



The state of global hotel pricing

H2 2024 recap and H1 2025 outlook

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The 2024 hospitality story

2024 marked a shift in travel behavior as consumers balanced their desire to explore with economic realities.

While the volume of global travel increased, spending patterns indicated a shift toward more cost-conscious behavior.

A sharp contrast to the unrestricted spending seen in 2022-2023 following the lifting of travel restrictions and the surge of 'revenge travel'.

Our data reveals three key trends

1. Regional performance gap

Latin America emerged as a standout performer; prices grew by double digits in both halves of 2024, while most regions saw average prices fall or stagnate Year-on-Year (YoY).

2. Branded advantage

Travelers gravitated toward established brands, with branded hotels performing better than independents. The luxury sector largely saw a softer impact from its wealthier clientele, especially in Asia-Pacific, where the emerging middle class in China was heavily impacted by poor economic performance.

3. Value-driven destinations

Travelers looked to escape to sunnier climes that offered value for money, pushing destinations with beachfronts to 12 of the top 20 destinations for pricing growth in H2 2024.

Mexico in particular did well as tourists from the US looked south of the border for value. While destinations like Gangwon, Miami Beach and Rimini saw strong domestic tourism reflecting a preference for value-oriented travel.



The hospitality outlook for H1 2025

Initial data for H1 2025 reveals a cautious pricing approach from hoteliers worldwide. Only the Middle East (2.7%) and North America (0.8%) have advertised rates above 2024 on average, while Africa (-17.1%), Asia (-13%), Europe (-2.7%), Latin America (-7.1%) and Oceania (-2.3%) are all beneath H1 2024 room prices.

Our forward-looking demand indicators paint a more optimistic picture, showing positive momentum across all regions for H1 2025. Europe and the Middle East lead this upward trend, with demand increases of 1.4% and 1.5% respectively.

Recent wage growth and job figures from major economies have been strong. This is anticipated to feed through to consumer sentiment and lead to an improved spending picture overall, barring major economic disruption.

India stands out as the growth leader, with an expanding traveler base driving hotel rates upward across the country.

Conversely, the big unknown remains China, causing a drag in accommodation pricing in the APAC region. The government has announced a bumper pay increase for public sector workers and stimulus measures, and there are green shoots that are showing through in our data, indicating that this year should see some improvement.

As we noted in our [2025 trends](#), travel intent remains strong, but many **consumers are facing tighter budgets**. However, this trend is expected to ease slightly in 2025.



Consumers are looking for new and authentic experiences, which combined with the strong value proposition of Latin American countries, make the region especially attractive.

The hotel pricing picture: H2 2024



Global hotel pricing in 2024 revealed stark regional contrasts, with most markets experiencing pricing pressure throughout the year.

The standout in this case was Latin America, which followed up an excellent 12.9% YoY increase in average actualized room prices in H1 2024 with 13.3% growth in H2.

This was driven by consumers within the region, who experienced increasing disposable income across 2024 and accelerated interest rate reductions versus other regions, along with strong inbound tourism.

Demand was especially centered on Central America, with [Belize, Costa Rica, El Salvador, Guatemala, Nicaragua and Mexico among the best countries globally](#) hotel room price rises in 2024.

By contrast, Africa and Asia faced significant challenges. African actualized room prices declined 22.9%, while Asian markets saw a 9.9% drop.

China's domestic challenges - including a persistent housing market slump, constrained local government spending, and manufacturing sector headwinds continued to impact travel spending.

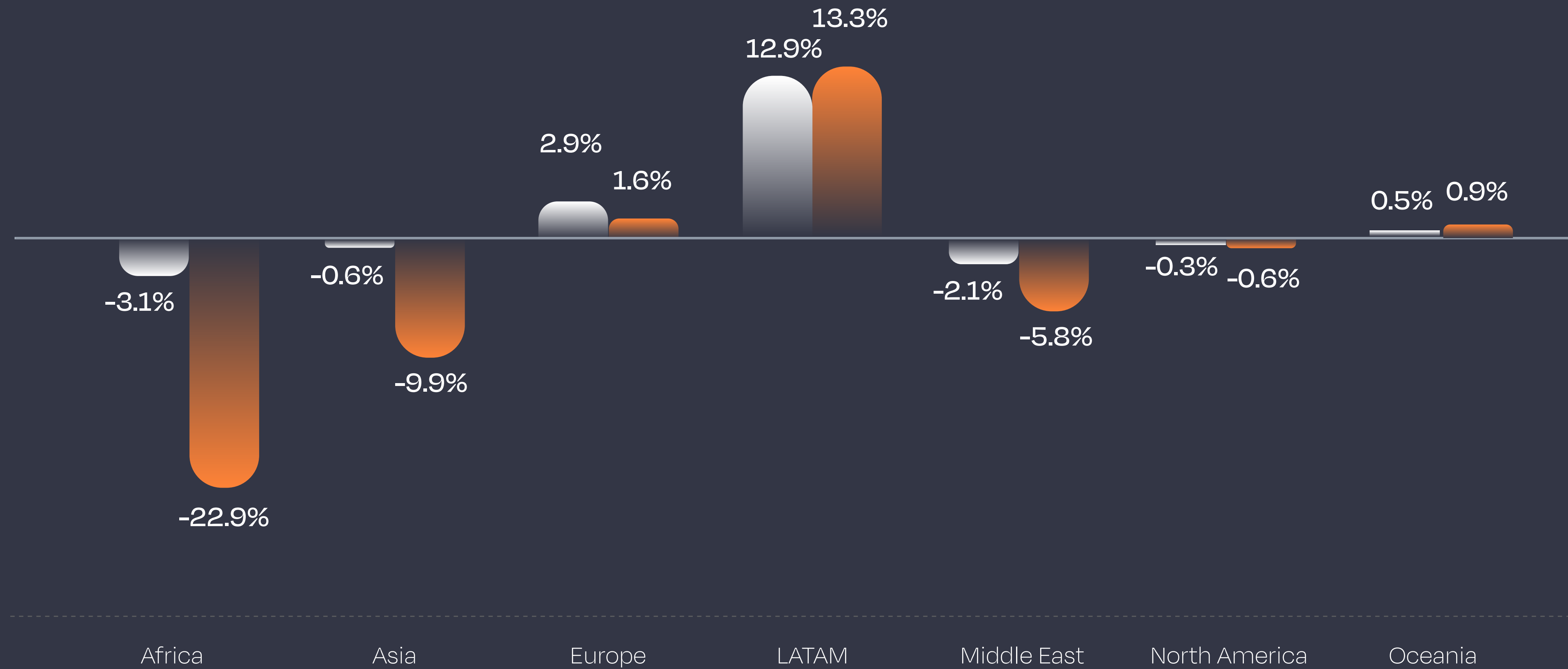
In contrast, India represents a strong growth market and is projected to do so again in 2025, as we shall cover later.



YoY change in hotel pricing performance:

Global regions H2 2024

- Average price change by region (H1 2024 vs H1 2023)
- Average price change by region (H2 2024 vs H2 2023)



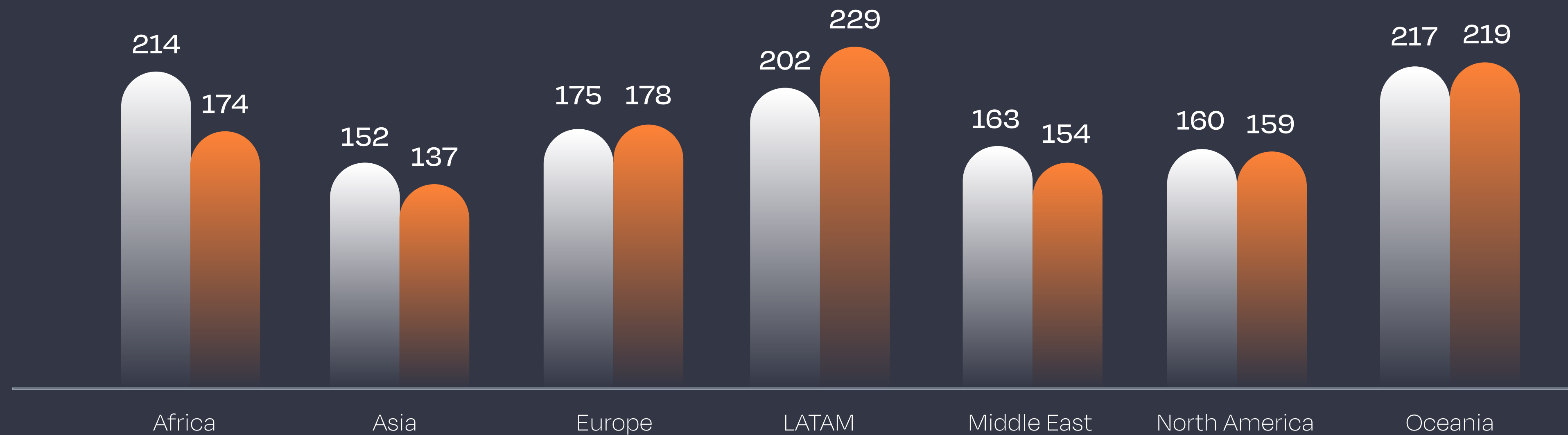
YoY change in hotel pricing performance (in USD):



Global regions H2 2024

● H2 2023

● H2 2024



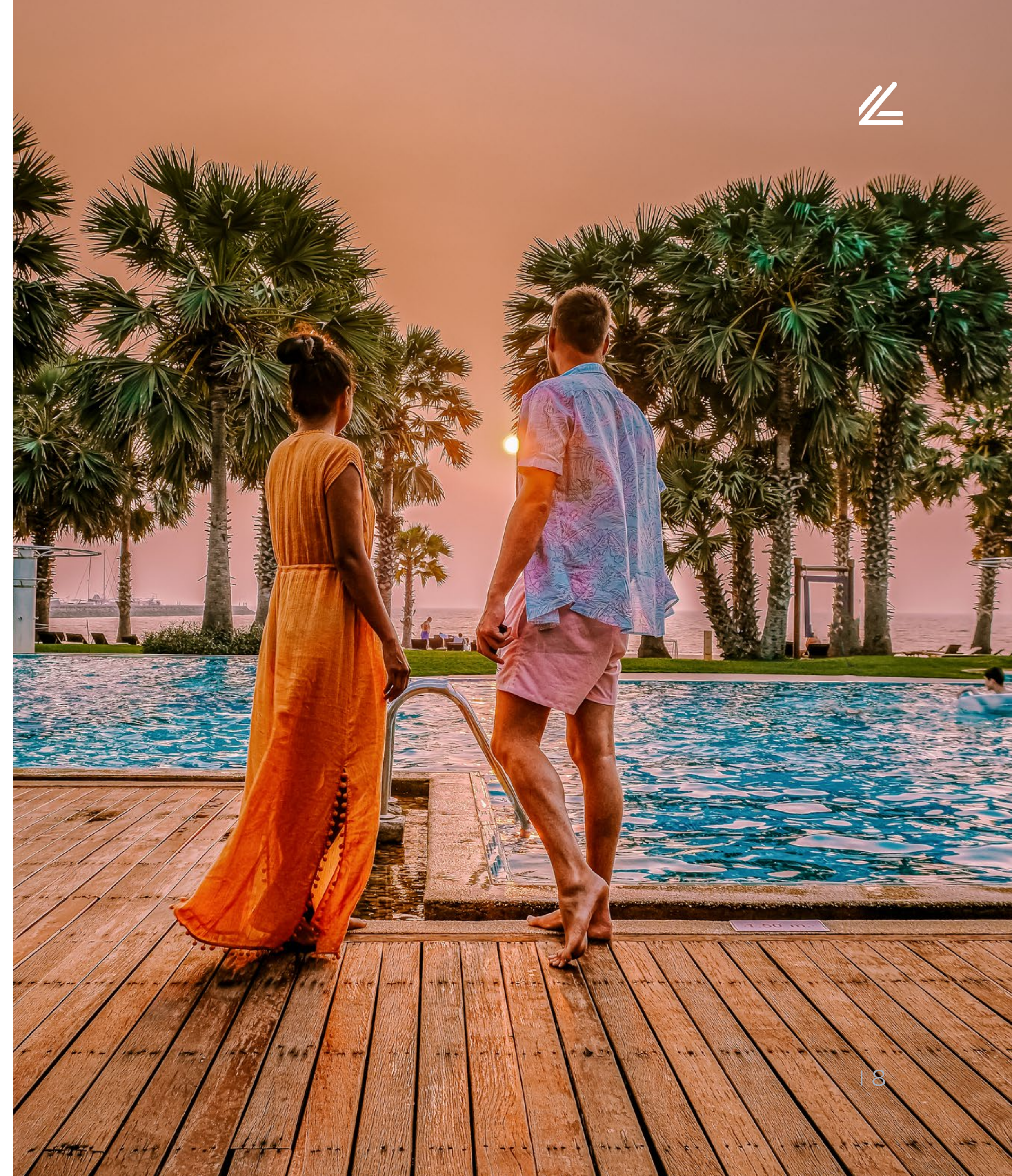


Amidst economic uncertainty, travelers gravitated toward established brands in 2024. Leveraging superior marketing reach and revenue management capabilities, branded hotels demonstrated stronger pricing power than independents across most regions.

Branded hotels were able to outperform independents in every region except **North America**. The difference between the two was often dramatic, especially in **Asia** where branded hotels kept prices the same YoY, but independents cut their rooms by **-14.7%**. And in **Latin America**, there was a **16-percentage-point difference** in favor of room price increases by branded hotels.

The market displayed distinct segmentation trends, with luxury and upper-upscale properties demonstrating stronger pricing resilience, driven by their affluent customer base.

In most regions, travelers in these segments tend to have more disposable income, making it unusual for three-star hotels to surpass higher-rated properties in pricing. However, Latin America and Oceania were exceptions. In Africa and Asia, the gap was even more pronounced, with double-digit differences, underscoring the growing financial pressure on budget-conscious travelers.

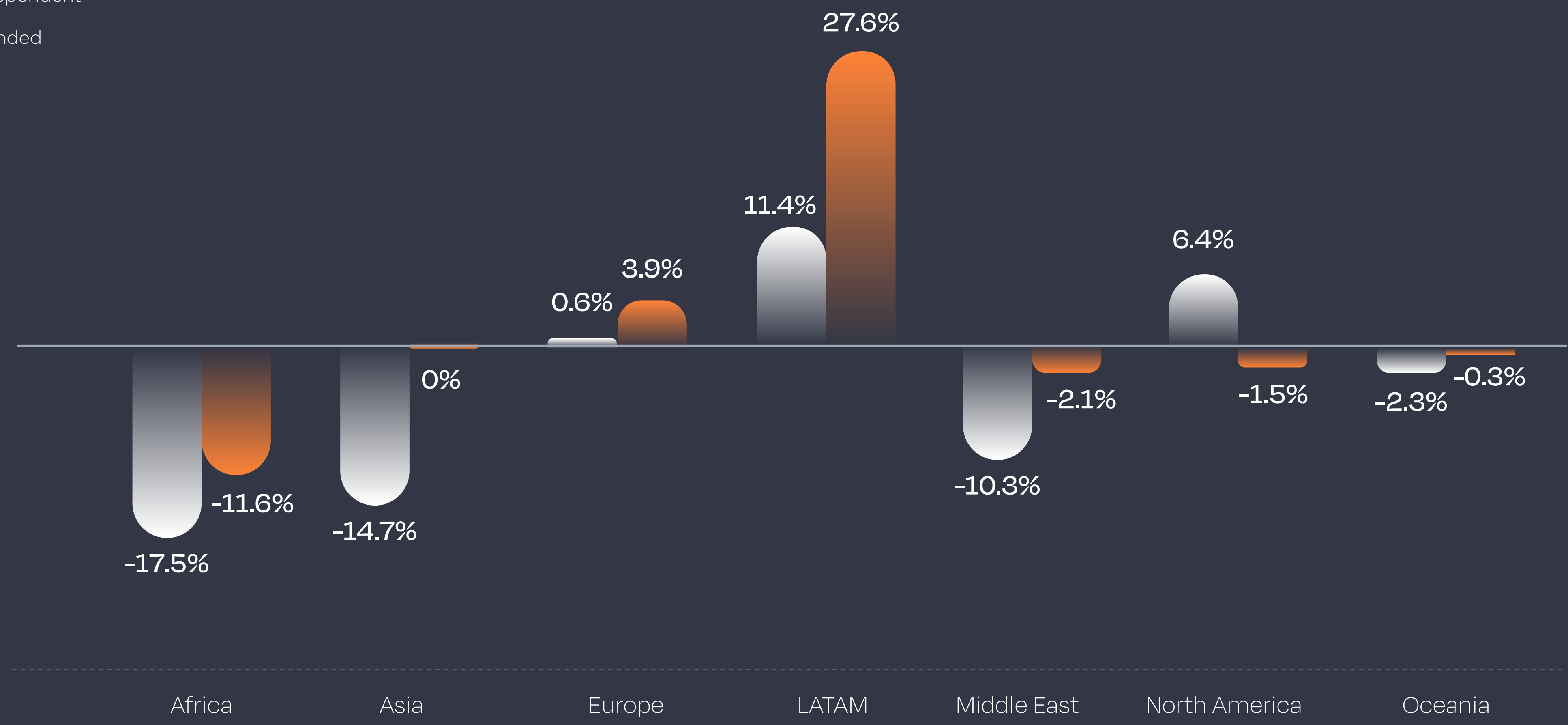


YoY change in independent and branded hotel pricing performance:

Global regions H2 2024



- Independent
- Branded

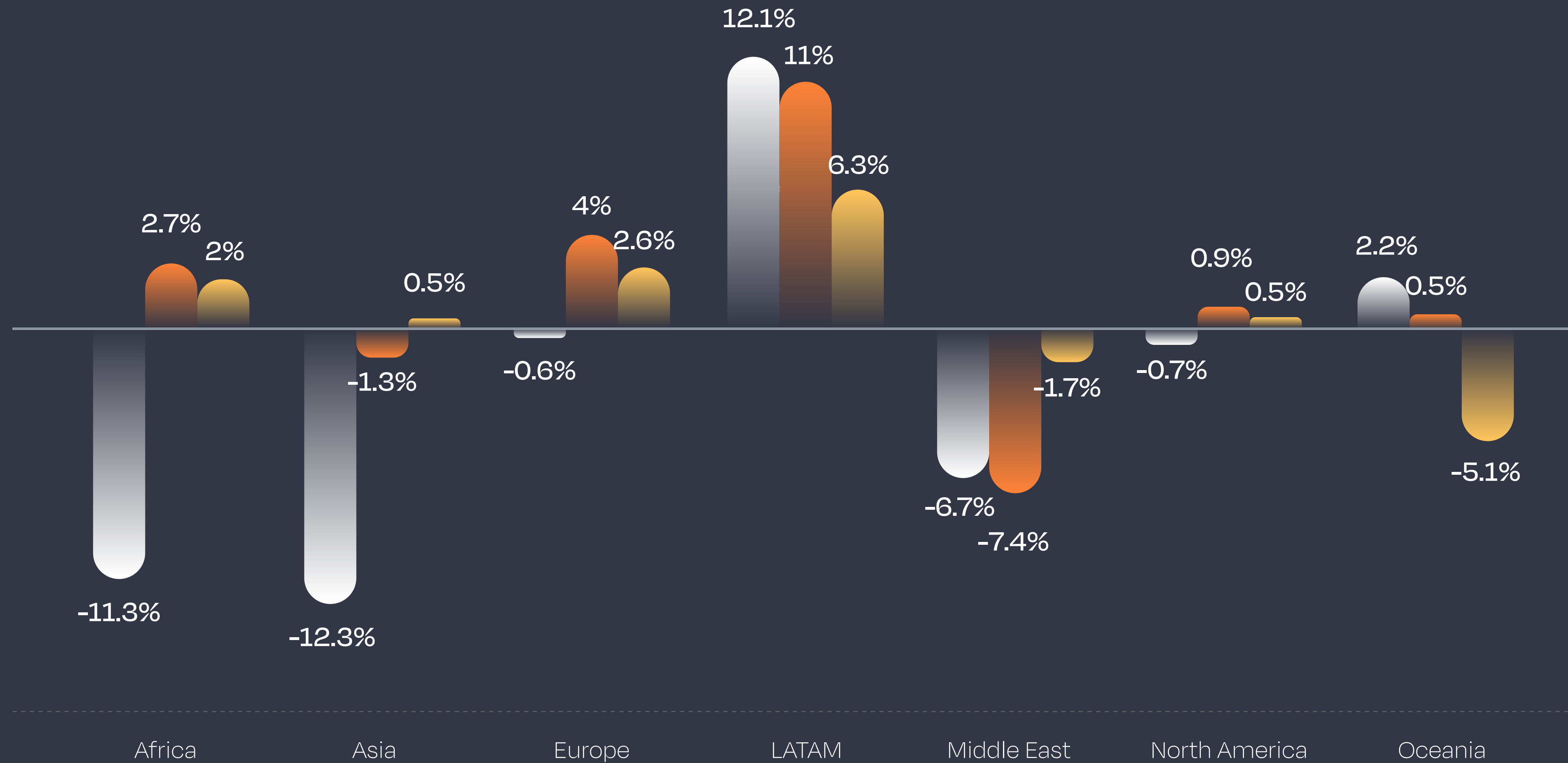




YoY change in pricing performance:

Global regions H2 2024 by star rating

- 3 star
- 4 star
- 5 star





The short-term rental pricing picture: H2 2024

H1 2024 was defined by broad-based increases in Average Daily Rates (ADR) for short-term rentals. In contrast the second half of 2024 saw noticeably more divergence between regions and some big shifts in direction, reflecting a tougher hospitality market at a global level.

While rates were on an upwards trajectory YoY in H1 across Asia, the Middle East and Oceania, the second half of the year saw that growth come to a halt and there were declines in ADRs of -0.5%, -3.9% and -1.4%, respectively.

In the case of the Middle East, this represented an approximate 21 percentage point swing, marking a dramatic turnaround in the pricing picture within the region.

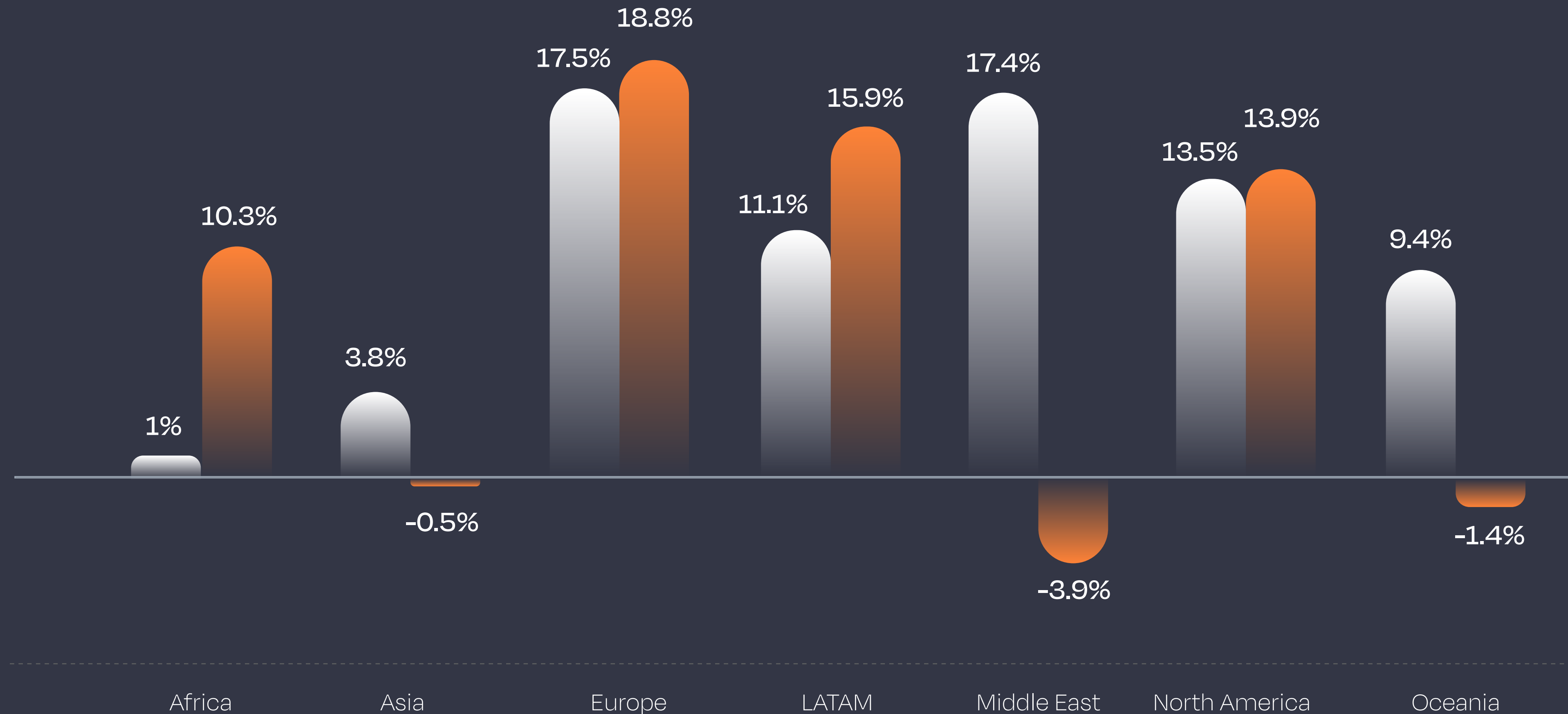
Elsewhere, Europe and North America, the two largest regions by inventory supply, were able to continue in a similar vein to the first half of the year, with rates up 18.8% and 13.9%. Latin America also went from strength to strength, with ADR up 15.9% YoY in the 2nd half of 2024.





YoY change in ADR for short-term rentals: Global regions in H1 and H2 2024

- Average price change by region (H1 2024 vs H1 2023)
- Average price change by region (H2 2024 vs H2 2023)



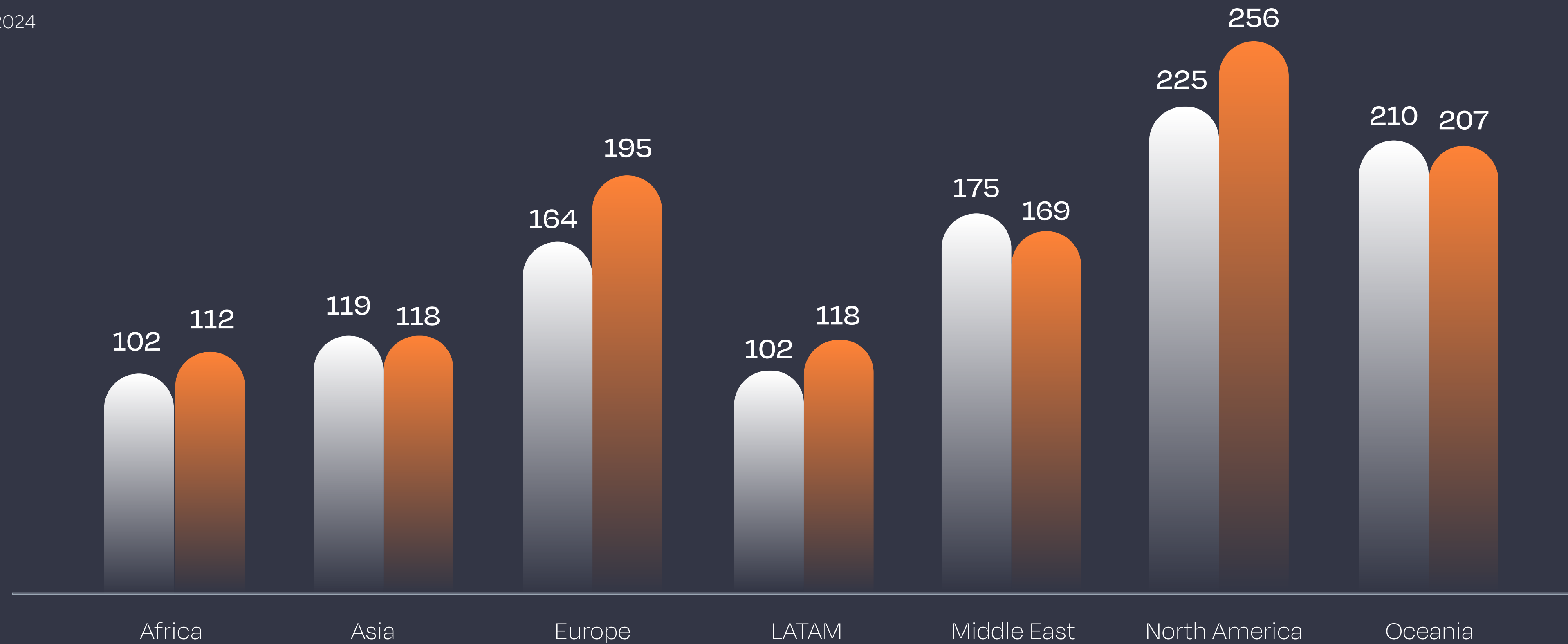
Average ADR for short-term rentals (in USD):

Global regions in H2 2023 and H2 2024



● H2 2023

● H2 2024





ADR increases in Europe and North America were driven by steady bookings, with occupancy rates at 56% and 51%, respectively – just **behind Oceania** at 59%.

Hotel occupancies in these regions are typically in **the 60% range**, and while these **short-term rental occupancies are below those levels**, they highlight strong consumer demand for short-term rentals in mature markets.

In contrast, **the lowest occupancy was found in the Middle East**, at 28%. This goes a long way to explain the sudden shift in pricing power from H1 to H2 2024.



Average occupancy for short-term rentals

Average occupancy of Lighthouse-tracked markets in each Global Region, H2 2024

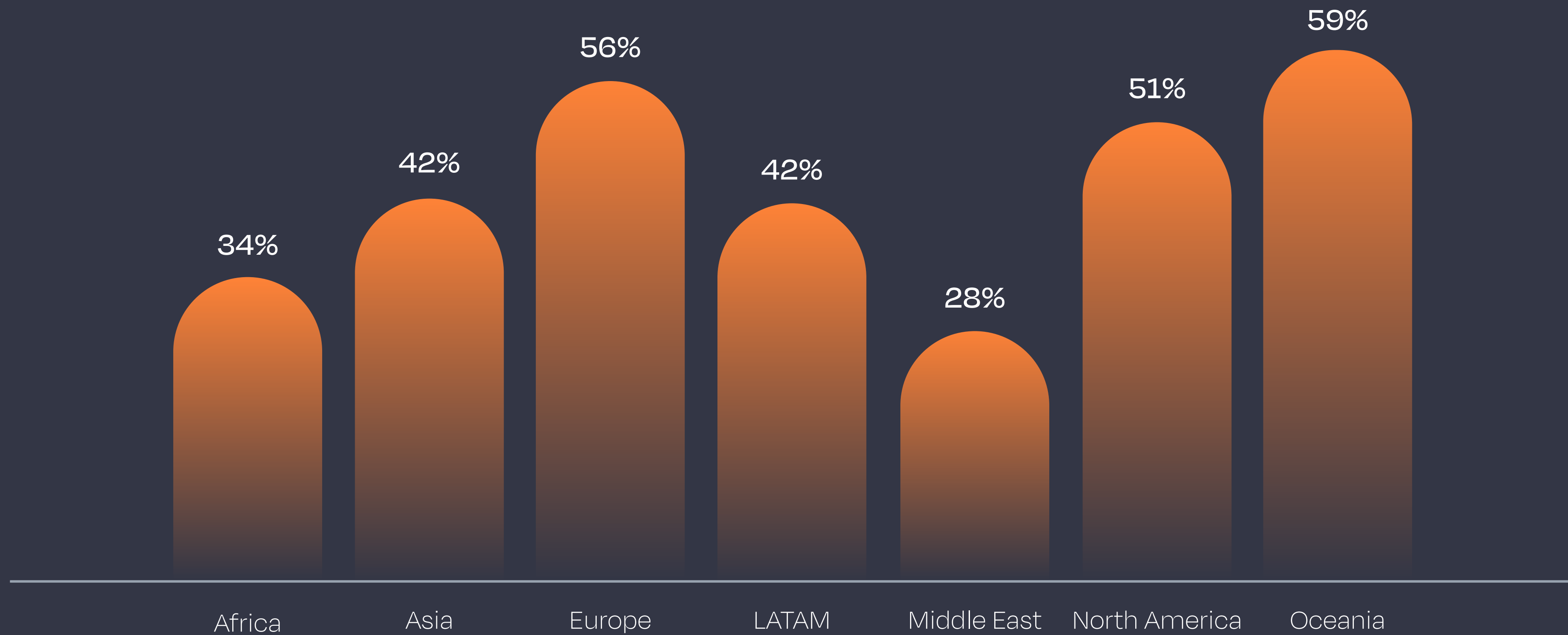


Chart represents unweighted average occupancies for all destinations tracked by Lighthouse within each region.



Although there was some softening in demand, and therefore pricing, in various global regions, supply continued to expand dramatically across 2024.

Compared to December 2023, both the number of properties listed and the total guest capacity of these properties were up 9% by December 2024.

Asia and Africa saw the biggest increases in supply. Capacity grew by 25% YoY in Africa and 22% in Asia.

The latter saw guest capacity expand by just over 350,000 and this growth, coupled with a demand picture that has come in under expectations, likely underlies the weakness in ADR experienced in H2 2024.

Europe is poised to maintain its global leadership in short-term rentals, bolstered by strong ADR growth despite notable supply expansion, with over 4.34 million properties currently listed across the region.

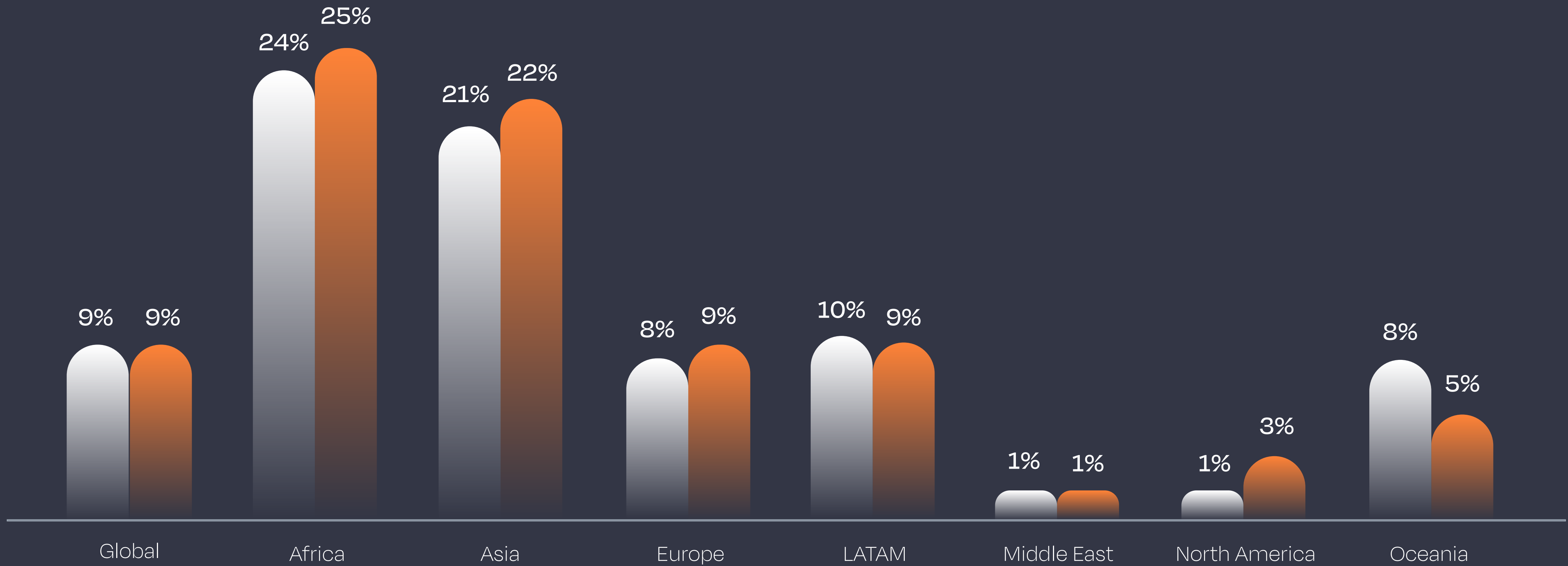
Given the continued demand and expanding supply, **it seems like it will be difficult for authorities to dampen Europe's short-term rental market**, even as many locals call for more enforcement and more legislation is added to statute books for short-term rentals.





YoY change in supply of short-term rentals: Global regions in H2 2024

- Percentage change in number of properties
- Percentage change in total capacity





Top performing hotel markets: H2 2024 actualized price - H1 2025 advertised price

In H2 2024, three distinct patterns emerged in high-performing markets.

1. Sun and value markets

The top performers in H2 2024 were defined by sunny destinations south of major outbound markets, as travelers sought strong value propositions and became more adventurous generally in where they were willing to vacation, aided by increased flight inventories to some of these locations.

The primary beneficiaries of these trends, displaying strong upward pricing from H2 2024 to H1 2025, were:

- Thailand: Khao Lak (34.8%) and Krabi (17.6%)
- Mexico: Mexico City (33.2%); Monterrey (25.5%); Cancún (24.5%); and Tulum (22.5%)
- Spain and Portugal's Atlantic islands: the Azores (17.7%) and Tenerife (16.8%)

2. Domestic tourism strength

Key resort destinations leveraging local tourism posted significant gains. Park City, Utah (31%), Gangwon Province, South Korea (30.9%), Miami Beach (20.3%) and Rimini (20.2%) were all in the top 20 performing hotel markets, reflecting that some consumers are looking to economize by vacationing closer to home.

3. India's momentum

A major growth hotspot in 2024 was India, with Hyderabad (18.9%), Chennai (17.7%) and Bangalore (16.7%) all among this list.

This continues into 2025, as four Indian cities - Jaipur (53.5%), Hyderabad (36.8%), Mumbai (24.6%) and New Delhi (20.0%) are among 2025's current best performers, with huge growth in lowest advertised prices in the first half of the year. These rates underline the growth in the Indian middle and upper classes and an increasing propensity to travel.

4. Positive early signs from China

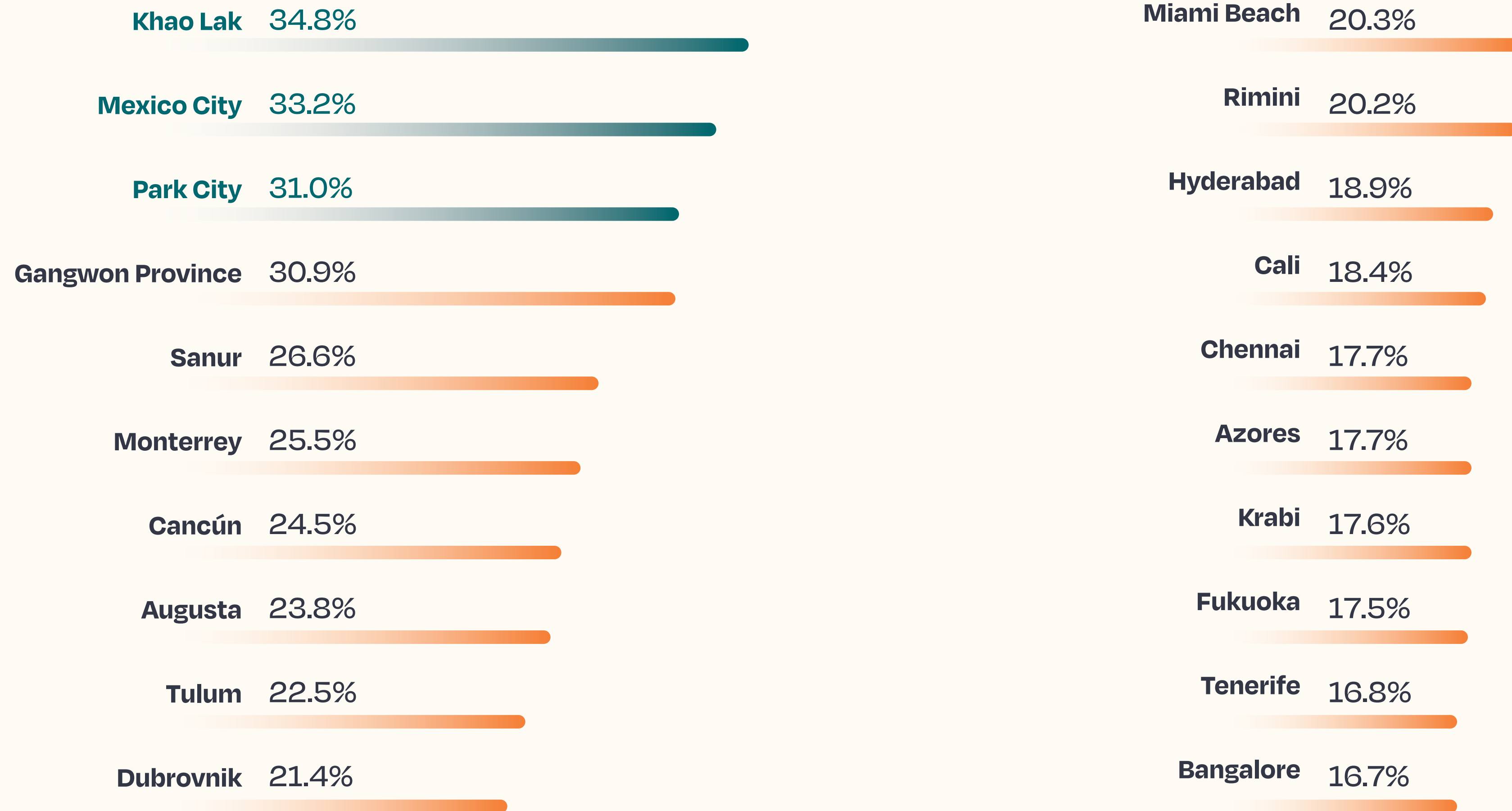
Our data suggests an improving Chinese travel market. Chongqing has gone from a destination with some of the worst performing prices in H2 2024, at -21.0%, one of the top performers for advertised pricing in H1 2025 at 21.0%.

In addition, strong performance in Suzhou (+24.2%), Sapporo (+26.7%), and Osaka (+21.0%) reflects a rebound in outbound Chinese tourism, as these destinations have all traditionally depended on Chinese visitors.



YoY change in actualized price

from H2 2023 to H2 2024





YoY change in hotel pricings

from H1 2024 (actualized) to H1 2025 (advertised)





Underperforming hotel markets: H2 2024 actualized price - H1 2025 advertised price

While the top performing locations are shifting from the second half of 2024 to the first half of 2025, there remains consistency among the locations with the lowest actualized hotel prices.

There are pockets of weakness in Southeast Asia, around the Mediterranean (and in Southern Brazil).

1. Southeast Asian markets adjust

Challenging conditions remain across Southeast Asia, with some markets seeing significant rate adjustments.

Within Asia it seems that hoteliers were stung by a much lower than expected performance across 2024, leading to continued discounting occurring for H1 2025, even though the picture appears to be generally improving.

Locations such as Cebu City, Hoi An and Sanya saw their lowest prices 20-25% beneath the previous year in H2 2024, and eight of the 20 worst performers for advertised pricing in H1 2025 are in Asia.. Unsurprisingly, markets with high exposure to Chinese visitors, such as Vietnam, Singapore and Taiwan are prominently featured.



2. Mediterranean reset

A notable trend emerges in popular Mediterranean destinations, where previous social media-driven success has led to market corrections.

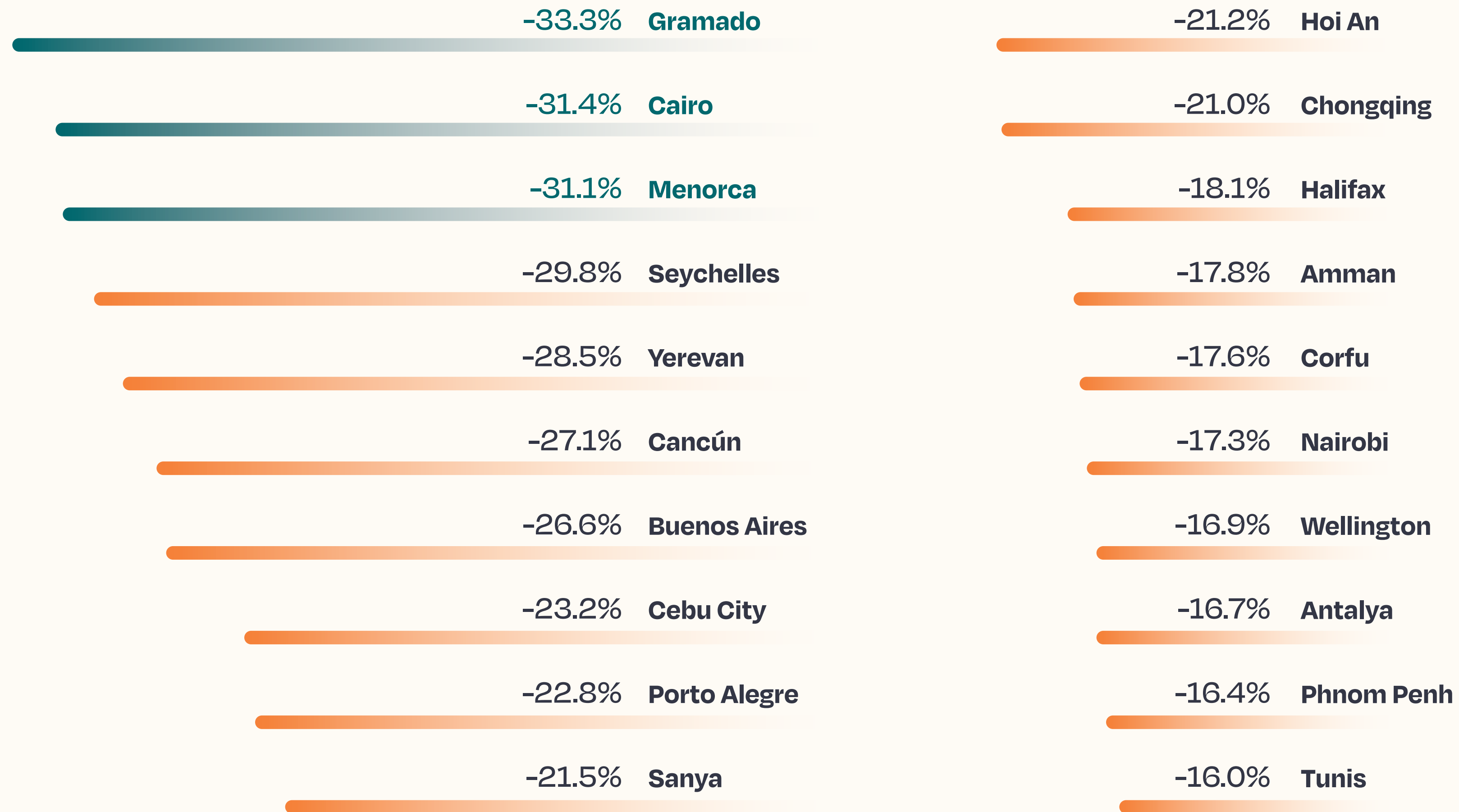
Locations such as Corfu, [Menorca](#) and the [Amalfi Coast in Italy](#) are all locations that have been social media darlings over the last few years, generating major boosts in numbers and, consequently, excellent pricing growth in 2023 and 2024, but some downsides are now being recognized by travelers.

These declines may reflect a growing awareness of overtourism and a shift toward less-traveled destinations, potentially **benefiting emerging locations that offer more untapped experiences.**



YoY change in actualized lowest price

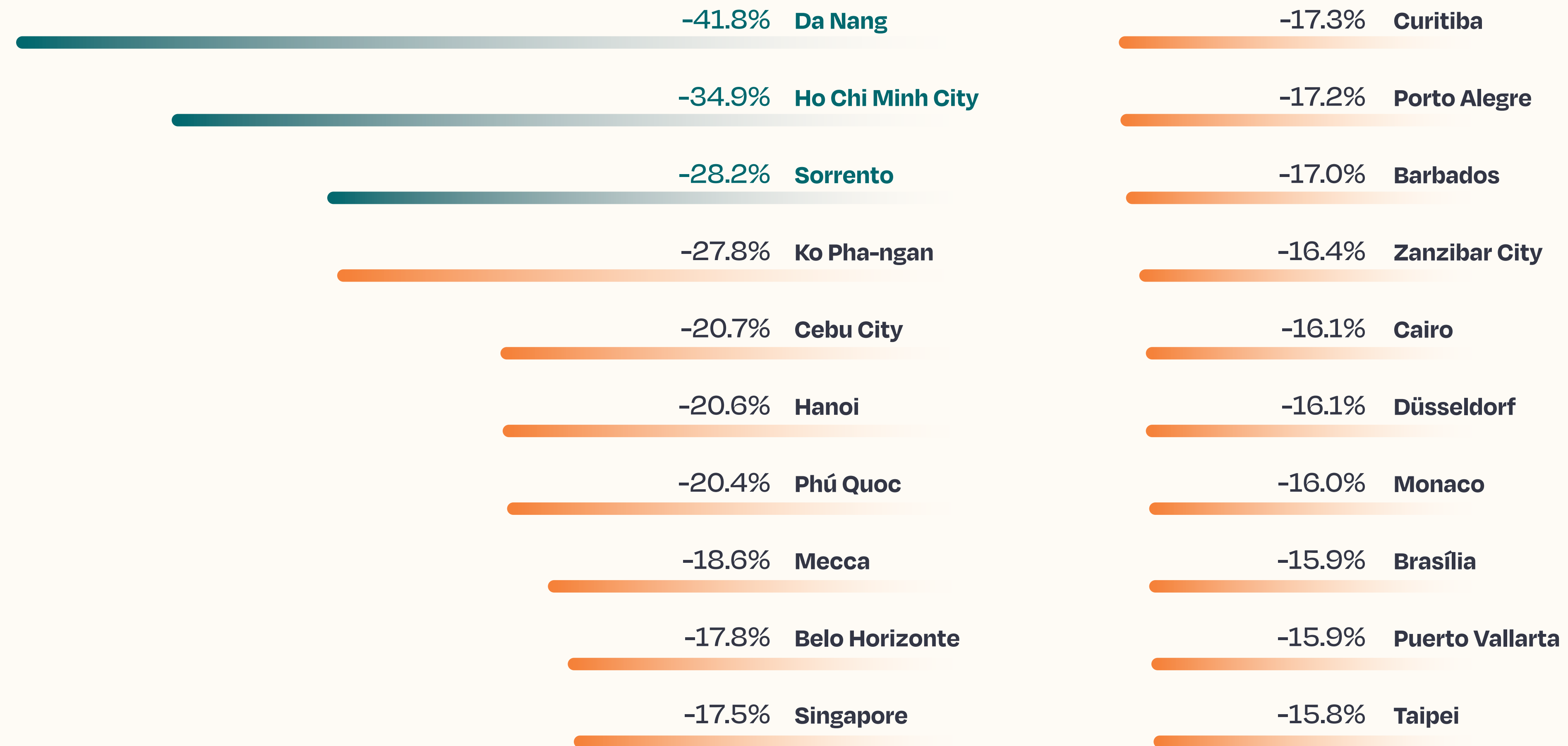
from H2 2023 to H2 2024





YoY change in hotel pricing

from H1 2024 (actualized) to H1 2025 (advertised)





H1 2025 pricing strategy analysis: Caution meets opportunity

Current market data reveals **conservative pricing strategies across global markets**, with most regions setting rates below H1 2024 levels.

Even in growth markets, increases remain modest. The Middle East leads at +2.7%, while North America shows a marginal +0.8% gain.

This cautious approach follows a challenging 2024, where performance fell short of the robust 2022-2023 period. Revenue managers are prioritizing occupancy in what remains a competitive market environment.

This makes sense in a global economy where inflation has been front and center of travelers' minds, and for good reason. Workers in half of OECD countries earned less per hour than they did pre-pandemic by Q1 2024.

However, this pessimism may be somewhat misplaced and the outlook appears more positive in 2025 than in 2024. Wage growth and jobs reports in major economies finished 2024 on a broadly strong note:

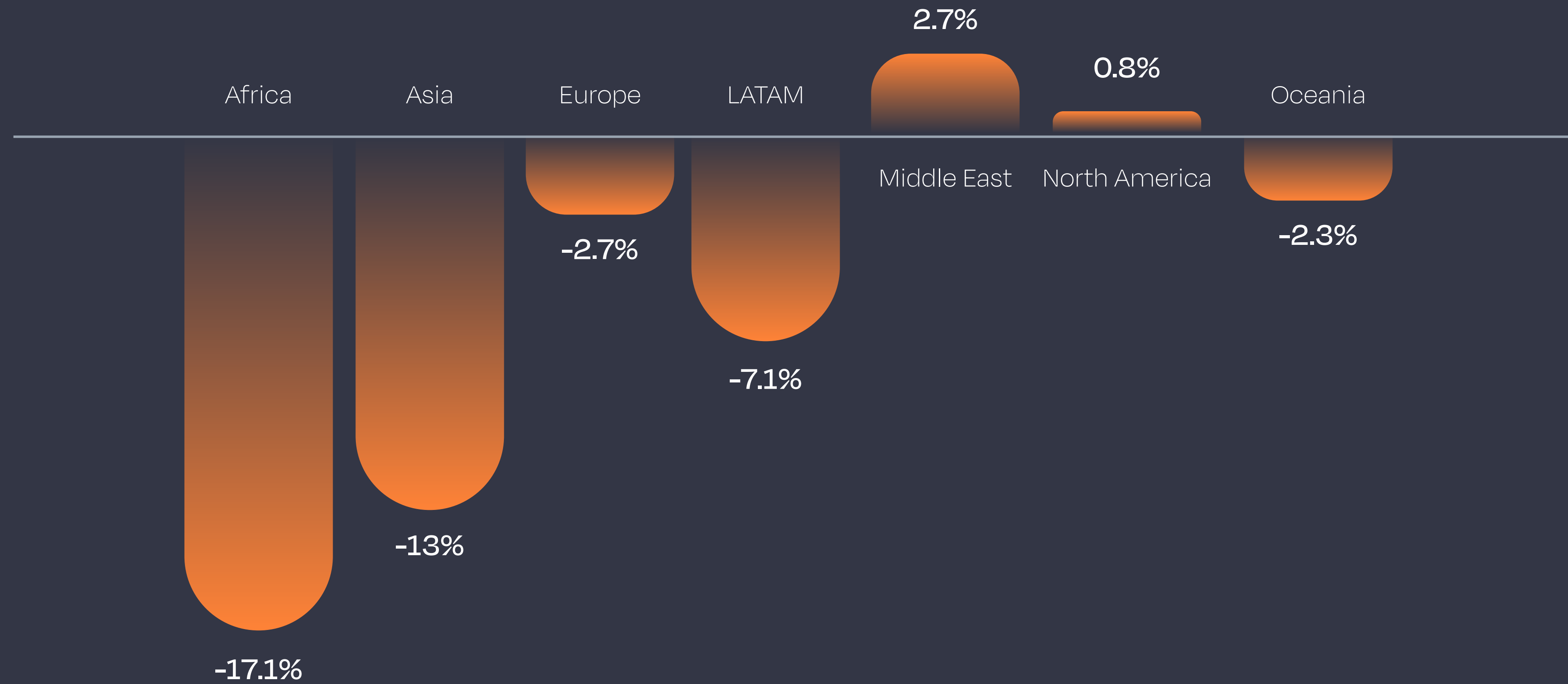
- In the US, a strong December jobs report showed a 4.0% increase in wages.
- In EMEA, wages grew 4.8% in 2024 according to the ECB.
- In Japan, base wage growth hit its fastest pace in three decades. Although this was entirely consumed by inflation, the upward trend is forecast to continue in 2025 and lead to higher real wages.
- Willis Towers Watson (WTW) estimated that Indian salaries grew 9.5% in 2024 and will do so again in 2025.
- Canadian wages were growing 3.8% and have been comfortably above inflation across 2024.
- Wages in Australia finally returned to real growth in 2024 after 10 quarters of consecutive decline.

Combined with moderating inflation, these trends suggest improving consumer spending power, a potential catalyst for rate optimization opportunities.



YoY change in hotel pricing

from H1 2024 (actualized) to H1 2025 (advertised): Global regions





Forward-looking demand analysis

Lighthouse's Demand Index reveals sustained momentum across global markets. Our comprehensive **analysis of forward-looking indicators shows positive year-over-year growth across all regions** for H1 2025.

'Middle East and Europe lead the way respectively, with a 1.5% and 1.4% positive change in predicted demand across the first six months of the year, while Asia is bottom of the pack with just a 0.1% YoY increase.

These numbers do suggest an initially weak picture for Asia, and clearly many are waiting to see if Chinese tourism turns a corner in 2025.

While the risk of a major escalation in trade tensions does threaten the Chinese economy in 2025, forecasts are for an improving environment, with [Rhodium group expecting stronger economic growth of 3-4%](#) in 2025 and [WTW predicting salaries will rise 5%](#).

The strong performance of several top destinations in China and popular Chinese outbound markets, particularly Japan, suggests early signs of a market rebound. [Tourism Economics](#) expects China's outbound travel to recover to 95% of 2019 levels.

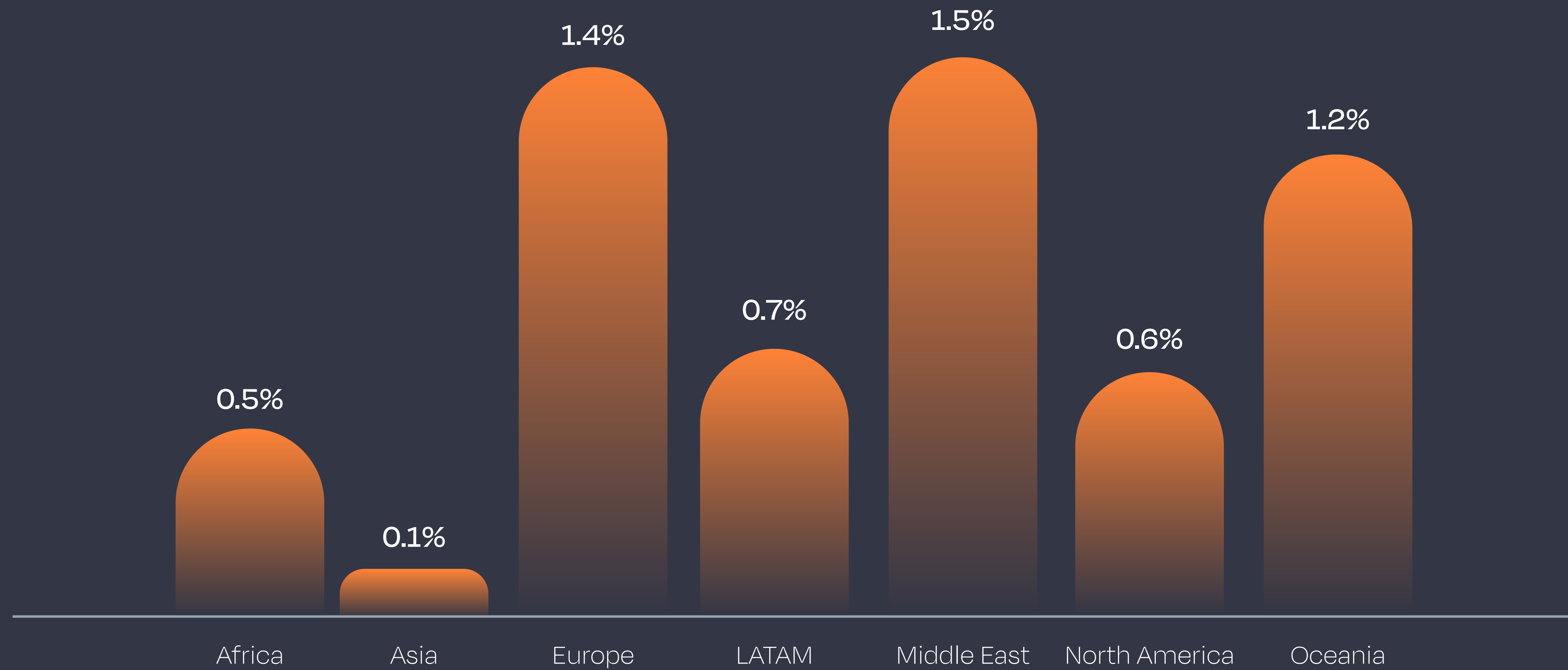
Emerging economies like India will also play a key role, and South Asia is expected to lead global GDP growth in 2025. This growth is driving strong accommodation rates in India and Sri Lanka, particularly in the luxury segment, as wealth increases among higher-income households.

In other regions, value-driven travelers are favoring [short-haul trips](#) and lesser-known destinations, with the Eastern Mediterranean (e.g., Cyprus, Egypt, Turkey) and parts of Eastern Europe (e.g., Bosnia, Bulgaria, the Baltic states) seeing strong pricing trends. The UAE is also projected to perform well.

Meanwhile, Central America's pricing performance is slowing down, though Argentina and Chile are projected to outperform 2024 levels.

Change in average demand level:

Forward-looking indicators YoY in H1 2025





Room price and hotel demand outlook: Key takeaways for hoteliers in 2025

Our comprehensive analysis has identified several key trends that are set to shape the hospitality landscape in 2025 and beyond. These emerging patterns reflect evolving traveler behavior and the industry's response to dynamic market conditions.

By understanding and adapting to the trends below, you can position your hotel(s) for sustained growth and success in an increasingly competitive environment.

Market momentum building: Demand indicators are up in all regions, with Europe and the Middle East the strongest performers, although growth is somewhat tentative.

Strategic pricing opportunities: Hospitality businesses are likely to have a stronger foundation for rate increases in 2025 compared to 2024. However, current advertised prices remain lower than last year in most regions.

Consumer confidence returning: On a wider global level, consumers should be materially better off in 2025 and feel more secure, leading to higher spending, but the emphasis will still be on finding value.

Emerging markets drive growth: Middle income and emerging economies will be key to driving demand and pricing. Rising incomes in India and a more stable picture in China should lead to a healthier environment within Asia, with India being the leading country for advertised pricing growth globally.

Speak to one of
our experts

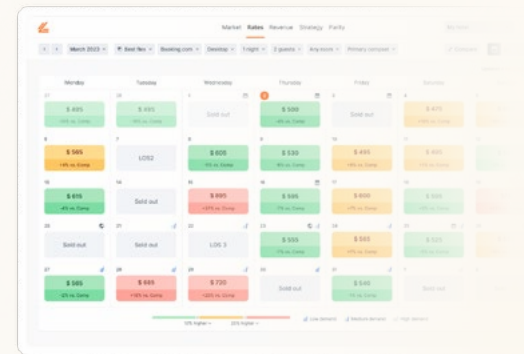
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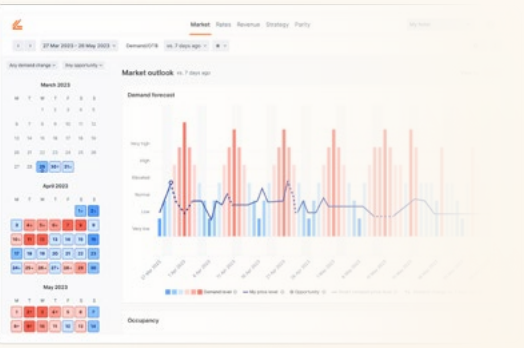
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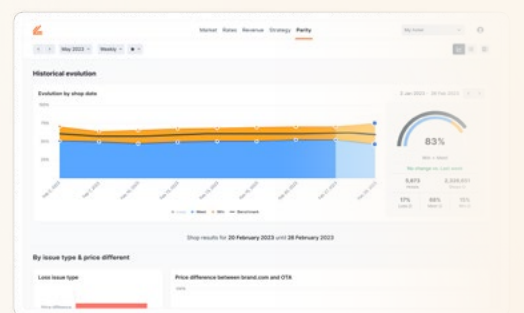
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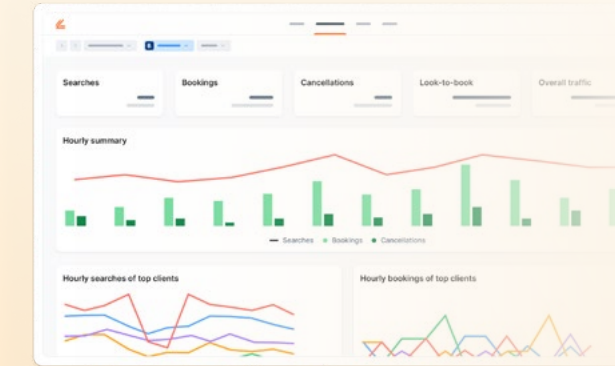
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Identify and solve parity issues portfolio wide

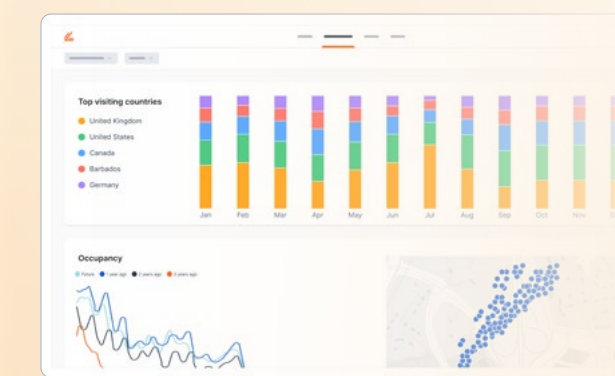
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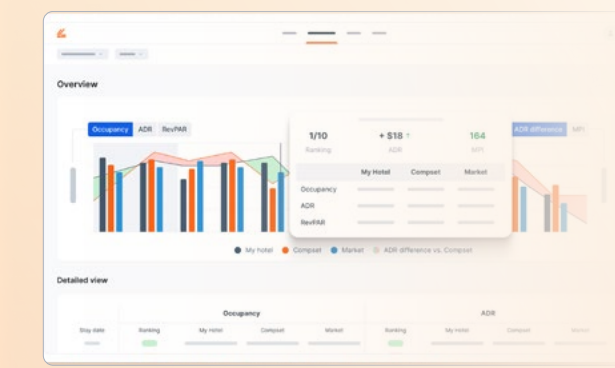
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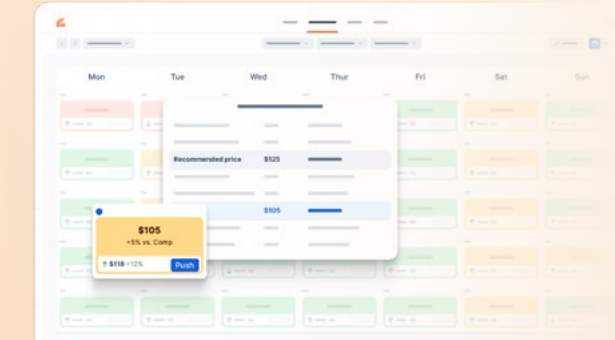
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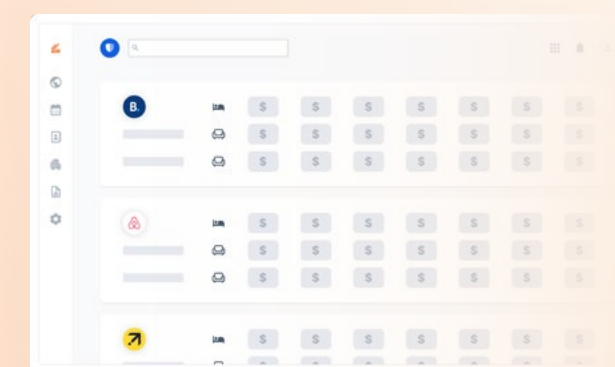
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About Lighthouse

Lighthouse (formerly OTA Insight) is the leading commercial platform for the travel & hospitality industry.

We transform complexity into confidence by providing actionable market insights, business intelligence, and pricing tools that maximize revenue growth.

We continually innovate to deliver the best platform for hospitality professionals to price more effectively, measure performance more efficiently, and understand the market in new ways.

Trusted by over 70,000 hotels in 185 countries, Lighthouse is the only solution that provides real-time hotel and short-term rental data in a single platform. We strive to deliver the best possible experience with unmatched customer service. We consider our clients as true partners—their success is our success.

