



VIDEO

## Tourism Economics' Adam Sacks on downgraded US hotel forecast

Income growth provides optimism in future of hospitality industry

By **Trevor Simpson**

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NASHVILLE, Tennessee — The near-term outlook for U.S. hotel industry performance is murkier than previously expected, highlighted by CoStar and Tourism Economics downgrading growth projections in a revised forecast released in early August.

Among the primary reasons for this downgrade was the Trump administration's tariff policy and "divisive policy and rhetoric"

affecting international inbound travel, Tourism Economics President Adam Sacks said in a video interview at the [Hotel Data Conference](#).

"Tariff policy has really affected the economic outlook," he said. "The effects of tariffs in terms of inflation, confidence, business investment, the manufacturing sector, what's going on with interest rates — all of that's downstream of those decisions."

The margin between outbound travel of U.S. residents and [inbound demand of international travelers](#) has been growing over the past several years, Sacks said. Outbound travel has grown at a quick pace while inbound travel started to shrink.

This trend is likely to reverse starting next year with big events such as the World Cup coming to the U.S.

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"What we think is going to happen as we move into 2026 is that outbound is going to start to come home, so U.S. residents are going to travel abroad less, partly because the dollar is weaker, partly because the U.S. economy is weakening," he said. "Inbound should firm up, begin to recover in 2026 with the World Cup and other events as well. What is a net negative now should turn into a net positive as we move into next year."

Sacks said there are reasons to be optimistic in the hotel industry despite the downgraded forecast, citing real disposable incomes growing and balance sheets of households remaining strong.

"Those things, I think, provide not only a backstop, but a foundation for growth as we move into next year and as the economy firms and begins to grow again," he said.

For more from Tourism Economics' Adam Sacks, watch the video above.

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