

'Uncertainty is bad for business': Hotel executives express discontent with unpredictability

Deals market trending in the right direction heading into 2026



(From left) Marriott International's Leeny Oberg, Sonesta Hotels' John Murray and MGM Resorts International's Ayesha Molino speak during the "Executive Briefing Part III" session at The Lodging Conference in Phoenix. (Trevor Simpson)

By [Trevor Simpson](#)

CoStar News

October 16, 2025 | 8:59 AM



PHOENIX — There's been no shortage of uncertainty in the hospitality industry this year. Performance fell short of expectations due to unforeseen challenges such as cratering international travel from certain regions and rising costs of materials and food.

Hotel executives speaking from the main stage at [The Lodging Conference](#) last week expressed their discontent with the precarious nature of policy shifts from the U.S. affecting the broader economy and their business in 2025.

"What's tough on our industry always is uncertainty," said Joe Berger, president and CEO of BRE Hotels & Resorts. "It's been a tough year to navigate."

Leeny Oberg, chief financial officer and executive vice president of development at Marriott International, said there's frequently a new tariff announcement or comment made toward another country that is affecting the planning process. That process is very sequential, so the timing of some of these announcements can really throw off the execution of hotel projects midway through, she said.

"You've got all these people trying to make plans about their cutbacks and what they're trying to do with their properties, and it's literally every week or every day there's a new announcement. 'Oh, it's furniture today,' or, 'Oh, it's this country today.' From a planning perspective, it makes it extremely difficult," she said.

One of the larger subplots of the year has been [the decline in Canadian travel to the U.S.](#), due in large part to comments made from President Donald Trump on America's neighboring country. In August, Tourism Economics [projected a 20.2% decline](#) in Canadian travel to the U.S. on the year.

Beth McMahon, president and CEO of the Hotel Association of Canada, said there likely won't be a return to business as usual anytime soon, but meetings between the countries' officials bodes well for finding some common ground.

"We know uncertainty is bad for business, and as soon as we start having these signs that are hopeful, all of our hearts start fluttering a little bit," she said.

Kamalesh Patel, the 2025-2026 chairman of the Asian American Hotel Owners Association, said the return of corporate travel has been inconsistent from market to market. For instance, this travel segment hasn't returned to the Bay Area. He said he's concentrating on picking up demand and remaining nimble.

"[It's about] staying patient, and it's trying to adapt in the market the best we can. It really is uncertain times right now, though," he said.

Opportunities for 2026

The uncertainty present isn't necessarily expected to clear up anytime soon. But this doesn't mean that optimism has waned for a return to form as the hotel industry rounds the corner and heads into 2026.

Berger said the biggest opportunity next year is, in fact, the same uncertainty that plagued the hospitality business this year.

"The economy is going to build strength over the year, but we've got to be really focused on the demand dynamics and driving success in a kind of volatile environment," he said.

After yet another year of muted hotel transaction activity, JLL Hotels & Hospitality Americas CEO Kevin Davis said he's reasonably optimistic that 2026 will bode better results. He said there's a significant amount of capital waiting on the sidelines to be spent as well as debt funds that are active in the hospitality space.

"Oftentimes there's a bit of a disconnect between the capital markets and the real economy. Right now, our sector, we're relying on business and consumers, and so we're very reflective of what's going on in the real economy," he said. "But at the end of the day, we feel much better about what the capital markets environment will look like in 2026 and what that will mean in terms of transaction activity."

The tides are starting to turn on acquiring assets, said Arash Azarbarzin, CEO of Highgate. Even though the past couple of years have been soft, hotel rates are rising along with hotel costs, so the return on investment is there.

Azarbarzin said Highgate gets plenty of opportunities to make hotel deals every week, but they might choose to only pick one of those to pursue.

"The way we look at opportunities [is] how can we add value to every asset that we bring in? How do we partner with the right brands to open the distribution channel for us?" he said. "The doors are opening from an acquisition side of our

business, for sure."

Justin Knight, CEO of Apple Hospitality REIT, said a quiet hotel deals environment provides an opportunity to shift strategy and reap the benefits when there's more clarity.

There are hotel deals available in areas that aren't necessarily popular at the moment, he said. At the same time, the prices on these deals will never be better than they are today, so there's an opportunity to get ahead of the curve and build a portfolio that ages well years into the future.

"In these periods of uncertainty, where people are sitting on the sideline, being smart, doing your homework and getting in areas where you have a high degree of confidence, there will be a future return on that investment," Knight said.

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