

UK hotels sector outlook: Optimism endures amid cost pressures and industry transformation

HaysMac⁺

KEYSTONE LAW



The UK hotels sector continues to demonstrate resilience despite a challenging operating environment. During HaysMac, Keystone Law and Leumi UK's annual Hotelier's Lunch in September 2026, we surveyed over 90 hotel operators to understand their outlook for the year ahead.

Our findings reveal a sector that remains optimistic about growth, while grappling with mounting cost pressures, workforce challenges and regulatory change.

62%

Optimistic about growth

88%

Feel rising costs are biggest challenge

63%

Confident on ADR

91%

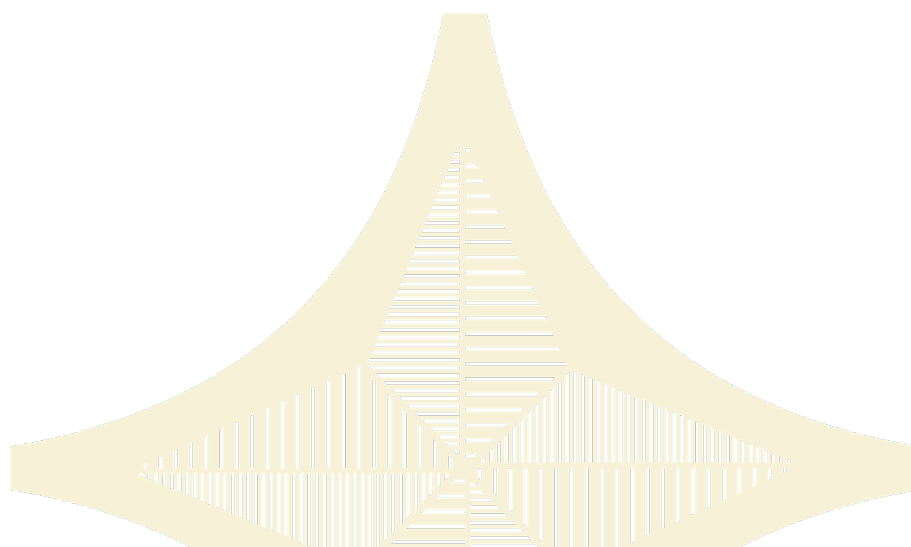
Believe technology is critical

64%

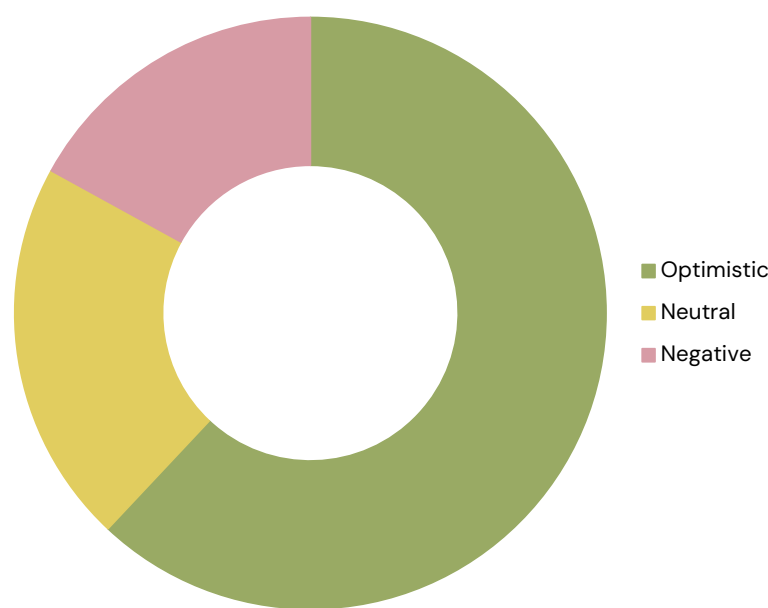
Experiencing labour challenges

68%

Concerned about visitor levies

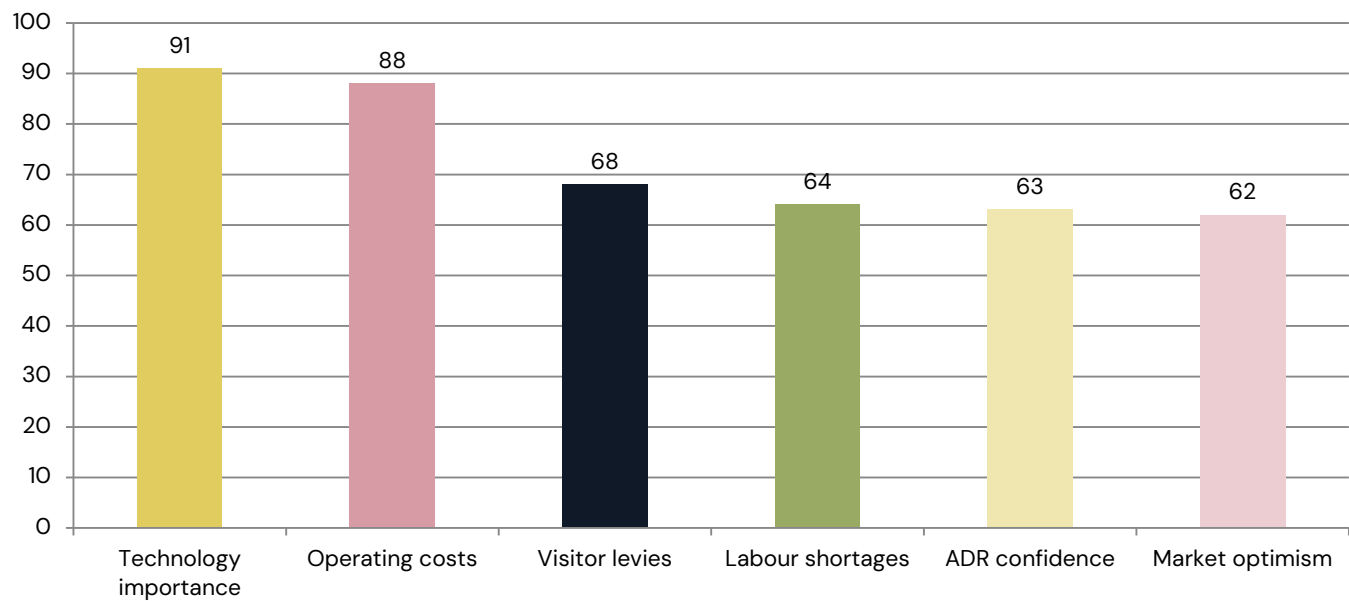


Market outlook

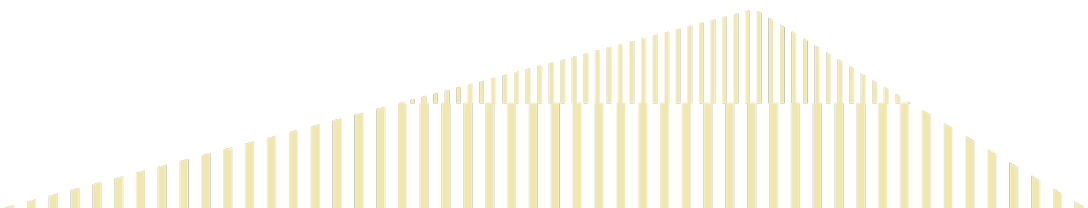


Two thirds of operators are optimistic about UK hotel market growth over the next 12 months.

Key sector challenges & opportunities



The majority of operators agreed technology will play an increasingly important role in improving efficiency and profitability.

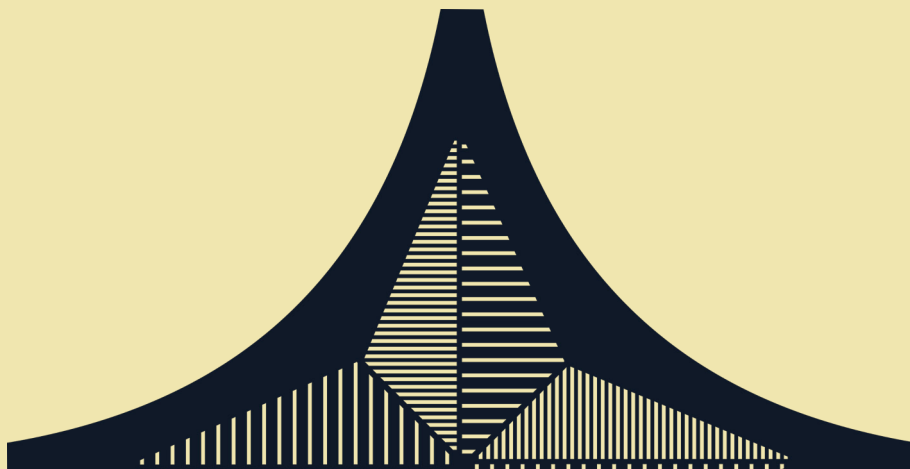


Looking ahead

The survey results reveal a sector that remains fundamentally optimistic but increasingly focused on operational resilience. While confidence in market growth and ADR performance remains strong, operators are navigating a business environment where profitability cannot be taken for granted.

Rising costs, ongoing recruitment challenges and evolving regulatory pressures are prompting management teams to look more closely at how they drive efficiency, protect margins and deliver sustainable growth. Against this backdrop, technology is no longer viewed simply as a tool for enhancing guest experience, but as a critical enabler of productivity, data-driven decision-making and long-term competitiveness.

As the sector continues to evolve, those businesses that successfully balance commercial performance with operational discipline are likely to be best placed to thrive. For operators, investors and advisors alike, the message from this year's survey is clear: whilst challenges remain, the industry's confidence in its ability to adapt and capitalise on future opportunities is undiminished.



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