from the HVS Design, Executive Search, Brokerage & Advisory, Asset Management & Advisory, and Consulting & Valuation divisions.





Thoughts on the event from Luigi Major, MAI, HVS Consulting & Valuation:

Some keywords that marked this year's conference were “challenging” and “uncertainty,” as the industry remains in a period of cautious optimism. Hotel performance in 2025 has fallen short of expectations; ADR and RevPAR growth have been underwhelming, with most firms forecasting little RevPAR change by year-end 2025. Expenses, on the other hand, continue to rise, cutting into profitability. Meanwhile, macroeconomic uncertainty, from policy shifts on tariffs and immigration to the ongoing federal government shutdown, continues to hang over travel demand and ultimately hotel performance. In light of this dynamic, the transaction market, while active, remains below historical levels, weighed down by a wide bid-ask gap and a disconnect among sellers’ expectations, buyers’ cost-of-capital, and operational realities.

A second theme was the industry’s accelerating embrace of artificial intelligence and technology. Speakers underscored that hospitality has long lagged behind other sectors in tech adoption, but AI may finally represent a “game-changer.” Early adopters are already seeing operational efficiencies, particularly in budgeting and forecasting. Overall, the conference tone was sober but constructive. The industry acknowledges the headwinds yet sees opportunity in leaner operations, tech efficiency, and selective dealmaking as 2026 approaches.

Thoughts on the event from Kasia Russell, MAI, HVS Hotel Management:

The overall sentiment at this year’s conference was cautious optimism, with attendees expressing concern about the current state of the industry, namely the rising costs, flatlining revenue, and macroeconomic uncertainty. The primary challenge facing operators is the squeeze between flattening revenue and rising operating expenses, putting significant pressure on profit margins. Technology and AI dominated much of the discussion as potential solutions to improve operational efficiency and profitability. There’s clearly an industry-wide push to understand how these tools can be practically implemented to address cost concerns and streamline hotel operations.

On the macro front, several headwinds persist. Tariff uncertainties continue to create anxiety, and international inbound travel remains weak even as U.S. outbound travel stays strong. Corporate demand in many cities continues to lag 2019 levels. This imbalance is reshaping demand patterns and revenue expectations for hotels. However, there are reasons for measured optimism. Limited new supply entering the market should ease competitive pressure and give existing hotels more breathing room to stabilize performance. Additionally, the trajectory of declining interest rates is generating hope that hotel valuations may become more attractive and that transaction activity could pick up in the near term.

Overall, the industry appears to be in a holding pattern—managing through near-term challenges while waiting for economic conditions and fundamentals to improve.

Thoughts on the event from Alice Sherman, HVS Executive Search:

Top-of-house roles are under more scrutiny than ever, as owners and boards want executives who can do more (cost control, technology, brand repositioning) with less. Traditional profiles are evolving, with hybrid capabilities (operations plus data/technology fluency) becoming more valued.

There was encouragement of owners and developers to use the weaker cycle to pick up assets or break ground where risk-adjusted returns make sense. The logic is that projects begun now may open into a stronger macro environment. High interest rates and construction costs are pushing more deals toward conversions and repositioning rather than full ground-up builds.

Despite macro uncertainty, many executives struck a balance between wariness and opportunity. Risks such as tariffs, interest rates, and geopolitics remain top of mind, but the narrative is that the current environment offers openings for bold players and that the industry is adapting to today's climate as the new reality.

Thoughts on the event from James Rebullida and Matthew Omansky, HVS Brokerage & Advisory:

There's a lot of both private and institutional investors sitting on capital looking for the right deals with more conservative metrics on their underwriting and less optimism. These investors prefer assets with good historical cash flow, newer physical plants (less than ten years old), and a premium brand (Hilton or Marriott are often preferred). Lenders are still active, but they tend to be more conservative and selective about the quality of the deal and borrower. The market expects deal flow to pick up next year.

Conversion of existing assets seems to be a big topic for a lot of institutional owners. Some are evaluating whether they can up-brand their hotels and whether completing a PIP on their asset makes sense for a long-term hold (versus selling the asset now). Also, there is an increase of distressed borrowers/assets in the market, and management companies are seeing a rise in receivership transfers. This trend may lead to more deal flow as well.

Some institutional-sized groups are looking into alternative lodging types, such as campgrounds, as well as high-end boutique properties to shift their portfolio makeup along with industry trends. Extended stay remains high on the priority list for many. Some groups shared that they prefer development projects in CBD areas of secondary markets with high ADR and higher barriers to entry. Additionally, a full-service operation with a strong F&B component can create additional value during weaker market trends, which can help attract local dollars that a limited-service asset might not.

Thoughts on the event from Marcus Lee, HVS Asset Management & Advisory:

In light of development projects struggling to pencil due to higher construction and financing costs, owners and developers are turning to adaptive reuse and mixed-use development projects to drive the next wave of hotel value

creation. Moreover, F&B has evolved into a core differentiator for hotels. Hotels are increasingly investing in concept-driven, market-specific dining and beverage programs that foster local connections beyond just attracting overnight hotel guests. Owners and management companies now align on the fact that F&B done right enhances both guest experience and asset values and concede that if it cannot be done right in-house, it should be outsourced to F&B experts.

GOP margins are being squeezed by increasing costs, particularly labor costs. Through asset managers or more hands-on asset management, owners are paying closer attention to and almost micromanaging their hotels' staffing models to optimize labor efficiencies. Asset managers are also increasingly pushing the envelope on industry norms to find cost efficiencies while maintaining appropriate service levels.

Congratulations to Harry Javer and the entire conference team! It was an impressive event overall, and we are thankful for your work to create this conference and provide an extraordinary opportunity for the industry to come together.

We are looking forward to a busier transaction environment ahead, with the latest *HVS Hotel Broker Survey* reflecting a shift in the coming months. More assets are coming to market and going under contract, and these should ultimately be closing in the next few quarters. If you are interested in purchasing the *Fall 2025 Broker Survey*, it is available at this link.