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2024 Hotel Visit Trends

Despite inflation and other headwinds, the hotel industry presents significant growth opportunities across tiers, regions, and audience segments.

1. **Hotel visits are recovering, with Upper Midscale chains leading the way**. Overall hotel visits were down 4.3% in Q2 2024 compared to Q2 2019. But visits to Upper Midscale hotels were up 3.5% – while Luxury and Upscale Hotels closed their pre-pandemic visit gaps.
2. **Upper Midscale and Upscale hotels have also gained visit share**. Visit distribution among the six hotel tiers shifted between 2019 and 2024, with Upper Midscale and Upscale hotels gaining larger slices of the overall hotel visit pie.
3. **More affluent audiences have emerged as significant drivers of success for Upper Midscale hotels**. Brands like **Trademark Collection by Wyndham**, **Holiday Inn Express by IHG Hotels & Resorts**, **Fairfield by Marriott**, and **Hampton by Hilton** have seen impressive post-pandemic visit recovery, coupled with increases in the median HHIs of their visitor bases.
4. **In many metro areas, Upper Midscale chains are seeing increases in both overall visits and in the average number of visits to each location – indicating robust demand**. Rising visits and visits per location in tourist hotspots like Salt Lake City, UT, Palm Bay, FL, San Diego, CA, and Richmond, VA, highlight regional growth potential.
5. **Economy extended-stay hotels are thriving, buoyed by young professionals**. Even as the wider Economy tier languishes, the rise of "bleisure" and super-commuting present an opportunity for extended-stay chains that can meet the needs of young professionals on the go.

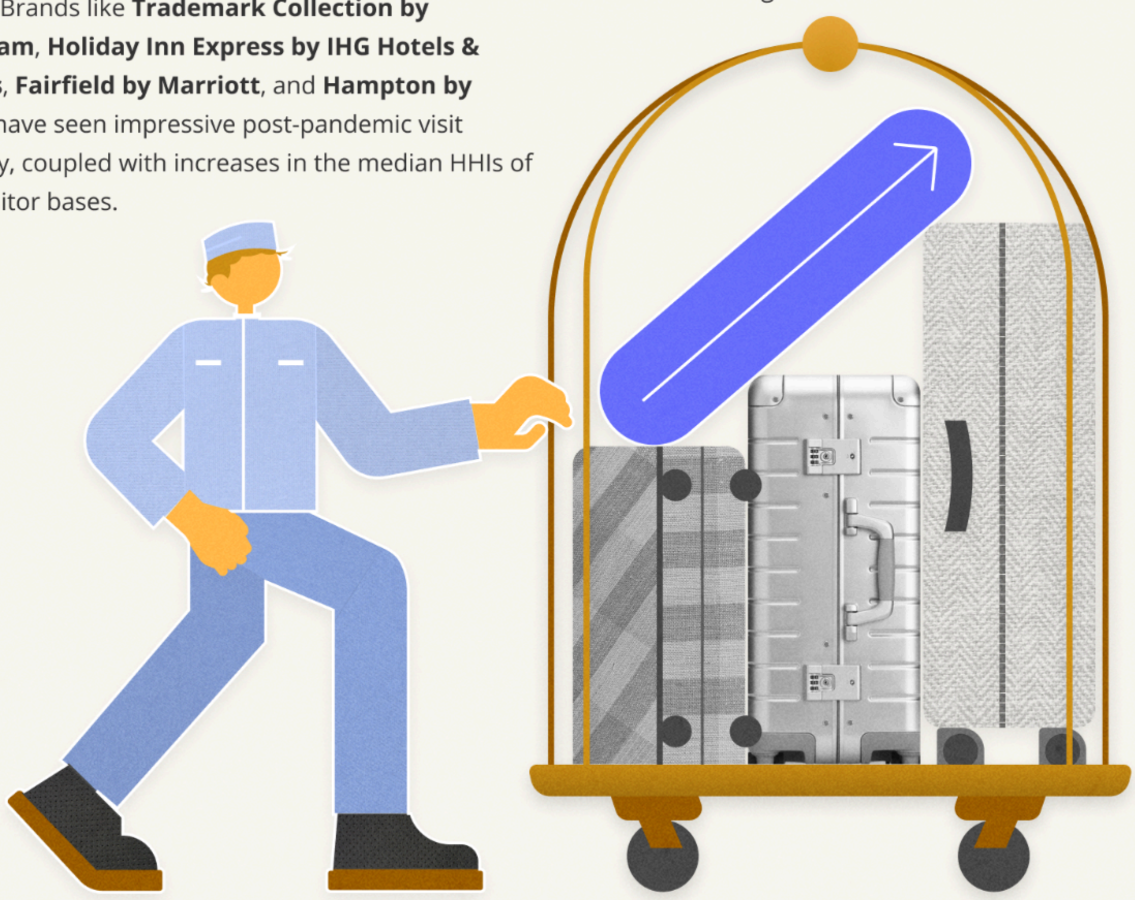

Table of Contents

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Hospitality Report Card

The pandemic and economic headwinds that marked the past few years presented the multi-billion dollar **hotel industry** with significant challenges. But five years later, the industry is rallying – and some hotel segments are showing significant growth.

This white paper delves into location analytics across six major hotel categories – Luxury Hotels, Upper Upscale Hotels, Upscale Hotels, Upper Midscale Hotels, Midscale Hotels, and Economy Hotels – to explore the current state of the American hospitality market. The report examines changes in guest behavior, personas, and characteristics and looks at factors driving current visitation trends.

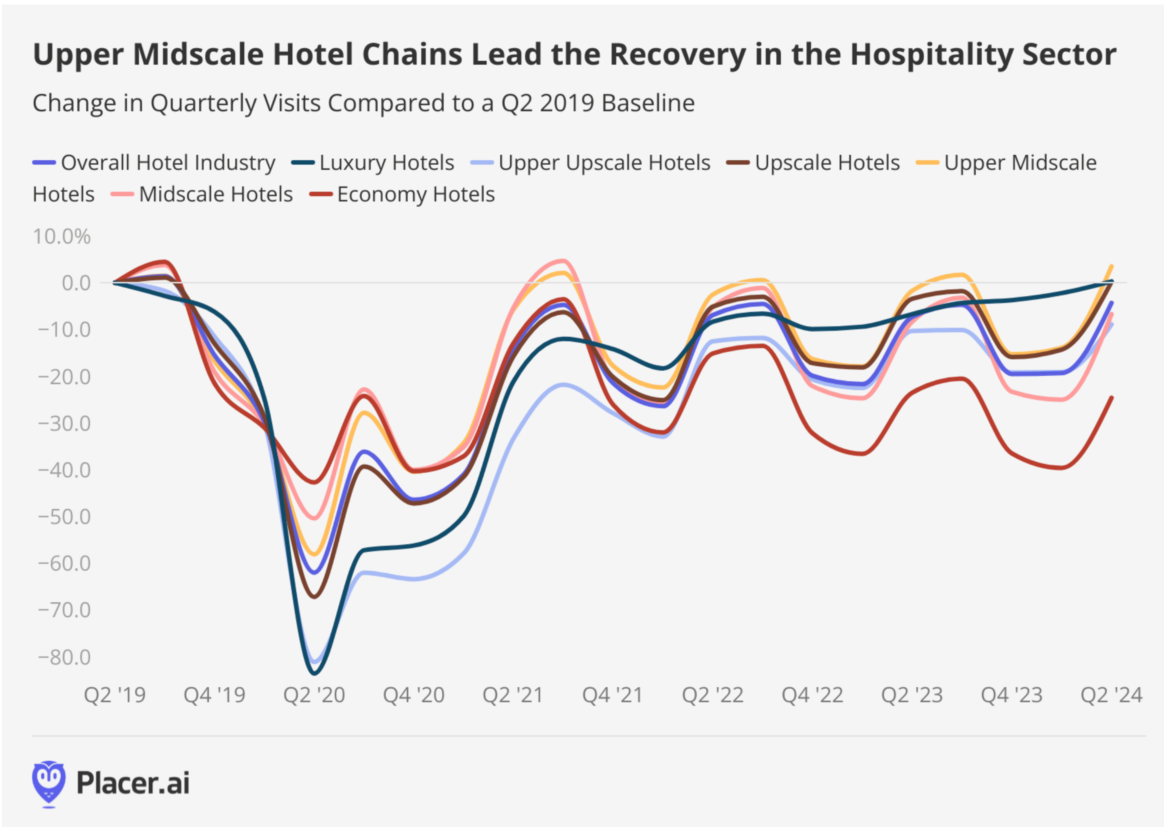
An Upper Midscale Sweet Spot

Overall, visits to hotels were 4.3% lower in Q2 2024 than in Q2 2019 (pre-pandemic). But this metric only tells part of the story. A deeper dive into the data shows that each hotel tier has been on a more nuanced recovery trajectory.

Economy chains – those offering the most basic accommodations at the lowest prices – saw visits down 24.6% in Q2 2024 compared to pre-pandemic – likely due in part to hotel closures that have plagued the tier in recent years. Though these chains were initially less impacted by the pandemic, they were dealt a significant blow by inflation – and have seen visits decline over the past three years. As hotels that cater to the most price-sensitive guests, these chains are particularly vulnerable to rising costs, and the first to suffer when consumer confidence takes a hit.

Luxury Hotels, on the other hand, have seen accelerated visit growth over the past year – and have succeeded in closing their pre-pandemic visit gap. **Upscale chains**, too, saw Q2 2024 visits on par with Q2 2019 levels. As tiers that serve wealthier guests with more disposable income, Luxury and Upscale Hotels are continuing to thrive in the face of headwinds.

But it is the **Upper Midscale** level – a tier that includes brands like **Trademark Collection by Wyndham**, **Fairfield by Marriott**, **Holiday Inn Express by IHG Hotels & Resorts**, and **Hampton by Hilton** – that has experienced the most robust visit growth compared to pre-pandemic. In Q2 2024, Upper Midscale Hotels drew 3.5% more visits than in Q2 2019. And during last year's peak season (Q3 2023), Upper Midscale hotels saw the biggest visit boost of any analyzed tier.



As mid-range hotels that still offer a broad range of amenities, Upper Midscale chains strike a balance between indulgence and affordability. And perhaps unsurprisingly, hotel operators have been investing in this tier: In Q4 2023, Upper Midscale Hotels had the highest project count of any tier in the U.S. hotel construction and renovation pipeline.

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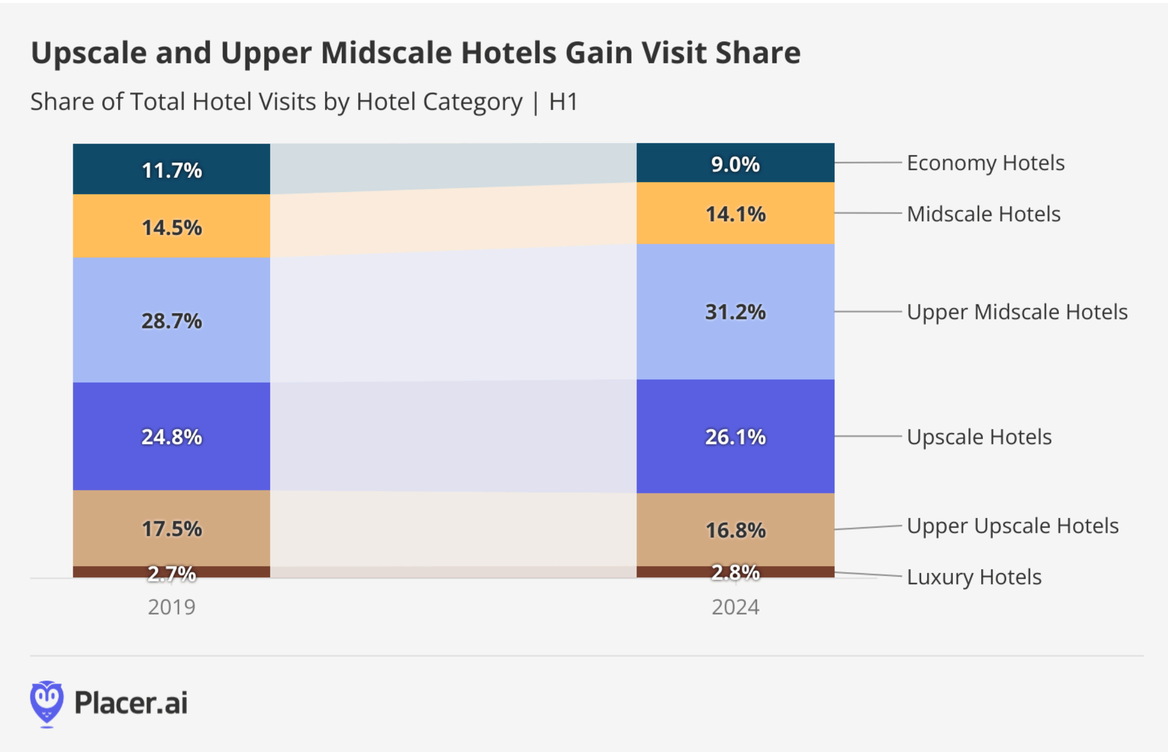
Upper Midscale Hotels Gain Visit Share

The shift in favor of Upper Midscale Hotels and away from Economy chains is also evident when analyzing changes in relative visit share among the six hotel categories.

Upper Midscale hotels have always been major players: In H1 2019 they drew 28.7% of overall hotel visits – the most of any tier. But by H1 2024, their share of visits increased to 31.2%. Upscale Hotels – the second-largest tier – also saw their visit share increase, from 24.8% to 26.1%.



Meanwhile, Economy, Midscale, and Upper Upscale Hotels saw drops in visit share – with Economy chains, unsurprisingly, seeing the biggest decline. Luxury Hotels, for their parts, held firmly onto their piece of the pie, drawing 2.8% of visits in H1 2024.

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The Guests Driving Upper Midscale Chain Growth

Who are the visitors fueling the Upper Midscale visit revival? This next section explores shifts in visitor demographics to four Upper Midscale chains that are outperforming pre-pandemic visit levels: **Trademark Collection by Wyndham**, **Holiday Inn Express by IHG Hotels & Resorts**, **Fairfield by Marriott**, and **Hampton by Hilton**.

A Variety of (Rising) Income Levels

Analyzing the captured markets* of the four chains with demographics from STI: Popstats (2023) shows variance in the relative affluence of their visitor bases.

Fairfield by Marriott drew visitors from areas with a median household income (HHI) of $84.0K in H1 2024, well above the nationwide average of $76.1K. **Hampton by Hilton** and **Trademark Collection by Wyndham**, for their parts, drew guests from areas with respective HHIs of $79.6K and $78.5K – just above the nationwide average. Meanwhile, **Holiday Inn Express by IHG Hotels & Resorts** drew visitors from areas below the nationwide average.

But all four brands saw increases in the median HHIs of their captured markets over the past five years. This provides a further indication that it is wealthier consumers – those who have had to cut back less in the face of inflation – who are driving hotel recovery in 2024.

(*A chain's captured market is obtained by weighting each Census Block Group (CBG) in its trade area according to the CBG's share of visits to the chain – and so reflects the population that actually visits the chain in practice.)

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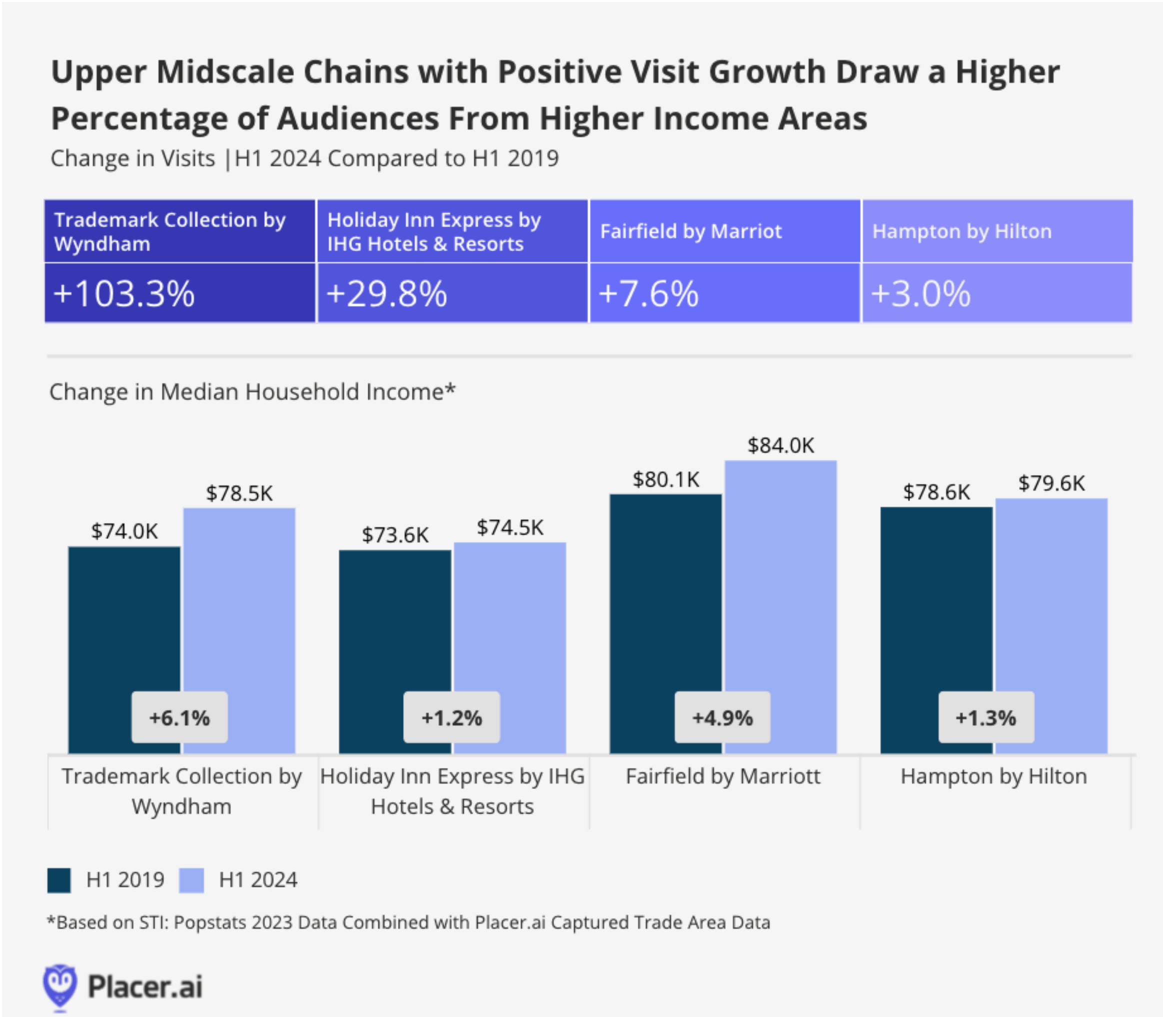

Identifying Regional Growth Opportunities

Much of the Upper Midscale visit growth is being driven by chain expansion. But in some areas of the country, the average number of visits to individual hotel locations is also on the rise – highlighting especially robust growth potential.

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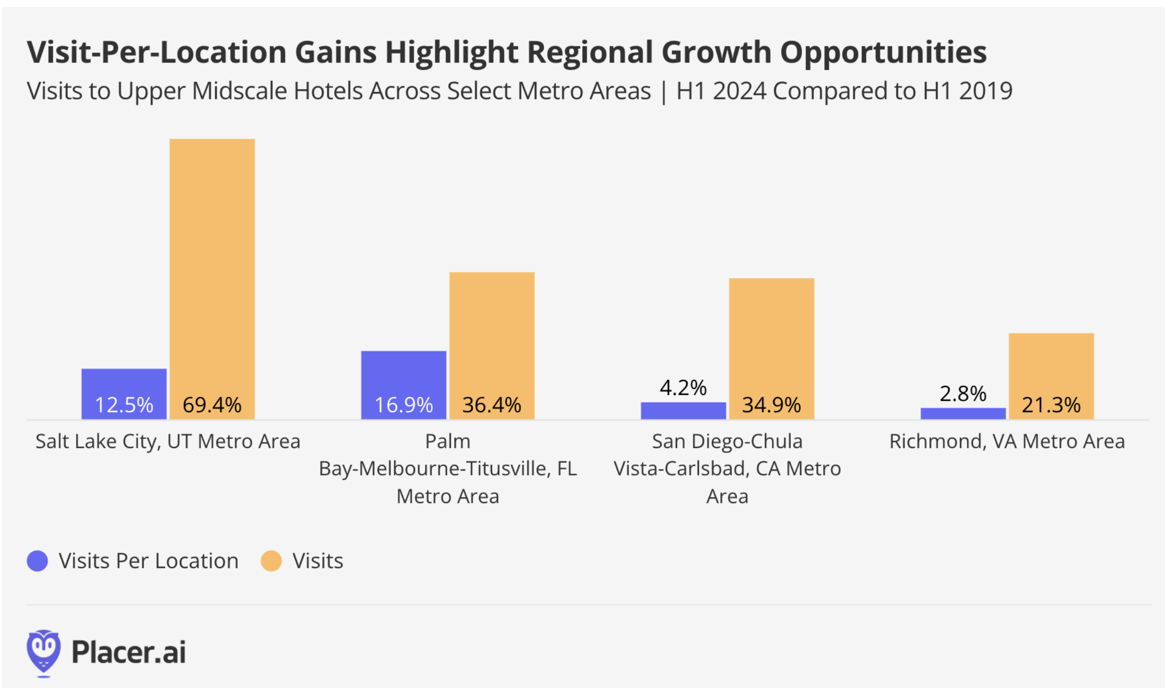
Tourism Booms Bolster Visits Per Location

Analyzing visits to existing Upper Midscale chains in four metropolitan areas with booming tourism industries – Salt Lake City, UT, Palm Bay, FL, San Diego, CA, and Richmond, VA – shows that these markets feature robust untapped demand.

Utah, for example, has emerged as a tourist hotspot in recent years – with millions of visitors flocking each year to local destinations like Salt Lake City to see the sights and take in the great outdoors. And Upper Midscale hotels in the region are reaping the benefits. In H1 2024, the overall number of visits to Upper Midscale chains in Salt Lake City was 69.4% higher than in H1 2019. Though some of this increase can be attributed to local chain expansion, the average number of visits to each individual Upper Midscale location in the area also rose by 12.5% over the same period.



Palm Bay, FL (the Space Coast) – another tourist favorite – is experiencing a similar trend. Between H1 2019 and H1 2024, overall visits to local Upper Midscale hotel

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chains grew by 36.4% – while the average number of visits per location increased a substantial 16.9%. Given this strong demand, it may come as no surprise that the area is undergoing a hotel construction boom. Upper Midscale hotels in other areas with flourishing tourism sectors, like San Diego, CA and Richmond, VA, are seeing similar trends, with increases in both overall visits and and in the average number of visits per location.

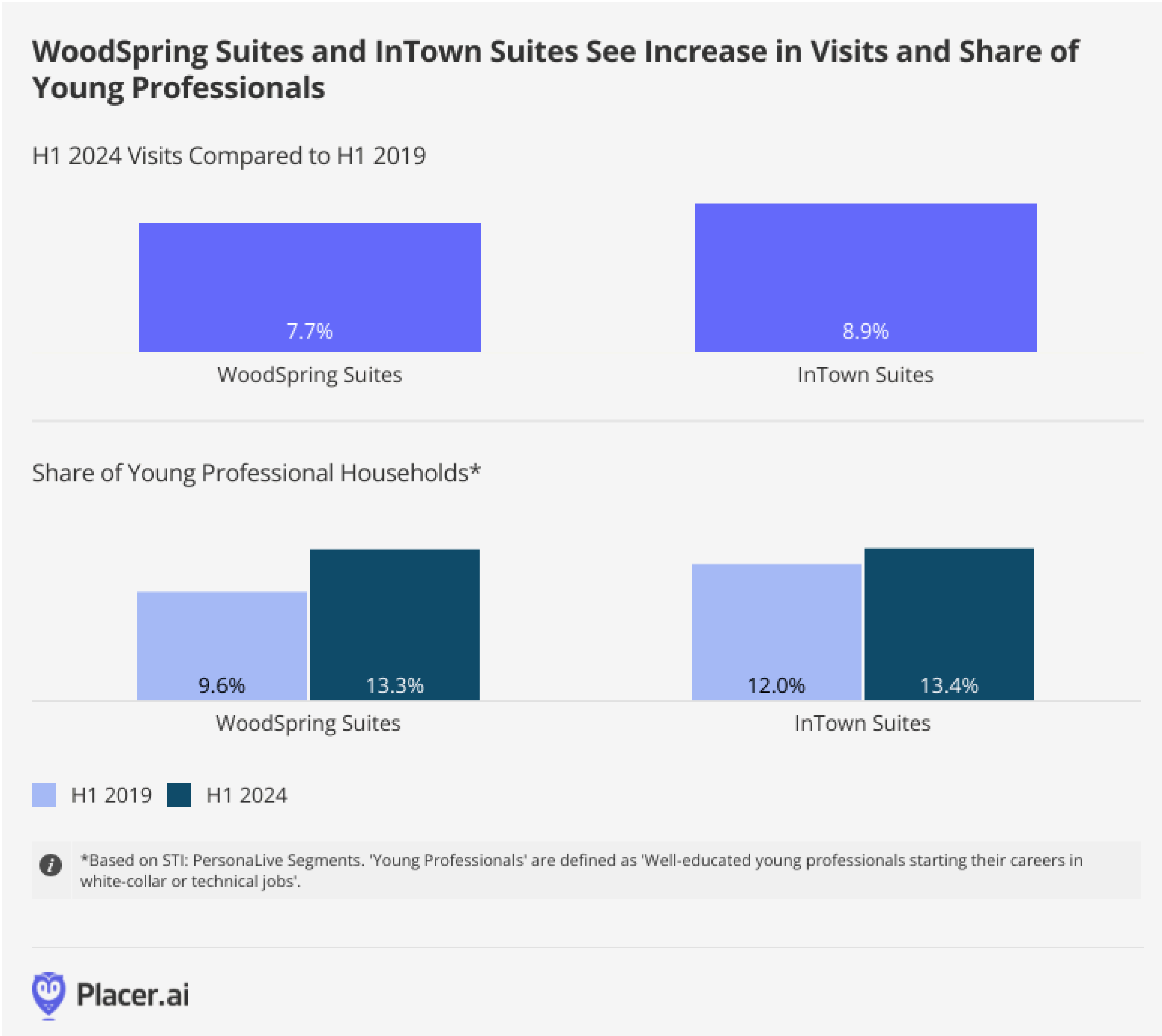
Extended Stay: An Economy Bright Spot

Though Economy chains have underperformed versus other categories in recent years, the tier does feature some bright spots. Some extended-stay brands in the Economy tier – hotels with perks and amenities that cater to the needs of longer-stay travelers – are succeeding despite category headwinds.

Young Professionals Fuel Extended-Stay Success

Choice Hotels' portfolio, for example, includes **WoodSpring Suites**, an Economy chain offering affordable extended-stay accommodations in 35 states. In H1 2024, the chain drew 7.7% more visits than in the first half of 2019 – even as the wider Economy sector continued to languish. **InTown Suites**, another Economy extended stay chain, saw visits increase by 8.9% over the same period.

And location intelligence shows that the success of these two chains is likely being driven, in part, by their growing appeal to young, well-educated professionals. In H1 2019, households belonging to Spatial.ai: PersonaLive's "Young Professionals" segment made up 9.6% of **WoodSpring Suites'** captured market. But by H1 2024, the share of this group jumped dramatically to 13.3%. At the same time, **InTown Suites** saw its share of Young Professionals increase from 12.0% to 13.4%.



Whether due to an affinity for prolonged "workcations" (so-called "bleisure" excursions) or an embrace of super-commuting, younger guests have emerged as key drivers of growth for the extended stay segment. And by offering low–cost accommodations that meet the needs of these travelers, Economy chains can continue to grow their share of the pie.

Market Recovery Led by Affordable, Quality Experiences

The hospitality industry recovery continues – led by Upper Midscale Hotels, which offer elevated experiences that don't break the bank. But today's market has room for other tiers as well. By keeping abreast of local visitation patterns and changing consumer profiles, hotels across chain scales can personalize the visitor experience and drive customer satisfaction.

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