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Part II: Key Hotel Operational Takeaways from Americas Lodging Investment Summit (ALIS) 2023

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1. Employment and labor wage pressures have receded over the last six months; however, such challenges remain a concern among operators, particularly in seasonal markets and municipalities with high minimum wage increases.
2. While labor costs remain a general concern, other cost pressures, such as energy and the cost of goods, have subsided in the last few months.
3. Gross operating profit margins are expected to return to inflation-adjusted 2019 levels by the end of 2023 for hotels in markets that have had strong Revenue per Available Room (RevPAR) growth and were performing well pre-pandemic.
4. The post-pandemic boom in travel during shoulder periods—when hotel room night demand was typically weaker—has begun to show signs of returning to pre-pandemic trends. This return is likely due to waning pent-up leisure demand and workers' return to the office.
5. The extended-stay hotel segment, particularly economy, midscale, and upper-midscale brands, is expected to continue to benefit from sustained post-pandemic demand from traveling nurses and construction crews.
6. Group demand has been a boon for larger hotels since mid-2022, and demand for this segment continues to show resilience leading into 2023.
7. There were mixed opinions about the return of transient corporate demand, with some reporting this travel segment has nearly returned to pre-pandemic levels and others reporting this segment has recovered between 50% and 70% to pre-pandemic levels. The divided outlook illustrates how the recovery continues to be property and location-specific.
8. Some large consultancies plan to spend more on travel in 2023 but are implementing strategies to limit per-consultant travel spending to reduce clients' expenses and achieve internal environmental sustainability targets. One consultancy said their goal is to reduce per-consultant travel spending by 30% by 2025.
9. The Average Daily Rate (ADR) is expected to continue to fuel RevPAR growth for the foreseeable future, though ADR growth is expected to slow in the second half of 2023.
10. Hotels in the Sunbelt markets, including Dallas, Nashville, Orlando, and Phoenix, are expected to achieve above-average RevPAR gains relative to hotels in other U.S. regions in 2023, with San Francisco being an exception.

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