



2026 U.S. HOSPITALITY OUTLOOK

# Demand Shifts, Pricing Pressure and Emerging Opportunities



## INTRODUCTION

Renewed momentum is taking shape across the U.S. hospitality investment landscape, driven by debt market liquidity, selective equity deployment, and shifting global capital dynamics. Active lending markets are compressing spreads and helping restore confidence. Despite the current geopolitical environment, activity is increasingly spilling into equity as legacy challenges are resolved and stalled transactions begin clearing. At the same time, investor conviction is becoming more targeted, favoring high-quality assets, resilient demand drivers, and markets perceived to be at or near cyclical inflection points or targeting significantly strained assets.

Consumer spending remains bifurcated, with ultra-high-net-worth travelers driving performance at the luxury and resort end of the market and middle-income travelers prioritizing value. Modular construction, brand expansion, and evolving development strategies are reshaping project economics. Meanwhile, cross-border capital is closely monitoring currency movements, geopolitical events, and pricing dislocations to determine the timing of reentry. Together, these forces lay the groundwork for a more active transaction environment as pricing discovery improves and capital gradually moves off the sidelines.

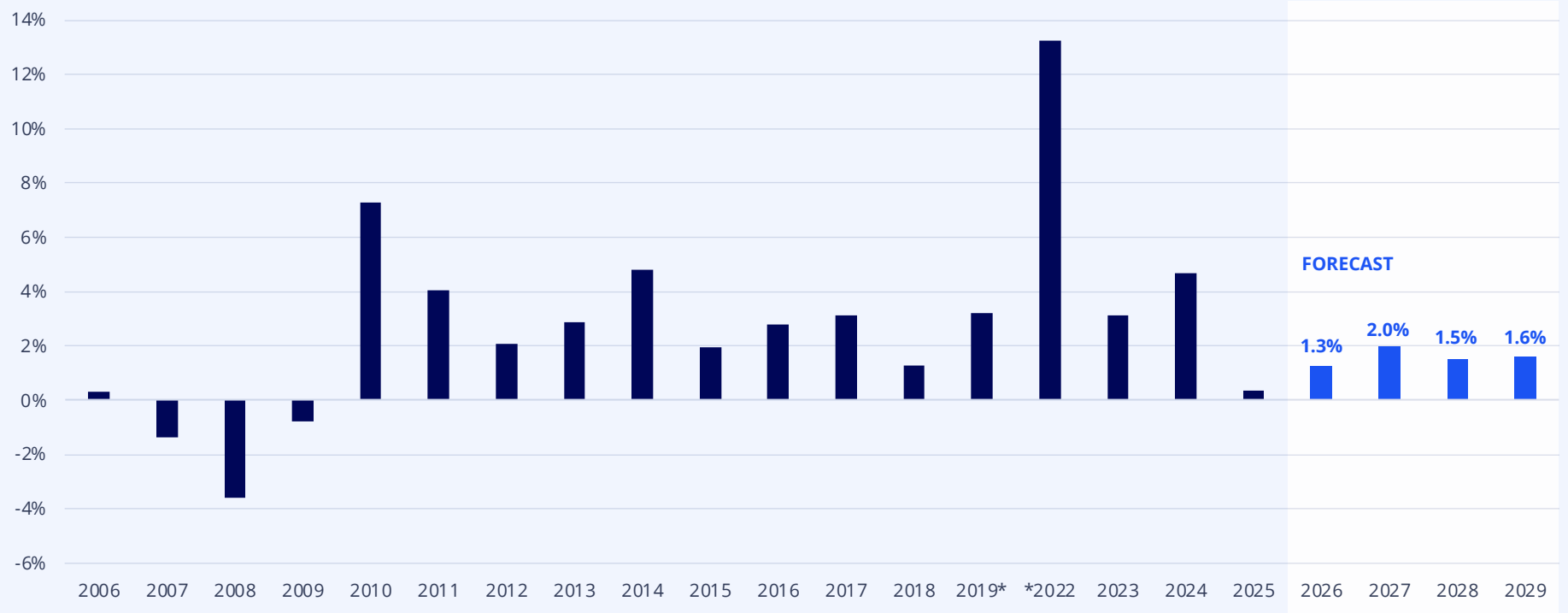


**DEMAND**

Domestic travel demand in 2026 is increasingly segmented across income groups. Households in the top 10% of income brackets continue to drive leisure travel and support performance at luxury and upper-upscale properties. In contrast, middle-income travelers are expected to remain value-focused, benefiting midscale and economy accommodations.

This dynamic is likely to leave upper-midscale and traditional upscale segments facing relatively softer demand. Among households with greater discretionary capacity, travel decisions will increasingly emphasize unique, experience-driven offerings, potentially shifting demand toward unconventional markets and less traditional destinations.

**Demand Growth in the Top 50 Markets**



Source: Colliers, Green Street Advisors, LLC

\*Note: 2020 and 2021 are removed for statistical purposes given the impacts of COVID-19 pandemic.

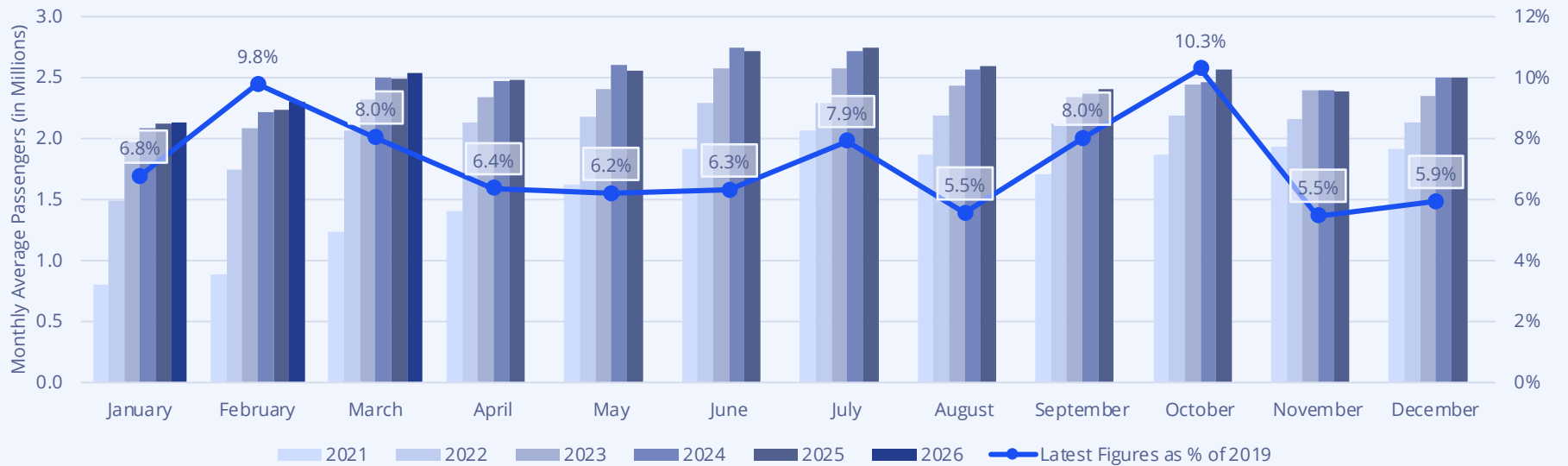
**DEMAND**

International travel to the U.S. has slowed, with the greatest impact concentrated in border and coastal markets. Lingering political rhetoric around tariffs, immigration, and geopolitical uncertainty continues to weigh on sentiment toward travel to the U.S. International visitors fell 2.5% in 2025, and year-to-date arrivals to the U.S. declined 3.5% as of April, according to the International Trade Administration. International visits could see a temporary lift in early summer as the 2026 FIFA World Cup gets underway across North America. Overall, Green Street forecasts lodging demand in the top 50 U.S. markets to grow 1.3% in 2026, below the 2.0%

average annual growth recorded from 2006 to 2019, with growth expected to return to its long-term trend by 2027.

Air travel has remained resilient, pointing to durable underlying demand, as evidenced by steady traveler volumes. TSA throughput increased year-over-year in each month of the first quarter, even amid temporary workforce disruptions and significant delays, after averaging 6.8% above 2019 levels in 2025. While rising fuel prices may moderate demand, air travel volumes are on pace for another year of gains.

**TSA Throughput**



Source: Colliers, Transportation Security Administration

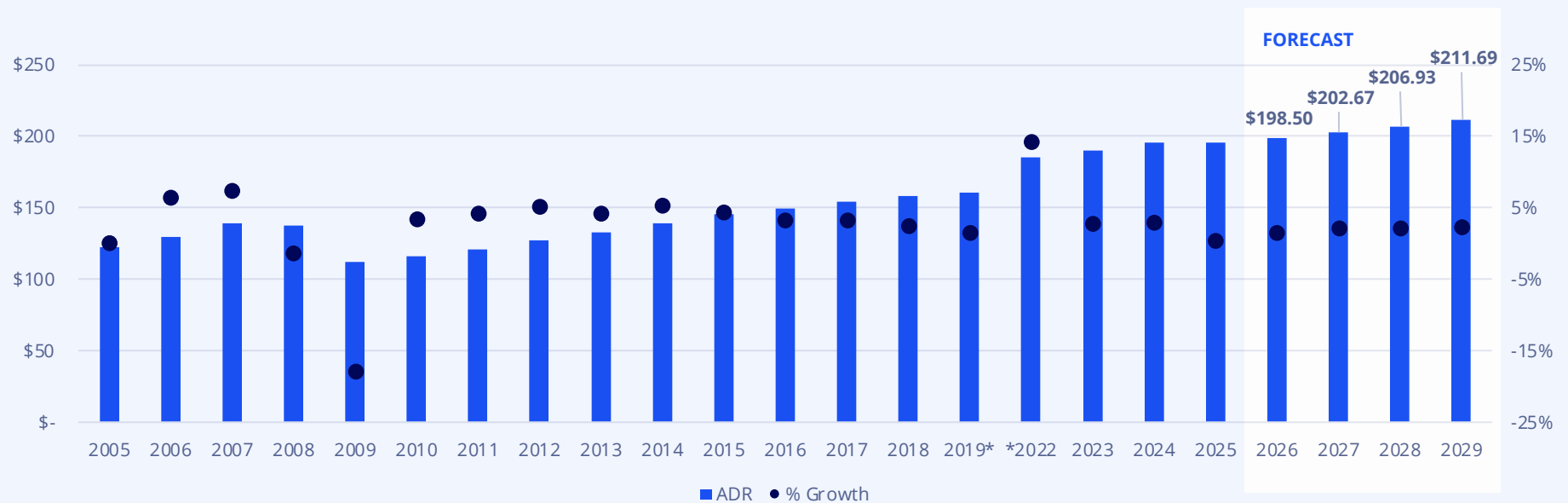
## AVERAGE DAILY RATE

Average daily rate (ADR) growth is expected to remain relatively flat in real terms in 2026, reflecting a more competitive pricing environment. Oxford Economics anticipates that hotel operators will intensify competition for increasingly price-sensitive travelers, a dynamic likely to result in rate pressure and selective price declines across certain segments. Reinforcing this trend, Colliers' year-end forecast report, [The 2026 CRE Reset: Stability Through Uncertainty](#), notes that the share of consumers citing "value for money" as their primary travel decision factor increased from 83% in 2024 to 90% in 2025. As a result, brands are expected to rely more heavily on

packaged offerings and loyalty-based pricing strategies to defend demand and capture market share.

Beyond 2026, ADR growth is projected to gradually accelerate as pricing pressure eases and demand conditions normalize. Current forecasts call for ADR growth of 1.35% in 2026, improving to 2.1% in both 2027 and 2028 and reaching 2.3% by 2029. While this trajectory suggests a return to modest pricing power, growth will likely remain measured, underscoring a recovery characterized more by discipline and value positioning than by broad-based rate expansion.

Top 50 Markets Average Daily Rate



Source: Colliers, Green Street Advisors, LLC

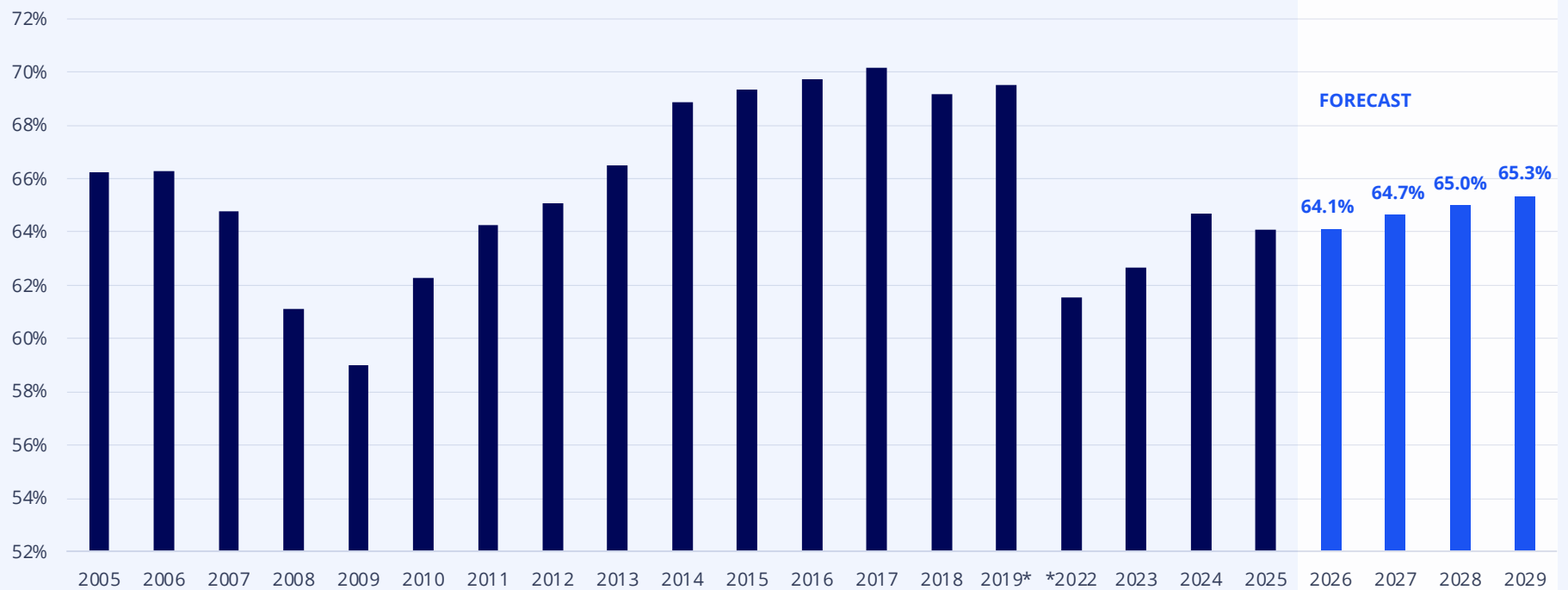
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## OCCUPANCY RATE

Occupancy is expected to remain flat in 2026, stabilizing at 64.1% and unchanged from 2025. While this represents a meaningful recovery from the pandemic low of 29.9% in 2020, it remains well below the 2019 benchmark of 69.5%. Green Street’s forecast for the top 50 markets places 2026 occupancy roughly in line with levels observed

after the Great Recession in 2011. Looking ahead, modest occupancy gains are expected over the next four years as supply growth eases, with occupancy projected to reach 65.3% by 2029. The outlook suggests steady improvement, but occupancy will remain several percentage points below the cyclical peak of 70.2% recorded in 2017.

**Top 50 Markets Occupancy Rate**



Source: Colliers, Green Street Advisors, LLC

\*Note: 2020 and 2021 are removed for statistical purposes given the impacts of COVID-19 pandemic.

## LOOKING AHEAD

### The FIFA Factor

From June 11 to July 19, North America will host the quadrennial FIFA World Cup 2026. Economic impacts will vary across the 16 host cities, with estimates ranging from \$300 million to \$800 million in direct economic impact from tourism, hospitality, and infrastructure spending. The expanded tournament format, from 32 to 48 teams, is expected to bring in record revenue. FIFA revised its projected revenue for this cycle from \$11 billion to \$13 billion, while a Deloitte study estimates Airbnb guests will generate \$3.6 billion in direct economic impact.

Several dynamics will impact hotel performance. According to CoStar News, the most mobile and enthusiastic fans likely to travel are from England, France, Brazil, Argentina, and Portugal. In addition, match characteristics, stadium capacity, and destination profile will determine how each of the 16 host cities performs. While hotel demand may fall short of initial expectations, CoStar data shows that, for the five weeks of the World Cup, occupancy already on the books in most U.S. host markets is trending above levels from the same period a year ago. Only New York, Boston, and Atlanta are trailing 2025 occupancy levels.

Learn more about host cities here: [From Stadiums to Skylines: Real Estate Trends in World Cup Host Cities](#)

### Trends to Watch

- Dallas, Miami, and New York will host the most matches and the highest-profile knockout rounds, supporting occupancy rates and maximizing ADR.
- Dallas' AT&T Stadium, Mexico City's Estadio Banorte, and New York City's MetLife Stadium can each accommodate more than 80,000 fans. By contrast, venues in Vancouver and Toronto, Canada, and Monterrey and Guadalajara, Mexico, seat fewer than 60,000, limiting ticket availability and the number of fans likely to travel to those cities.
- Cities with stadiums located near the city center, such as Atlanta, Monterrey, Philadelphia, Seattle, Toronto, and Vancouver, are likely to see a boost in both occupancy and ADR.
- Markets with limited hotel inventory, such as Toronto, Seattle, Vancouver, Boston, and Kansas City, are expected to post stronger year-over-year RevPAR growth.
- Major summer destination markets like New York City, Vancouver, Toronto, Boston, and Seattle will be positioned to maximize ADR during the tournament, though occupancy gains will be muted given that the matches coincide with their peak travel seasons.
- Conversely, markets that typically experience lower demand in June, such as Houston, Los Angeles, and Miami, are expected to see significant occupancy gains.



**LOOKING AHEAD**

**The AI Question**

Artificial intelligence is poised to reshape the hospitality industry, influencing everything from marketing and guest communications to hotel operations and asset management. Much like the disruption driven by online travel agencies (OTAs), generative AI is becoming a core part of the travel booking and planning experience. Oxford Economics estimates that AI adoption among Millennials and Gen Z rose from 10% in 2024 to 18% in 2025, underscoring its growing role in travel decision-making.

At the operational level, AI is moving quickly from experimentation to implementation. On the Walker Webcast, Hilton President and CEO Chris Nassetta highlighted AI's expanding role across guest services, including room service and in-room climate control, as well as behind-the-scenes functions such as predictive maintenance and building systems management. Brands

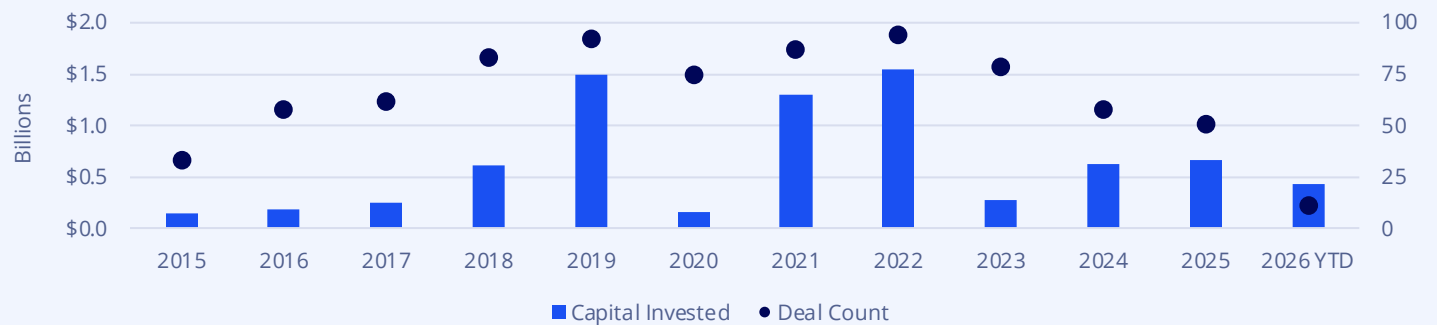
are actively building AI strategies for 2026 to improve service consistency, mitigate labor constraints, and protect margins. At the same time, a growing ecosystem of technology startups continues to accelerate innovation across the sector.

Capital markets activity reflects this momentum. Since the start of 2025, PitchBook data shows that more than \$1 billion in venture capital has been invested in hospitality-related technology companies, with 2026 on pace to exceed last year's total. AI is increasingly being leveraged to enhance personalization, support revenue management, and drive operational efficiencies. From an ownership and investment perspective, AI tools can enhance demand forecasting and market segmentation, while operators focus on automating property management, staffing, and the end-to-end guest experience.

**Notable fundraising activity since the start of 2025:**

1. Mews: \$300m
2. Limehome: \$87m
3. Kindred: \$85m
4. Amenitiz: \$45m
5. Arbio: \$36m

**Hospitality-related Technology Fundraising**



Source: Colliers, Pitchbook  
 \*Note: 2026 YTD data through April 1, 2026



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