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2019 INDUSTRY TREND FORECAST

Insights from HelmsBriscoe's COO,
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Last year marked the ninth consecutive year in which the U.S. hotel industry experienced increases in top-line revenue. The industry had record utilization, selling two out of every three available rooms. The largest 25 markets averaged nearly 74% occupancy, and the industry experienced a 2.4% gain in average rate and 2.9% increase in revenue per available room (RevPAR). We anticipate 2019 to continue as a sellers' market with

record-high occupancy levels; however, the combination of new supply, and the uncertainty around the general economy, add a level of unpredictability.

While there is record occupancy and rate, there are also headwinds within the hotel community. Rising operations costs are likely to exceed increases in revenue in most segments, and hotels will likely run lower profit margins in 2019 than in recent years. Labor is one of the fastest-growing costs for hotels, with costs growing by 3.3% year-to-date through September of 2018. With 961,000 jobs currently open in the accommodation and food service industries, labor shortages may begin to impact service levels and drive costs further. Additionally, utilities, insurance, lending rates, and brand fees will all be areas of increased cost for hotels this year. Properties are going to look to offset this downturn in profit with increased fees, higher auxiliary pricing, and more aggressive revenue management strategies.





To secure value this year, it will be key for meeting groups to have flexibility with their dates and destinations. Shopping around remains the best way to identify opportunities to maximize your meeting dollars. For instance, while occupancy in general is high, there are markets that have absorbed a great deal of new supply that are offering value. In addition, there are markets — including Boston, Chicago, Dallas, and New Orleans — that may offer greater availability and value due to having more flexible convention calendars this year than in 2018. Lastly, hoteliers concerned about economic uncertainty may be looking to get groups on the books as insurance against a drop in consumer confidence that may influence transient demand. As a result, buying earlier may be beneficial to securing better deals.



With 2019 shaping up to be another dynamic year for the hotel industry, working with your HelmsBriscoe Associate to understand your venue options, navigate hotel fees, and negotiate better overall pricing will help ensure you achieve your meeting goals and budget.