

AHLA's 2022 State of the Industry Report Forecasts Uneven and Volatile Recovery

By **LODGING Staff** - January 24, 2022



WASHINGTON, D.C. — The hotel industry will continue moving toward recovery in 2022, but the path will be uneven and potentially volatile, and full recovery is still several years away, according to the American Hotel & Lodging Association (AHLA)'s [2022 State of the Hotel Industry Report](#). The report, which reveals shifts in consumer and business sentiment, was created in collaboration with AHLA Silver Partner Accenture and is based on data and forecasts from Oxford Economics and AHLA Platinum Partner STR.

Hotels lost a collective \$111.8 billion in room revenue alone during 2020 and 2021. In 2022, hotel occupancy rates and room revenue are projected to approach 2019 levels, according to AHLA's 2022 State of the Industry Report. However, the outlook for ancillary revenue, which includes food & beverage and meeting space, is less optimistic.

Leisure travelers will continue to drive recovery in the year ahead. In 2019, business travelers made up 52.5 percent of industry room revenue; in 2022, it is projected to represent just 43.6 percent. Business travel is expected to remain down more than 20 percent for much of the year, while just 58 percent of meetings and events are expected to return; the full effects of Omicron are not yet known.

"Hotels have faced enormous challenges over the past two years, and we are still a long way from full recovery. The uncertainty about the Omicron variant suggests just how difficult it will be to predict travel readiness in 2022, adding to the challenges hotels are already facing," said Chip Rogers, president and CEO of AHLA. "The slow return of business travel and fewer meetings and events continue to have a significant negative impact on our industry. The growth of leisure and bleisure travel represents a shift for our industry, and hotels will continue evolving to meet the needs of these 'new' travelers."

The report noted that changing traveler segments, including the rapid rise of bleisure travelers—those who blend business and leisure travel—are impacting how hotels operate. One study of global business travelers found 89 percent wanted to add a private holiday to their business trips in the next 12 months. In this new environment, technology will be even more critical to a property's success, according to AHLA Platinum Partner Oracle Hospitality—with hotels investing in technology to meet the needs of both guests and employees today and in the future.

Liselotte De Maar, managing director in Accenture's travel industry, added, "Travel and hospitality brands still face an uncertain marketplace, but all these changes also herald a new era of opportunity to drive long-term customer loyalty. They should flex with demand and respond to the added complexities and volatility in travel by delivering a 'travel partner' mentality to their leisure and business customers. Travelers are now not only focused on price and quality of a location, but also on cleanliness and sustainability values and impact, and expect a clearer, more digital service. Companies will need to continue to digitally transform, reinvent their loyalty model, as well as rethink the employee proposition, if they wish to thrive."

Like other industries, hotels have been dealing with a major workforce shortage which could impact recovery. The AHLA Foundation [recently announced](#) the launch of a new, national, multichannel ad campaign to help fill the hundreds of thousands of open jobs in the hotel industry. The pandemic wiped out 10 years of job growth, according to AHLA. This new, multi-year effort, "The Hotel Industry: A Place to Stay," aims to help job seekers discover the more than 200 career pathways and perks that the industry offers, including competitive wages, benefits, flexible schedules, and travel opportunities. Ads will begin running in Columbus, Dallas, Denver, Miami, and Phoenix on Facebook, Google, and YouTube in both English and Spanish.
