

U.S. Lodging Industry Second Half 2025 - SWOT Analysis



SAN DIEGO COUNTY
LODGING
ASSOCIATION

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LW HOSPITALITY ADVISORS

U.S. Lodging Industry H2 2025 **Strengths**

HM on Location: U.S. recession may be avoided despite economic challenges

By Isobel Lee · Jun 3, 2025 8:00am



Fed Lowers Rates by a Quarter Point

At least two more cuts are penciled in as concerns shift to cracks in job market

Economists See Lower Recession Risk and Stronger Job Growth: WSJ Survey

Forecasters nudge up growth, trim inflation estimates as tariffs prove lower, less costly than expected in April. July 12, 2025 **THE WALL STREET JOURNAL**

Wall Street Bets Rates Will Drop Much More Than the Fed's Forecasts

Futures markets show investors bet rates will fall below 3% by end of next year

The U.S. Economy Is Regaining Its Swagger July 20, 2025 **THE WALL STREET JOURNAL**

Consumers spending again after spring's tariff chill but some expect growth to be slow

US Core CPI Rises Less Than Expected Again Despite Tariff Impact **Bloomberg**

July 15, 2025

US stocks hit more records following US-Japan trade deal July 23, 2025 **AP**

U.S. Lodging Industry H2 2025 Strengths

US hotel rooms in construction show no sign of acceleration

February 5, 2025



Total pipeline shows additional activity, but financing remains the sticking point

High financing costs keep final planning & planning counts elevated

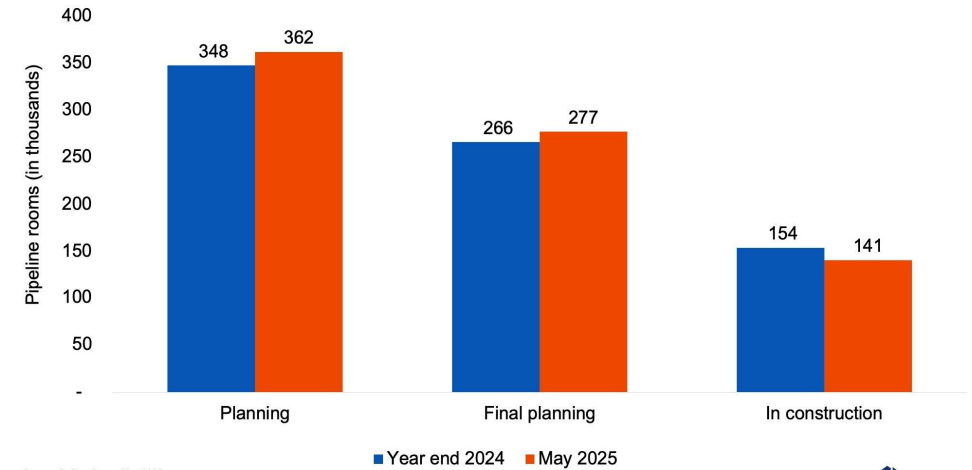
Rooms in '000s, April 2025

Phase	2025	2024	% Change
In Construction	141	156	-10%
Final Planning	277	261	6%
Planning	362	334	8%
Under Contract	780	752	4%



Higher interest rates impact pipeline: rooms in construction decline

US pipeline rooms, year end 2024 and May 2025



Source: CoStar Group, May 2025



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Managing Director



U.S. Lodging Industry H2 2025 Strengths

Trump's AI Push: Understanding The \$500 Billion Stargate Initiative

Jan 23, 2025,

Forbes

Apple Vows to Build A.I. Servers in Houston and Spend \$500 Billion in U.S.

Feb. 24, 2025

The New York Times

The company pledged the multibillion-dollar investment over the next four years and said it would create 20,000 jobs. The Texas facility is set to open in 2026.

Lilly Plans to More than Double U.S. Manufacturing Investment Since 2020 Exceeding \$50 Billion

February 27, 2025

GEN Genetic Engineering & Biotechnology News

Who's investing in America? 23 big companies that just promised billions under Trump

April 30, 2025

FOX BUSINESS

Top CEOs pledge billions to rebuild US industry under Trump's second-term agenda

Chip giant TSMC to invest \$100B in US manufacturing

March 3, 2025

FOX BUSINESS

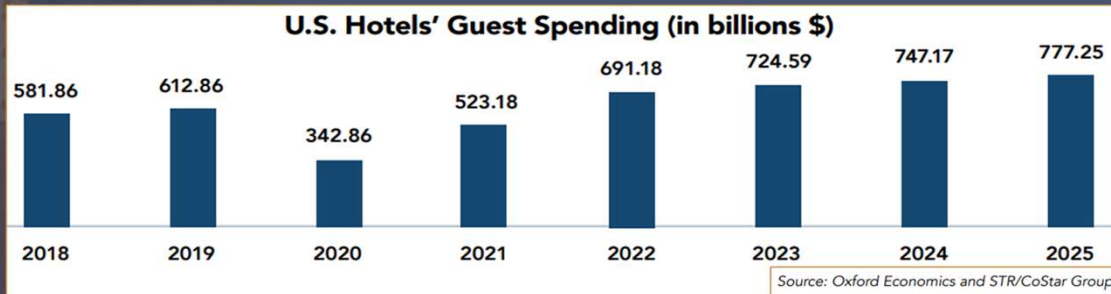
TSMC previously announced investments of up to \$65 billion for its US operations

AstraZeneca Plans to Invest \$50 Billion in U.S. by 2030

July 21, 2025

THE WALL STREET JOURNAL.

US Lodging Industry H2 2025 Strengths



Host outperforms, increases guidance range

JULY 30, 2025

Hotel
Investment Today
BY NORTHSTAR

2Q25 beat driven by strong transient demand; growth in wages and a decrease in business interruption proceeds weigh.

AHLA: Guest spending poised to hit another record high



Feb 6, 2025 9:00am

Hilton lifts 2025 profit forecast on US demand recovery expectations

July 23, 2025



Marriott International Second Quarter 2025 Earnings: Beats Expectations

August 06, 2025



Wyndham Hotels & Resorts soars 4.3% as Q2 earnings beat estimates

07/23/2025



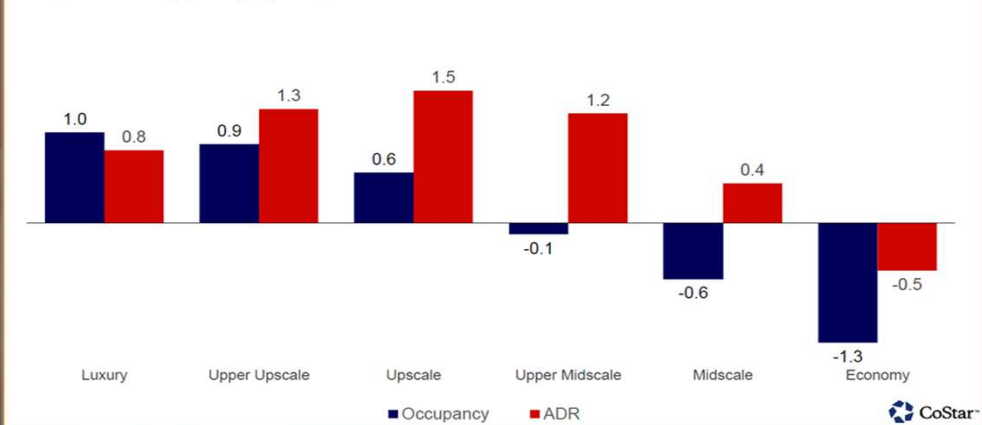
U.S. Lodging Industry H2 2025 Weaknesses

America's Luxury Hotels Are Booming. The Rest Are Feeling The Squeeze

September 04, 2025 **BISNOW**

Limited pricing power across the board

Occ & ADR % change, change by class, YE 2024



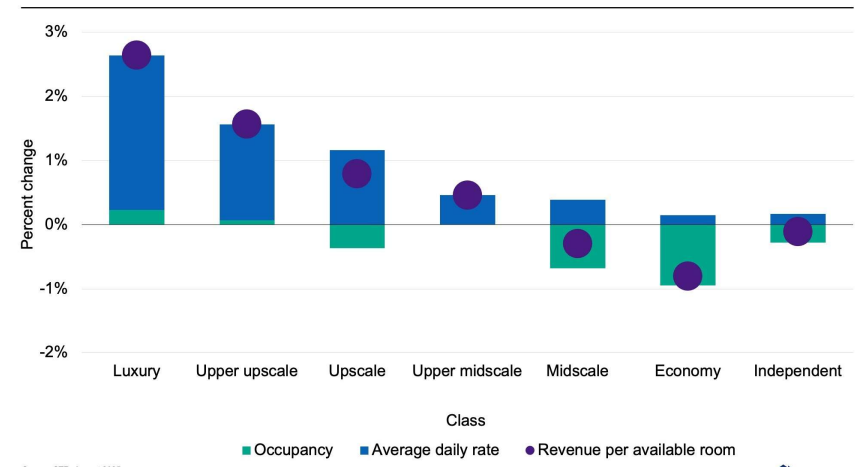
Americans' wallet share for travel 'just holds on' despite financial pressures, Deloitte says

June 18, 2025
CoStar

Travelers cut back in trip lengths, frequency to make trips fit budgets

Bifurcation continues in 2026

US, key performance indicators percent change, year-over-year, 2026F



Source: STR, August 2025

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Managing Director

U.S. Lodging Industry H2 2025 Weaknesses

Americans Are Carrying Bigger Credit-Card Balances

Jan. 25, 2025

THE WALL STREET JOURNAL

With interest rates near record highs, revolving balances are growing

Rising Costs Take Their Toll on Less-Affluent Americans' Travel Plans

International travel remains strong, but some are scrimping on U.S. vacations

Feb. 28, 2025

THE WALL STREET JOURNAL

US consumer sentiment plunges on tariff fears, inflation expectations jump

March 14, 2025



US Consumer Sentiment Nears Record Low on Inflation Concerns

May 16, 2025

Bloomberg

Americans reined in their spending last month

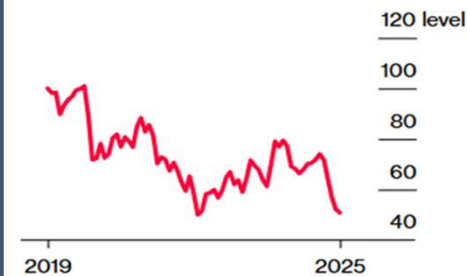
June 27, 2025

CNN Business

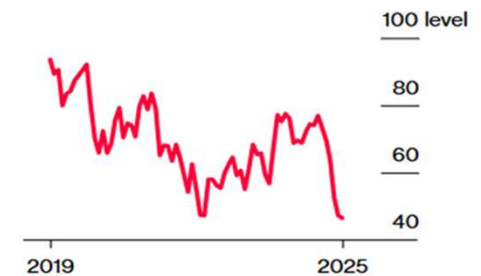
U.S. Consumer Sentiment Falls to Near Record Low

Short- and long-term inflation expectations hit multi-decade high

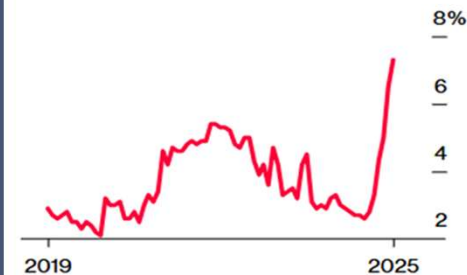
Consumer sentiment



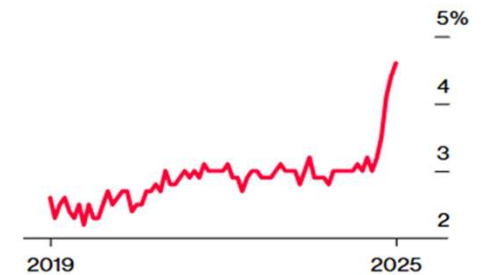
Consumer expectations



Year-ahead inflation expectations



5-10 year inflation expectations



Source: University of Michigan

U.S. Lodging Industry H2 2025

Weaknesses



KASTLE BACK TO WORK BAROMETER 915.25

Weekly Occupancy Report from Kastle Access Control System Data

BAROMETER THIS WEEK



	Wed 9/3	Wed 9/10	% Change
New York metro	47.3%	58.2%	10.9% ▲
Washington D.C. metro	49.7%	55.0%	5.3% ▲
Average of 10	51.4%	55.8%	4.4% ▲
San Jose metro	47.9%	52.3%	4.4% ▲
Chicago metro	54.4%	58.7%	4.3% ▲
Philadelphia metro	40.8%	45.1%	4.3% ▲
Austin metro	66.2%	69.8%	3.7% ▲
Dallas metro	59.8%	63.5%	3.7% ▲
Los Angeles metro	47.0%	50.2%	3.1% ▲
Houston metro	60.2%	62.9%	2.8% ▲
San Francisco metro	41.0%	42.6%	1.6% ▲

Mark Lukens
Managing Director



Companies are demanding workers back, but return-to-office rates barely change
April 02, 2025
CRAINS NEW YORK BUSINESS

The return-to-office push feels real this time. The numbers tell a different story
October 25, 2024
CRAINS NEW YORK BUSINESS

April 24, 2025
NYC CROSSROADS
CRAINS NEW YORK BUSINESS
The office as we know it is never coming back
Today, New York landlords are racing to build the amenity-filled office spaces their corporate tenants crave, with plenty of outdoor space, lounges and cafes to spark creativity and wellness features that will entice their employees to get back to the office full-time. But most observers admit, the hybrid model is here to stay.

Sorry, Jamie Dimon – remote work is here to stay
January 9, 2025
BUSINESS INSIDER

THE HILL 10/01/24
New research shows return-to-office mandates cause more 'quiet quitting'

U.S. Lodging Industry H2 2025 Weaknesses

Business travel was making a post-Covid comeback – until the trade war diverted it

Corporate bookings haven't collapsed, but U.S. policy swings have upended what was a sunny outlook for the \$1 trillion global industry just months ago. May 10, 2025 NBC NEWS

U.S. General Services Administration Maintains FY2026 Per Diem Rates; Hotel Industry Faces Challenges

August, 15 2025 HNR HOTEL NEWS

Government shutdown looms as Congress returns after monthlong August recess

U.S. Hotel Industry Faces Challenges Amid Government Layoffs and Travel Decline

CoStar September, 9 2025

Study shows steep decline in federal hotel demand

APRIL 22, 2025

Hotel Investment Today BY NORTHSTAR

Federal changes are affecting US hotel performance and demand, with 76% of markets showing declines and Washington, D.C., taking the biggest hit.

Mark Lukens
Managing Director

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U.S. Lodging Industry H2 2025 Weaknesses

Hotel industry moves further from labor crisis, but major challenges remain

January 6, 2025



Immigration policy, a dwindling talent pipeline present long-term hurdles

AHLA: 65% of surveyed hotels report staffing shortages

Feb 21, 2025



Hospitality grapples with specter of mass deportations

Feb 25, 2025



Trump whiplash on ICE raids at hotels

JUNE 16, 2025



Days after offering a reprieve, the administration has changed its tone and said raids – including on hotels, restaurants and farms – would continue.



Study: Staffing crisis top challenge facing accommodation industry

March 10, 2025



Hotel's talent crisis is getting worse: How empathy can help



Jul 21, 2025 8:00am

Trump floats 'temporary pass' for immigrants in farm and hotel industries

June 30, 2025



U.S. Lodging Industry H2 2025 Weaknesses

Travel advisories, tariffs create headwinds for U.S. hotels

Jun 17, 2025



U.S. Tourism Will Lose Up To \$29 Billion As Visitors Plummet Amid Trump Policies

Jul 04, 2025,



Retailers and Hotels Brace for Economic Hit as Foreign Tourists Stay Away

It could take until at least 2030 for international tourism to recover.

May 15, 2025



Canada Unites with Germany, Spain, South Korea and the UK in Travel Freeze to US with Record Drop in Arrivals, What Are the Reasons

August 25, 2025



New \$250 visa fee risks deepening US travel slump

August 30, 2025



The U.S. is losing travelers. Here are the countries that stand to benefit

PUBLISHED SUN, SEP 7 2025 7:00 PM EDT

A downturn in international travel to the U.S. may last beyond summer, experts warn

September 1, 2025



A decline in foreign visitors traveling to the United States has stretched well into the summer

U.S. Lodging Industry H1 2025

Threats

US Lodging Trends: Short-Term Rentals and Cruise Drive Recovery

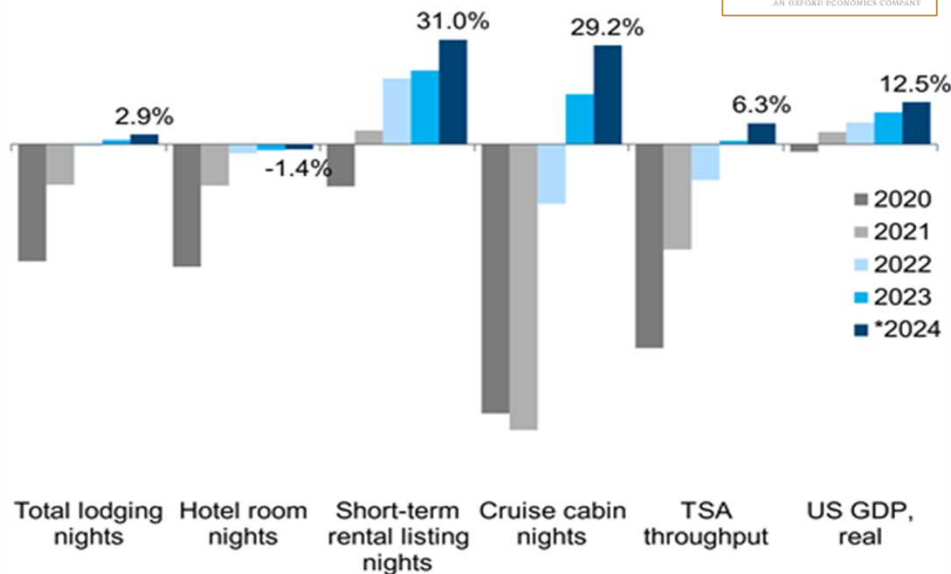


In 2024, US short-term rentals added more incremental demand than hotels and cruises combined—plus, cruises continue to punch above their weight.

February 2025

Growth in short-term rental and cruise demand bolstered total recovery for lodging. Strong demand gains in both sectors powered a full **US total lodging demand recovery to 2019 levels in 2023**, alongside air travel. However, the uneven recovery across sectors remains striking.

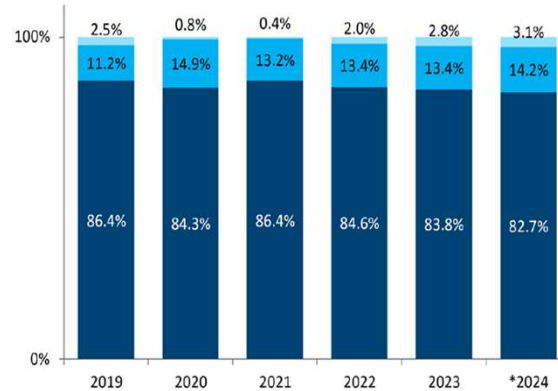
US lodging recovery, relative to 2019



Short-term rentals and cruising are gaining share

US lodging demand share

■ Hotel room nights ■ Short-term rental listing nights ■ Cruise cabin nights



Source: STR, AirDNA, CLIA/Tourism Economics, *Full-year forecast as of Nov 2024



U.S. Lodging Industry H2 2025 **Threats**

U.S. Hotels Face Slowing Growth, with Weak Demand and Policy Uncertainty: Goldman Sachs

April 14th, 2025

Skift

Hotel Owners Sweat Trump Travel Risk As Debt Tsunami Looms

April 01, 2025 | 8:58 p.m. ET | Patrick Sisson, National

BISNOW

California's economy 'adrift' as job growth weakens, unemployment rate remains highest in country

The Largest Hotel Companies Are Preparing For A U.S. Downturn

BISNOW
May 13, 2025

Hotel demand holds, but potential for 'deteriorating lodging fundamentals' has grown, Host CEO says

May 2, 2025

CoStar

REIT lowers outlook of total revenue per available room due to group lead volume

US economy reaches 'pivotal moment' as hoteliers await rocky second half of the year

June 2, 2025

CoStar

Hotel demand segments hold strong, lower chain scales feel effects of uncertainty

Hiring Stalled in August, With 22,000 New Jobs

Sept. 5, 2025

THE WALL STREET JOURNAL

Revised figures show a summer slowdown, with 13,000 jobs lost in June

U.S. Lodging Industry H2 2025 Threats

At AAHOA, a clear message: keep government out of our business

April 5, 2024



6 hotel chains colluded to fix prices, SF antitrust lawsuit alleges

Apr 29, 2024



Las Vegas hotels defeat price-fixing class action over room rates

May 9, 2024



San Diego Adopting New Hospitality Minimum Wage Ordinance

Hotel Owners/Operators Beware: You May Be Responsible for More Than 25 Tax Types Paid Regularly to Multiple Jurisdictions

August 06, 2024



FTC bans hidden junk fees in hotel, event ticket prices

December 17, 2024



Navigating Antitrust Risks: The Hidden Dangers of AI and Software Pricing and Inventory Tools for Hotels and Property Managers

January 22, 2025



Is New York City's new hotel safety act a good or bad thing? Depends on who you ask

Apr 24, 2025



U.S. House of Representatives passes Hotel Fees Transparency Act

Apr 29, 2025



\$30 Minimum Wage Has L.A. Hotel Owners in Revolt

June 23, 2025

THE WALL STREET JOURNAL

Industry seeks to suspend city ordinance requiring what union leaders call nation's highest minimum wage

U.S. Lodging Industry H2 2025

Threats

uncertainty noun

un·cer·tain·ty (.ən-'sər-tən-tē)

[Synonyms of uncertainty >](#)



- 1 : the quality or state of being uncertain : **DOUBT**
- 2 : something that is uncertain

The Uncertainty Is Not Going to End

Tariffs are just the latest symptom but the causes are deeper, and go well beyond Trump.

April 4, 2025

Bloomberg

Hotel asset managers anticipate more 'deterioration' of demand, rates

Revenue managers at odds with hotel owners over recovery picture

Hoteliers' uncertainty differs from past cycles

U.S. Lodging Industry H2 2025 Opportunities

U.S. Prepares for 'Mega Decade' of Events with Expanded Visa Access

Dec 12, 2024



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Managing Director

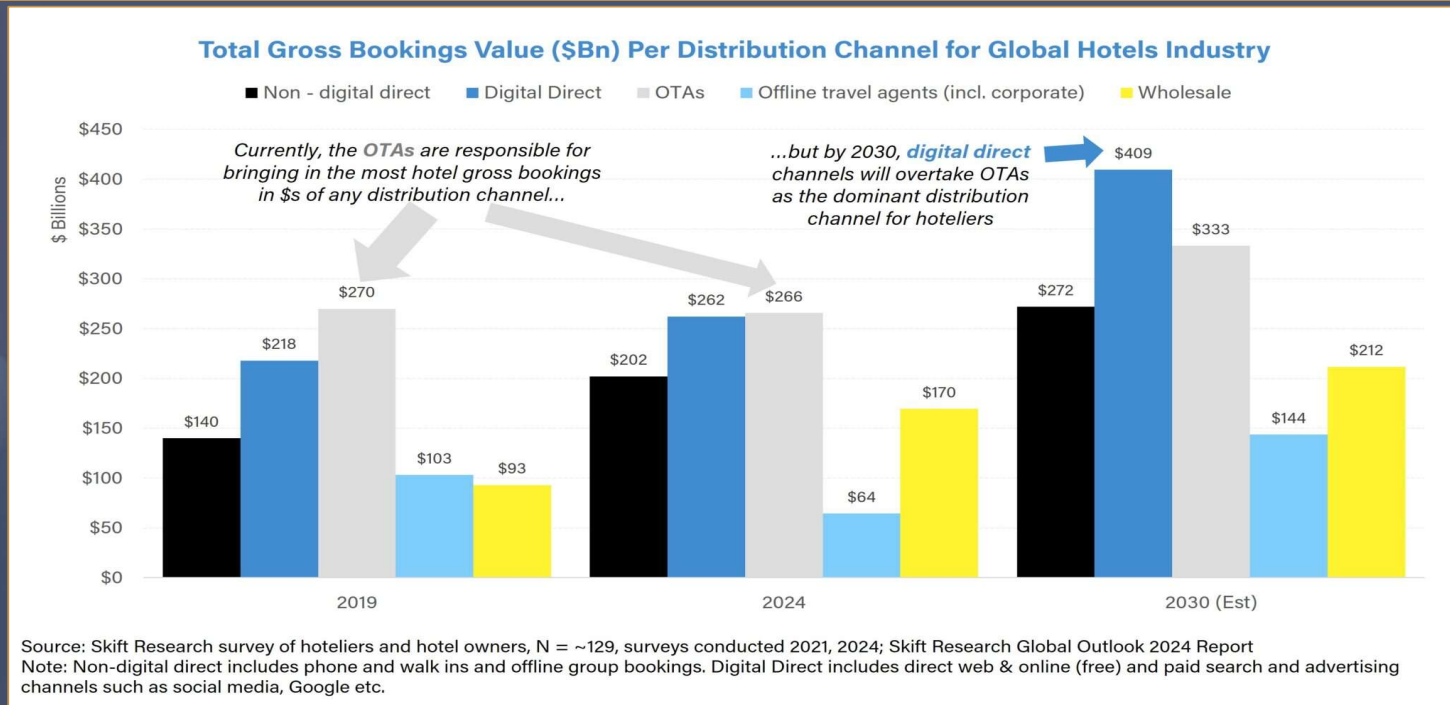
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U.S. Lodging Industry H2 2025 Opportunities

The Ideal Mix For Hotel Distribution: Direct Bookings to Lead by 2030

November 11th, 2024

Skift



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U.S. Lodging Industry H2 2025 Opportunities

How Hyatt's new Peloton collaboration helps you stay fit while traveling

Stay motivated to get a killer workout on every trip

January 12, 2025

 THE MANUAL

Hilton's New Partner Accommodation Brand: Evermore Resort – Orlando

by John Ollila — January 8, 2025

 LOYALTYLOBBY
TRAVEL PROGRAMS MAXIMIZED

LOGE Camps partners with Schulte Hospitality Group

By Esther Hertzfeld · Jan 23, 2025 9:00am

 HOTEL MANAGEMENT

Choice Hotels partners with Westgate Resorts

Jan 23, 2025

 HOTEL MANAGEMENT

How the Four Seasons Hit a Marketing Jackpot With HBO's 'The White Lotus'

Hotel operator's risky partnership with a show that features murder and mayhem pays off with rising inquiries and occupancy rates

THE WALL STREET JOURNAL. March 15, 2025

Saks Fifth Avenue Partners With Sagamore Pendry Baltimore

Jan 23, 2025

 LUXURY
TRAVEL ADVISOR

ESA and Grubhub partner for guest food delivery service

Extended Stay America and food delivery platform Grubhub have announced a new program that offers exclusive benefits when guests order from local restaurants throughout their stay.

May 9, 2025

 HOTEL BUSINESS

Why Glamping's Corporate Makeover Might Be a Good Thing for Travelers

April 25, 2025

 thrillist

Big hotel brands are going all-in on outdoorsy yurts, Airstreams, and cabins, but points-hungry travelers (and fans of a high thread count) are more than fine with it

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U.S. Lodging Industry H2 2025 Opportunities

A hotel is offering 'self-love pods' for solo play. Here's why that's a thing

September 11, 2024



How Luxury Resorts Are Transforming into Cultural Destinations

SEPTEMBER 6, 2024

Robb Report

Opera, ballet, and fine art make for the ultimate amenity at these properties.

Independent Hoteliers Leverage Flexibility To Give Guests What They Want

August 16, 2024



Authentic Experiences Boost Revenue at Unbranded Properties, Operators Say

The Latest Hotel Craze? Getting a Tattoo



Michelle Tcheta | October 1, 2024

Fodor's Travel

Bunk Beds Are the Trendiest New Amenity at Luxury Hotels

Bloomberg

Bunking up is no longer just for summer camp and dorm rooms—in fact, it's more glamorous than ever. Here's why.

August 20, 2024

Parking Has Become A Major Profit Driver For Hotels

September 9, 2024

BISNOW

Sam Nazarian and Tony Robbins Are Launching Longevity Clubs and Hotels

September 16, 2024

Bloomberg

The Estate is the latest entrant in the \$5.6 trillion-per-year global wellness industry and will include hotels, residences and longevity centers with \$35,000-a-year memberships.

The Latest Trend in High-End Hotels? 'Shoebox' Rooms

May 29, 2025

THE WALL STREET JOURNAL

To entice solo and budget-minded travelers, luxury lodgings are betting big on rooms that skimp on size but not on style.

U.S. Lodging Industry H2 2025 Opportunities

Free breakfast is disappearing at popular hotel brands

June 16, 2025

FORTUNE

Will this California prison return to its glory days as a luxurious hotel?

Before it became a prison, the California Correctional Facility in Norco was a luxury hotel, sanitorium and Navy hospital

Hidden in plain sight: How hotels can monetize non-room spaces and amenities

July 29, 2025

HOTELS
PASSION FOR HOSPITALITY
SINCE 1966

NYC Builders Are Converting Shuttered Migrant Hotels Into Apartments

Developers eye more than a dozen properties, aim to create thousands of housing units

Aug. 11, 2025

THE WALL STREET JOURNAL

Hotel companies see new reach with guests via option to buy now, pay later

August 6, 2025

 **CoStar™**

Why offering BNPL loans is about 'opening the aperture,' generating new business

U.S. Lodging Industry H2 2025 Opportunities

AI transforming hospitality: Hoteliers predict major industry impact

January 20, 2025



Chatbots take more prevalent role in hotel booking process

January 27, 2025



Brands leverage artificial intelligence to go beyond today's simple, automated conversations

AI everywhere all at once: How further adoption 'will change everything' in hotels

January 31, 2025



Experts weigh in on increased cybersecurity and the need for payments innovation

Why your buffet breakfast croissant is getting smaller: How hotels are using AI bins to slash food waste

6 June 2025



- Hilton has deployed a waste-tracking system created by British technology company Winnow with 'smart bins' installed in nearly 200 hotels

How AI Is Elevating, Not Replacing, Hospitality's Human Touch

June 17, 2025



By Colin Tessier - June 17, 2025

Book A Robotic Massage At These Luxurious U.S. Hotel Spas

May 05, 2025,



U.S. Lodging Industry H2 2025 Opportunities



Opinion
Rick Reilly

Airbnb and Vrbo are going downhill like a hippo on a water slide

Renting someone's home with apps like these used to be fun. Talk about a vibe shift.

June 19, 2025 at 7:45 a.m. EDT

Hilton's Chris Nassetta Sees 'Overreaction' to Trump Policies and 'Upside' Potential

April 29, 2025

Skift ✓

U.S. Lodging Industry H2 2025 **Summary**

- Overall economy still in good shape
- Upper end of lodging industry is faring much better
- Operational costs rising faster than revenues and placing strain on owners
 - Labor, insurance, property taxes
- Muted new supply and permanent hotel closings continue to be a sector tailwind
- While long-term outlook remains solid, uncertainty with geopolitics, foreign travel, and the economy are shadowing optimism in the short term

U.S. Lodging Industry H2 2025 **SD County Forecast**

- San Diego's gross metropolitan product (GMP) is forecast to slightly outperform the national average in 2025 but slightly underperform thereafter
- Through 2029, RevPAR will increase at a 2.2% CAGR
- Fueled by top-line growth, Hotel EBITDA will increase at a 0.7% CAGR over the next five years
- Despite the occupancy declines, elevated absolute occupancy levels will support pricing power

Source: LARC

U.S. Lodging Industry H2 2025



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