



Hotels Will Have to Create Their Own Growth: Takeaways from The Lodging Conference 2026

By Stacy Silver – October 13, 2026

From capturing smaller meetings to scrutinizing renovation budgets, hotel executives at The Lodging Conference shared how they are preparing for 2027. Stacy Silver reports.

Hotel companies are planning for modest revenue growth in 2027 while facing higher costs for financing, insurance and renovations. At the 31st annual [Lodging Conference](#) in Phoenix, owners and operators discussed how much room they have to raise rates, where demand is holding up and which expenses they can reduce without compromising the guest experience.

Bernie Baumohl, chief global economist at The Economic Outlook Group, offered a cautiously optimistic assessment, forecasting real U.S. GDP growth of 2.6% in 2026 and 2.1% in 2027. He credited sustained consumer spending and substantial investment in AI with supporting the economy, and noted that consumer spending on hotels reached a record high in August.

However, he identified several risks that could complicate the outlook for 2027, including rising energy prices, slowing consumer spending and unpredictable political and geopolitical developments. Higher transportation and distribution costs eventually reach consumers, adding to inflationary pressures and reducing discretionary spending. With household spending outpacing income growth, saving rates declining and credit card balances near record highs, he questioned how long consumers can sustain their current spending patterns.

Despite those concerns, **Baumohl** remained positive about the lodging industry's underlying strength, pointing to improved pricing strategies, constrained room supply and greater operating efficiencies as reasons hotels are better positioned to withstand economic shocks.

Budgeting for Profitability

Christie Patterson, vice president of InterMountain Development, said her company is targeting approximately 2% to 3% growth in revenue per available room (RevPAR) in 2027, primarily through average daily rate (ADR). Its strategy includes strengthening corporate rates where conditions support increases, improving forecasting and controlling expenses without compromising the guest experience. "Service, cleanliness and the overall condition of assets matter tremendously," Patterson said.

At Spire Hospitality, Nancy Johns, senior vice president of commercial strategy, is emphasizing profitability rather than revenue growth alone. "In a low RevPAR growth environment, top-line growth won't carry the year alone. We're working closely with our ownership groups to build aligned budgets with flow-through as the headline number," Johns said.

Flow-through measures how much incremental revenue translates into profit. Spire is evaluating distribution costs and channel mix while aligning commercial teams around shared profitability goals.

Helene Okabe, senior vice president of business development at Concord Hospitality Enterprises, emphasized that national forecasts can obscure significant market differences. She pointed to LARC projections showing RevPAR declining nearly 2% in New York while increasing 4.9% in Orlando in 2027.

Concord is examining 2026 performance hotel by hotel to identify non-recurring demand and improve forecasts. The company is also focused on gaining market share and improving margins, including a procurement initiative generating more than 10% in savings in 2026.

Finding Demand at the Property Level

Patterson is encouraged by corporate transient, government, and group business. Across InterMountain's portfolio, corporate travel is growing in occupancy and ADR, while government demand has rebounded. Leisure is the segment she is watching

most closely, particularly given declining international visitation and inflation's potential impact on travel decisions. "There is demand out there; the opportunity is making sure we are positioned to capture it," Patterson said.

Johns remains confident in both leisure and corporate transient business across Spire's branded and independent hotels. Her greater concern is international travel, which she said continues to lag pre-pandemic levels. Spire is using AI to identify hotels with greater exposure to international demand and adjust commercial strategies accordingly.

Tammy Bateman-Nilsen, senior vice president at HREC, sees continued leisure opportunities, particularly in markets with multiple demand generators. However, she cautioned that destinations such as Orlando and Miami remain vulnerable to sustained weakness in international visitation.

Okabe sees opportunities in smaller meetings, particularly groups of 10 to 100 attendees, even as larger convention and citywide bookings remain relatively flat. Concord is also monitoring government and project-related travel, which can significantly affect properties near major employers and government facilities.

Financing and Renovation Decisions

Financing costs, insurance expenses, property taxes and renovation requirements continue to influence hotel valuations and transaction activity.

Bateman-Nilsen believes the disconnect between buyers and sellers is gradually narrowing as owners adjust to current conditions. "Sellers remember where values were a few years ago, while buyers are underwriting based on today's cost of capital and what they believe the property can realistically produce going forward. Those two numbers don't always align," she said.

Owners facing refinancing deadlines, property improvement requirements or other capital needs may become more motivated to transact. Greater lending stability could also encourage activity by giving buyers more confidence in their underwriting assumptions.

While Johns sees financing costs as central to the valuation gap, Okabe believes strong operators can create additional asset value through operational improvements, repositioning, and revenue growth.

Anna Peretz, director of architecture, design and construction at Sonesta, believes owners need to align capital improvement plans with broader business objectives, particularly in markets that benefited from temporary World Cup demand. “Every dollar needs a purpose,” she said.

Peretz emphasized durable materials, thoughtful space planning and clearly prioritized property improvement plans (PIPs) that improve the guest experience while managing upfront investment and ongoing operating costs. Uncertainty surrounding renovation scope, brand requirements and construction disruptions can complicate transactions. Clearer capital plans and realistic improvement budgets help buyers evaluate opportunities with greater confidence.

Putting AI to Work

At InterMountain, Patterson said commercial leadership is using AI to consolidate data and improve forecasting, allowing teams to spend less time interpreting information and more time acting on it.

Spire is using technology to evaluate pricing and booking pace by submarket, while Concord is incorporating AI into commercial strategy and operational efficiency initiatives.

As AI-powered travel planning evolves, owners and operators will also need to consider how changing booking behaviors could influence customer acquisition costs, brand value, and relationships with travelers.

“My view is that 2027 won't be a year where a rising tide lifts every hotel. The winners are going to have to create their own growth,” Okabe said.

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