MARKET REPORT

Three Things to Watch for Los Angeles Hospitality in 2026

JANUARY 21, 2026

Los Angeles' occupancy remains below pre-pandemic levels, due primarily to entertainment-related strikes, soft leisure demand, weak international visitation, and wildfire disruptions in early 2025. However, the region's diverse economy positions it for recovery, aided by the 2026 FIFA World Cup. Entertainment production and international air travel are expected to stabilize, while ADR should grow.

Prior to the pandemic, the Los Angeles lodging market consistently achieved occupancy levels in the upper-70% range. By 2023, occupancy had recovered to just over 70%, constrained by labor strikes in the entertainment industry and the slower-than-expected rebound of international travel. Occupancy growth stagnated in 2024 and 2025 as domestic leisure demand softened, entertainment-related activity remained muted following the strikes, and international travel declined amid ongoing geopolitical events. Wildfires in early 2025 also temporarily disrupted travel patterns.

Nevertheless, supported by a $1-trillion GDP, the Los Angeles economy remains highly diversified and resilient, positioning the market for a cyclical rebound over the medium term. Three main variables will be important to watch for the market in 2026.

One: FIFA World Cup

In 2026, Los Angeles will host eight matches of the FIFA World Cup between June 12 and July 10, including two matches involving Union of European Football Associations (UEFA) playoff winners and a quarterfinal match. Matches featuring major European football nations are expected to generate pronounced compression stemming from large supporter bases and direct European airlift. As such, the identity of the UEFA playoff qualifiers and quarterfinal participants will be an important variable to monitor for Los Angeles hotel performance.

Two: International Travel

International passenger traffic through Los Angeles International Airport in 2024 remained approximately 6.7% below 2019 levels, while 2025 volumes declined by an estimated 2.0% year-over-year, marking the first annual decline since the pandemic and placing traffic roughly 10.0% below pre-pandemic levels. This softness reflects continued constraints related to airlift, visa processing, and geopolitical uncertainty. A notable exception has been visitation from Japan, which increased 26.0% from 2023 to 2024, driven in part by the so-called “Ohtani effect.” This phrase refers to the massive economic, tourism, and fan engagement boom in Los Angeles driven by Japanese baseball superstar Shohei Ohtani of the Los Angeles Dodgers. Market participants broadly anticipate the World Cup to serve as a catalyst for renewed growth in international travel, warranting close monitoring of passenger traffic trends through year-end 2026.

Three: Entertainment Sector

The Los Angeles entertainment production sector experienced a sharp pullback following the 2023 writers’ and actors’ strikes and the subsequent studio consolidation. According to FilmLA, on-location filming days declined approximately 5.6% in 2024, followed by double-digit year-over-year declines in 2025, down roughly 16.1% below the 2024 total, placing activity near the lowest levels outside the pandemic period. Soundstage utilization also decreased, with occupancy declining from pre-pandemic levels in the high-90% range to the low-60.0% range by 2024. These trends reflect the softness in the sector. However, a notable silver lining is the recent more than doubling of funding for California’s film and television tax credit program, which is anticipated to support a modest improvement in production levels in 2026.

Bottom Line: Looking Ahead for Los Angeles Hotels

While it is expected to take two to three years for market-wide occupancy to return to pre-pandemic levels, ADR is poised for meaningful growth over the near to medium term, supported by global events including the 2026 World Cup, the 2027 NFL Super Bowl, and the 2028 Summer Olympics. The addition of new ultra-luxury supply, such as the planned Aman Beverly Hills and the recently opened Regent Santa Monica Beach, should further raise the rate ceiling. According to CoStar, only approximately 200 hotels nationwide consistently achieve ADRs above $750. Notably, the Los Angeles metro area already features more than a dozen properties within this tier and is well positioned to continue capturing high-end leisure and international demand.

At HVS, we turn data into powerful insights that drive your success. Our unique methodology, which involves conducting primary interviews within local markets, enables us to gather real-time insights and current data. If you are seeking to better understand the trajectory of the Los Angeles market, contact Kirsten Smiley for additional insights and discussion. And to stay ahead of the evolving dynamics of any major market on a quarterly basis, consider HVS MarketCast as a valuable forecasting tool. This tailored five-year forecast report provides annual projections for occupancy, ADR, and RevPAR and is designed to equip teams with the market-specific data and forward-looking insights needed to support planning, optimize performance, and maximize profitability in major markets like Los Angeles.

Sources

https://www.sfgate.com/la/article/ohtani-effect-japanese-tourism-los-angeles-21014950.php

https://filmla.com/filmla-updates-annual-scripted-content-study/

https://filmla.com/filmla-releases-2024-on-location-production-report/

https://filmla.com/rising-california-film-tv-tax-credit-productions-signal-growing-industry-momentum-amid-2025-production-losses/