Uncertainty Abounds: HVS Takeaways from NYU International Hospitality Investment Forum 2025

June 5, 2025 / *By HVS*

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The start of June always brings the industry together in New York City, and we enjoyed our time at the **NYU International Hospitality Investment Forum** this year. It was great to see many of you there and share our recent experiences in the industry. The conference was preceded by our webinar that provided an update of our forecast and views from **HVS President – Americas, Rod Clough**. You can view the webinar **here**.

The conference brought forward a noticeable mix of contrasting viewpoints as to the state and near-term future of the industry. Some attendees were convinced that transaction activity will pick up in the next three to six months as we transition to a more balanced seller/buyer dynamic. Others expected transaction activity in major markets to be down for the duration of 2025, citing the recently instituted federal tariffs and government job cuts that have created some uncertainty in the levels of both domestic and international travel. They see these as factors that are causing capital to stay on the sidelines for the time being.

Whether more positive or negative in their near-term future view, investor sentiment remained cautious in both camps. Luxury and lifestyle segments continue to outperform, and a stronger focus on acquisitions over development has taken hold.

There appears to be a disconnect between media reports of low consumer confidence and the 2025 travel trends observed in several key markets. Industry participants are watching the summer travel season to see if the positive trend continues in these markets (or reverses the declines in others). These stakeholders are also keeping a close eye on inflation and unemployment levels, the two key factors that could affect discretionary spending.

Group business has become a big driver of demand in the absence of the typical leisure and commercial sources. As a result, RevPAR is likely to stay stagnant or decline in many markets, as this supplemental group demand is typically lower rated than the leisure- or commercial-transient demand that is usually present.

Operators appear to be showing more concern, as revenues, particularly from the leisure segment, have slowed this year. Hotel owners and operators are prioritizing operational efficiency over aggressive expansion, with technology and labor strategy emerging as key focus areas amid persistent cost pressures. These pressures include continued high labor costs (management and hourly), elevated insurance costs, brand-mandated PIP renovations, and deferred maintenance. While owners and operators are taking internal measures to control their GOP percentages, they are having to implement additional strategies to lessen the impact of increased insurance costs and taxes on EBITDA. In addition to the higher operating costs across the board, owners are feeling unsettled regarding the uncontrollable expenses. The cost of supplies is anticipated to be affected at some level by tariffs and potential trade deals.

Development deals are generally more paused than outright canceled. Key money provided by brands has affected developer decisions, though many brands have elected not to engage in a bidding war, instead standing firm on their long-term value proposition. Representatives for all brands reported that they are extremely busy

Summary

The start of June always brings the industry together in New York City, and we HVS attendees enjoyed our time at the NYU International Hospitality Investment Forum this year. It was great to see many of you there and share our recent experiences in the industry. This article summarizes our main takeaways from the event.

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and appear optimistic; however, privately, they revealed that they are seeing a slowdown, albeit small, and deal closings in multiple segments have slowed due to owner hesitancy resulting from the economic conditions. Unless a project is located in a high-demand, impactful market, some owners are taking a “wait and see” approach.

Overall, the sentiment and outlook were generally neutral, with optimism from some balanced by caution from others. "Uncertainty" was the word that was used most often. There is currently a lot of macroeconomic-related noise. The prevalent tone was “let’s wait a few months,” both to gain some clarity once the tariff situation plays out and to see the final version of the **One Big Beautiful Bill** that may be passed by the **U.S. Senate**.

Reach out to any of us to learn more. We are happy to do a deeper dive on our experiences and views on the current state of the industry. Let’s connect!