



Travel Market Report 2026 Outlook

November 2025

Produced by Research & Intelligence

Travel Market Report **2026 Outlook**

Welcome to the latest edition of the *Travel Market Report*, brought to you by BCD Travel's Research & Intelligence team.

This quarter's *Travel Market Report* is dedicated entirely to presenting an outlook for 2026. It includes the following content:

- A review of the prospects for the world economy in 2026, highlighting twin risks to the outlook and some potential upsides
- A focus on some of the key risks travel managers and travelers may have to deal with in 2026, and advice from our Global Crisis Management team on how best to respond to them
- An update on the state of air travel in 2025, our global airfare forecasts for 2026 and five trends to watch out for
- The outlook for hotel room rates in 2026, starting with a global overview and followed by the numbers for key markets in Africa and the Middle East, Asia Pacific, Europe, Latin America and North America. For some regions, we've also included spotlights explaining what's behind the forecasts in certain markets
- Our views on car rental, including the factors driving rates in 2026
- An outline of seven sustainable travel trends to watch out for in 2026 and how BCD can help reduce the complexity surrounding them

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Economic outlook for 2026

Weakest economic expansion since 2009

The global economy disappointed in the first half of 2025, expanding at an annualized rate of 2.5%. However, this wasn't as bad as had been expected, given the scale of uncertainties and prevailing challenges. As one of the biggest underperformers so far in 2025, the U.S. economy has weighed on the global performance, while many other economies, including China, India, the Eurozone and the U.K., have performed much as expected. A modest improvement in the second half should result in full year growth of 2.8%.¹ This is much-improved on the 2.3% predicted earlier in the year (April). While the 2.6% growth currently forecasted for 2026 will be far from a disaster, it will represent the world economy's weakest result since 2009 (if one excludes 2020).

Trade policy uncertainty to remain

Trade policy has exerted a powerful influence on the global economy in 2025. It's clear that tariffs are higher on a year-over-year basis. But they've not risen nearly as fast as official announcements implied. In part, this could be an issue of timing: It takes time for tariffs to come into full effect and be collected. And some of the effects could be avoided by product substitution.

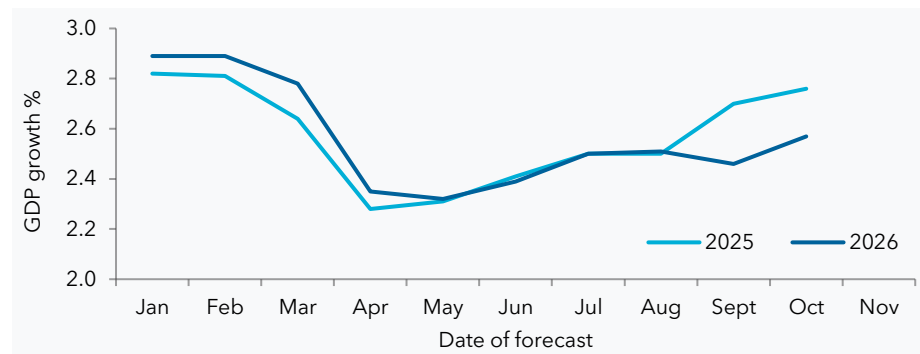
Plenty of uncertainty surrounding tariffs remains. So far, the impact on Canadian and Mexican exports to the U.S. has been smaller than expected, and this should lower the inflationary consequences. But this situation could easily change, and this is weighing on companies' confidence about future tariff levels. It's possible that some of the trade deals agreed could break down; in an effort to ease competition, U.S. companies could gradually exert pressure for further tariff increases; and tariffs could still prove to be a useful tool to achieve non-trade related objectives. Sectoral tariffs are also being deployed, most recently for pharmaceutical and truck imports. The path ahead for tariffs remains uncertain.

Twin risks to the outlook

Despite the uncertainty surrounding tariffs, in a recent *Global Risk Survey*, Oxford Economics notes a marked easing in concerns about the downside risks to the world economy presented by trade policy.² This could simply reflect a resigned acceptance that higher tariffs are here to stay. Since the shock of April's *Liberation Day* announcement, financial markets have proved fairly resilient to further tariff news. But Oxford Economics believes a real risk remains that the effects of tariffs on household real incomes and capital spending in the U.S. are only just beginning to be felt.

Having previously been the standout risk, a global trade war now shares the mantle with geopolitical tensions, largely relating to the situations in the Middle East, Taiwan and Ukraine/Russia.

Changing outlook for global economic growth ¹



Reasons to be encouraged

While uncertainty remains, there are multiple reasons to be encouraged about the economic outlook:

- Household finances remain in a generally good shape. Household debt as a share of disposable income is very low in the U.S., and it's fallen in other economies. Savings rates also remain very high in Europe and Japan, reducing the risk of a big fall in consumer spending.
- U.S. investment is benefiting from an artificial intelligence (AI) boom, which has offset some of the adverse tariff impacts and should be supportive to growth.
- The benefits from falling interest rates will accumulate as we move into 2026. Rates have been falling for some time now and we should start to see more of the benefits filtering through to the real economy.
- Fiscal policy will soon be more supportive in the U.S. with the prospect of lower taxes.

(1) Oxford Economics, October 2025; (2) Oxford Economics, Global Scenarios Service, Q3 2025

Inflation outlook for 2026

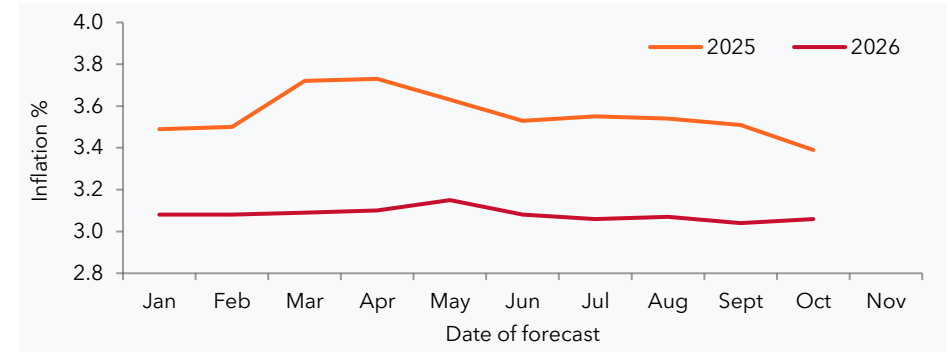
Global inflation to ease only slowly

Oxford Economics expects global inflation to average 3.4% in 2025. This represents only a modest slowdown from 2024's 4.5%. But the outlook for 2025 has hardly changed over the last 12 months.

For some months now, economists have been concerned about the negative and disruptive effects of trade uncertainty on the global economy. These effects are now beginning to seep through to activity, and they're also effecting the path of interest rates too. In recent statements from central banks, policymakers have made it clear their concerns about the high degree of uncertainty about the path of inflation, and this will influence the future for interest rates. While the global inflation outlook for 2025 was revised lower in Oxford Economics' October forecast, its inflation expectations for 2026 have edged higher to 3.1%.

While some economies will be exposed to the inflationary effects of tariffs and the policy response, others, particularly in Asia, face the prospect of deflation.

Changing outlook for global inflation ³



The specter of Asian deflation

As economists generally fret about inflation, Asian economies are more concerned about deflation.⁴ Aside from the region's hotspots, Bangladesh and Japan, inflation is averaging just above 1% among the ten largest economies. Consumer prices have been falling in China and Thailand. Other Asian economies are not far from deflation. Even in India, July's inflation rate amounted to just 1.6%, its weakest level since 2017. The trend across the region is broadly disinflationary.

U.S. tariffs don't yet appear to be the cause. Frontloaded shipments of goods to the U.S. before tariffs came into effect ensured a demand shock was avoided in Asia's economies. As it is, the easing of inflation dates back to 2024. That's not to say that any reduction in export demand caused by tariffs will not drag down output prices across Asia.

One cause of the current situation is over-capacity in China, where deflation is already established. But this is putting pressure on prices in other markets, with Asian economies hit hardest by falling Chinese export prices. For example, an influx of cheap Chinese models saw car prices in Thailand fall by 6% in July. Smartphones coming out of China are having a similar impact on prices. Commodity prices have also helped to cool inflation. Expectations of increased supply from OPEC countries has kept a lid on oil prices. Food inflation has subsided. This has been caused by a combination of base effects – current inflation calculated on last year's high prices – and oversupply. A further factor is weak demand in many Asian countries, reflecting wider structural issues or simply a country's position in the business-cycle. This has fed through to a slowdown in wage growth, as a surplus of workers places downward pressure on labor costs.

U.S. tariffs may well further entrench the low-inflation trend. With U.S. demand for Asian goods likely to weaken, Asian exporters will need to find new markets, which could see them reduce prices to secure new business. Following the cost-of-living shock of recent years, consumers may welcome the prospect of lower prices. But there are clear reasons to be concerned about deflation. As prices fall, consumers will be inclined to delay purchases in anticipation of even lower prices. This could reduce demand, slowing economic growth. As businesses contend with reduced demand, they may need to respond with cost-cutting measures, staff reductions or reduced investment, or simply accept lower margins. Lower wages and rising unemployment could further reduce consumer spending. In a deflationary environment, consumers, businesses and governments may also have to contend with an increase in their real debt burden. Repaying debt becomes harder.

Travel **risks** in 2026

A broad range of risks persists

Heightened and interconnected risks will do more than add complexity to business travel in 2026. They will also represent a broader risk environment for companies to manage, if they are to keep their travelers safe and their business operations resilient.⁵



Extreme weather

Heatwaves, wildfires, floods and severe storms continue to demonstrate their power in disrupting travel. Their incidence is no longer confined to historically vulnerable areas, as they are increasingly affecting major business hubs, exposing travelers to ever more uncertainty. Investment in infrastructure resilience and recovery can only achieve so much, especially when having to deal with more frequent and severe climate-linked events.



Regional tensions

Geopolitical developments will continue to shape travel, with recent events demonstrating the speed with which heightened regional tensions can disrupt. Airspace closures may occur with little warning, leaving some travelers stranded and others facing long detours for future trips. Disruption is not confined just to those areas directly exposed to conflict or dispute, creating more widespread uncertainty. This doesn't just affect travelers' plans; it's likely to impact their stress levels as well.



Crossing international borders

Visa integrity fees and mandatory in-person visa interviews are among the changes some travelers may expect when traveling to the U.S. The long-awaited ETIAS (European Travel Information and Authorisation System) digital pre-authorization system should also appear in 2026, impacting many travelers to Europe. Such changes add administrative burden and increase the cost of international trips.



Digital downsides

Artificial intelligence is fostering the rapid spread of misinformation during crises or disruptions. It's much harder to spot fake incidents or misleading claims, impacting an organization's response in protecting its employees. A growing reliance on digital tools, from supplier apps to duty-of-care trackers, creates additional exposure through spoofed apps, phishing attempts or other tactics designed to steal a user's credentials or compromise devices.



Health and disease

Localized incidents, such as the 2025 chikungunya virus outbreak in China, are a timely reminder of the ongoing threat to health presented by infectious diseases. At the same time, travelers are placing more emphasis on their general health and wellness while on the road.



Large-scale events

Business travelers headed to North America in 2026 may be affected by the 2026 FIFA World Cup, especially if visiting any of the 16 host cities. They may expect issues with accommodation availability, pressure on ground transportation and general disruption before and during the competition. Similar issues may be expected around the world in cities hosting summits, expos and similar events.

Travel risks in 2026 - how to respond

Initial response to evolving risks

As the risk environment continues to evolve, how can companies and their travel and security teams support their travelers and ensure the resilience of their travel programs? Ultimately, they should strengthen overall program resilience, creating a framework responsive to any disruption. Below are some simple initial steps to help mitigate the effects arising from the six risks.⁶



Extreme weather

Increased uncertainty associated with higher-frequency and higher-impact events adds cost, stress and unpredictability to business travel. Organizations must do more to anticipate travel disruption associated with weather volatility and provide the support for travelers caught up in adverse conditions.



Regional tensions

The potential fallout from a sudden escalation in regional tensions highlights the need for continuous monitoring, scenario-based contingency planning and clear communication channels to keep travelers informed and supported. It's just as important to maintain visibility of traveler locations and ensure they can access trusted assistance providers; on whose support they can rely if conditions deteriorate.



Crossing international borders

Faced with a growing number of border policy changes, travelers and corporate travel programs should work together, as they navigate longer lead times for visa processing, new and increased costs, and the need for more considered planning of overseas travel. Disruption can be reduced through proactive communication of the requirements and by partnering with trusted visa/immigration specialists.



Digital downsides

The risks presented to travelers and their identities from misinformation and cyberattacks underscore the importance of employers maintaining strong integrity protocols and trusted intelligence sources. Close coordination between the travel and IT security teams can help ensure both are achievable and deliverable.



Health and disease

Companies falling short on preventive guidance and medical support are risking both the physical and mental health of their employees. Companies that lead the way will be those that successfully integrate real-time health advisories, access to medical support and evacuation services, as well as introduce policies aimed at recognizing and actively reducing the toll of frequent travel on employee wellbeing.



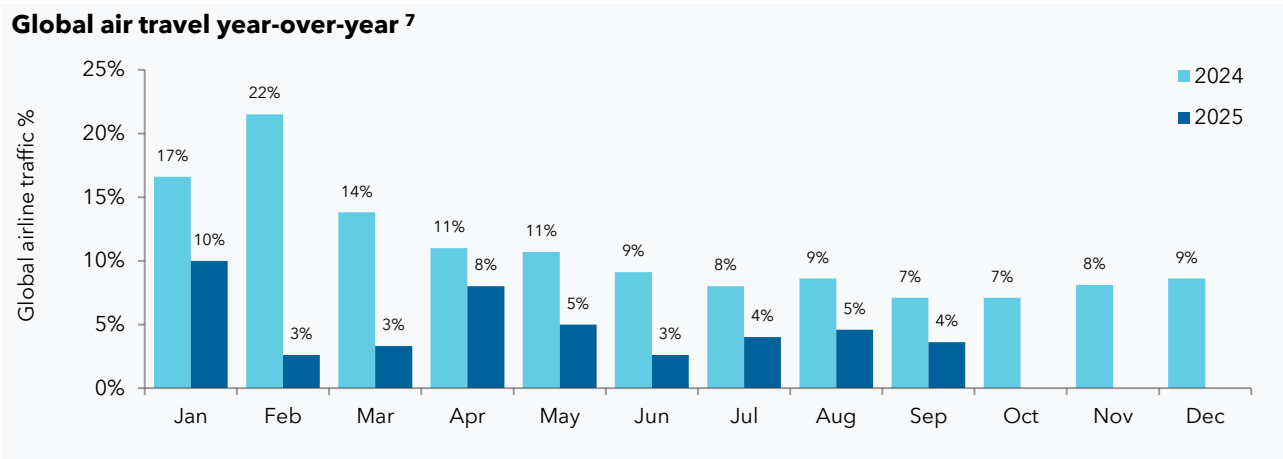
Large-scale events

Much-reduced availability, higher flight and accommodation costs and limited access in high-demand windows make it difficult for companies to maintain normal travel operations. Planning ahead and adjusting expectations will be key to navigating the disruption caused by large-scale events. If travel is unavoidable, companies should be aware of heightened security considerations and increased pressure on local infrastructure, which may affect traveler safety and mobility.

Update on air travel

Global air travel demand growing at a steady pace

The global air travel market is continuing to deliver modest growth. During the first nine months of 2025, airline traffic expanded by 5% year-over-year. In most months, it increased by 3-5%. This represents a marked slowdown from the 11% average growth recorded in the same period in 2024, although the market at this time had still been very much in a post-pandemic recovery mode.



International air travel continues to be the main driver of growth, expanding by almost 7% year-to-date. Emerging markets are doing well, with Asia Pacific leading the way with a 12% expansion in traffic, followed by Latin America at 9%. North America stands out for its weak 1.5% growth, particularly since Europe, a similarly mature market, managed to expand by more than 5%. There are, however, tentative signs of improvement in the North American market, with year-over-year growth in international travel edging up above 2% in the month of September.

The state of domestic travel is less encouraging, although there have been some strong gains made in Brazil, India and Japan. So far in 2025, domestic air travel has increased by less than 2%, with a weak U.S. market weighing on the global performance.

Regional perspective

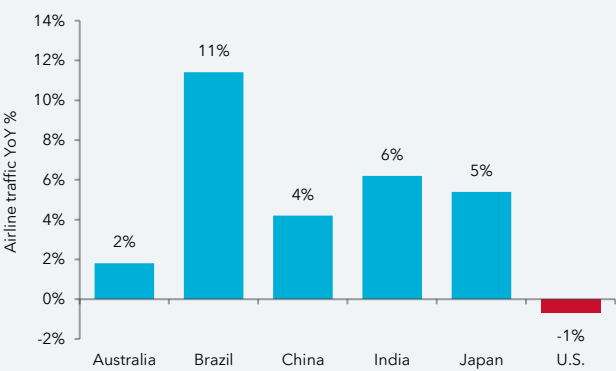
During the first nine months of 2025, global domestic air travel increased by just 1.8%. Some major markets, including India and Japan, and Brazil in particular, bucked this trend with much stronger expansion.

Even China's 4% growth outdid the global average, which was depressed by weak numbers from the U.S., where traffic dipped by 0.7%.

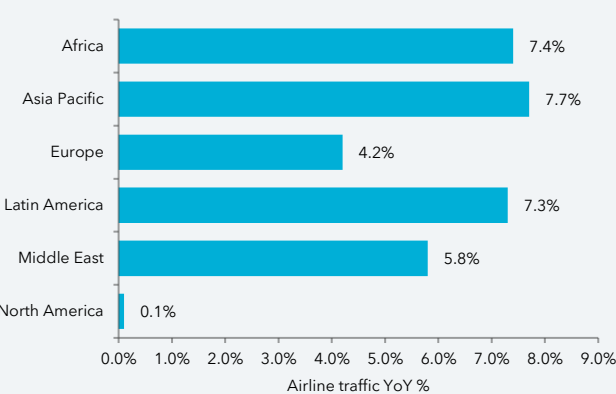
The U.S. domestic results were echoed in total demand in the different regions.

While emerging markets in Africa, Asia Pacific and Latin averaged growth above 7%, and more established markets in Europe and the Middle East managed 4-6%, North American traffic has barely expanded in 2025. The latest numbers to September show only marginal gains in demand being made.

Domestic growth: Jan.-Sept. 2025 ⁷



Total market growth: Jan.-Sept. 2025 ⁷



(7) IATA, Monthly Passenger Analysis reports

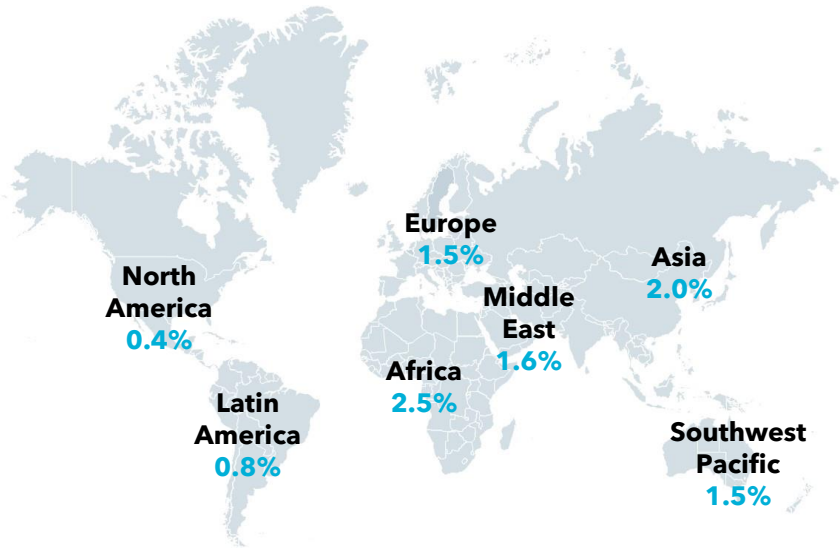
Global **airfare** forecasts for **2026**

Airfare outlook for 2026

Globally, average ticket prices (ATPs) should rise by only **1.1%** in 2026. This reflects the impact of weak airfares inflation in the Americas, particularly in North America, where we expect fares will be just **0.4%** higher year-over-year. In the other regions, ATP increases should be above the global average, with the strongest inflation likely in Africa and Asia, at **2.5%** and **2.0%**, respectively. Elsewhere, we expect ATPs to rise by **1.5-1.6%**. Pressure should be highest on fares for intercontinental travel, where we’re forecasting a **2.3%** increase, outpacing the **0.9%** rise expected for regional ATPs.

ATP inflation should be higher for business class travel, averaging **1.7%** globally, compared to **1.0%** for economy (includes premium economy). Looking at the forecasts in more detail, it’s clear that exceptionalism in the North America market is weighing on the global numbers. While there is little real difference in the **globally aggregated** outlook for business and economy ATPs within the regional or intercontinental segment, this is not true when looking at individual regions. In the regional travel segment, economy fares should rise at the same pace or more quickly than business fares in most regions with the clear exception of North America, where economy ATPs may rise by only **0.3%** vs **1.0%** for business. A similar situation emerges in the intercontinental segment, although on this occasion economy ATP inflation should trail business ATP movements in both Latin and North America. Given the size of its market, North America is exerting an undue influence on the global numbers. What should matter most are the detailed figures in the table below and less so the headline numbers.

Average ticket price inflation in 2026 ⁸



Average ticket price inflation in 2026 by region and segment ⁸

	Regional		Intercontinental	
	Business	Economy	Business	Economy
Africa	1.0%	2.0%	3.0%	4.0%
Asia	1.0%	2.0%	2.0%	3.0%
Europe	1.0%	1.0%	3.0%	4.0%
Latin America	0.5%	1.0%	1.0%	-0.5%
Middle East	0.0%	0.0%	2.0%	3.5%
North America	1.0%	0.3%	1.5%	0.5%
Southwest Pacific	1.0%	1.5%	0.5%	2.0%
World	1.0%	0.9%	2.2%	2.4%

NDC may impact the airfares outlook for Southwest Pacific

As the region’s largest airline by some margin, Qantas exerts a strong influence on the airfares outlook. Its efforts to promote the adoption of NDC (new distribution capability) content may result in ATP inflation below the **1.5%** we’re predicting.

Since July 2025, adoption of Qantas NDC fares has increased considerably, and this should continue in 2026.

Qantas’ domestic NDC fares are priced below those in traditional EDIFACT channels, and there’s no GDS (global distribution system) surcharge to pay either.

In theory, as more customers adopt NDC fares, this could drive ATPs lower in 2026. Some of these savings could, however, be offset by market-wide increases in published fares.

Air trends in 2026

Five trends for travel managers to look out for

As well as dealing with changes to airfares, the Global Air Practice at BCD's Advito consultancy has identified five trends for travel managers and buyers to look out for in 2026.⁹



Value of airline corporate contracts reduced

Airlines have leveraged their own capacity discipline in a growing air travel market to seize negotiating power from corporate buyers. This has enabled them to optimize their yields (unit revenues) by lowering corporate discount levels and removing fixed fares, thereby reducing the value of corporate contracts.



Cost avoidance comes into greater focus

Lower discounts in airline deals have become more common and could even be considered the norm. This has weakened the value of corporate contracts. With buyers' negotiating leverage at risk, it's becoming more difficult to secure deals. To mitigate the impact, travel managers need to seek ways to avoid cost, reassessing corporate travel policies and traveler booking behavior to pinpoint focus areas for lowering costs. And to optimize costs, buyers should also look at scenarios for shifting share between airlines.



Close monitoring of fuel surcharge variance

Despite fuel prices falling by 10% over the last 12 months, airline fuel surcharges have increased. Now referred to by airlines as a "YR carrier-imposed surcharge," fuel surcharges can equate to 20-30% of the total cost of an intercontinental ticket. Buyers should closely monitor how surcharges are evolving at their preferred carriers and ask airlines to clarify any significant changes. If they are unable to justify an increase, buyers should push for stronger base fare discounts.



New distribution capability: From dynamic pricing to augmented services

Airlines are expanding their NDC offerings. Travel buyers must determine if new features add value to their programs. Airlines initially promoted NDC with attractive fares offered outside traditional channels. As the new retailing model evolves to deliver the right fares with the right services to create a better traveler experience, travel managers must engage with airlines, their TMC (travel management company), OBT (online booking tool) and GDS (global distribution system). Understanding their position regarding NDC will help them secure bundles combining a fare with the service that's right for their travel programs.



Growing risk of travel program leakage

As NDC becomes more established, airlines are increasingly restricting some of their best fares to direct channels. This may encourage travelers to look outside their companies' travel programs in search of these better deals. What they fail to realize is the corporate fares available in their OBT often include valuable benefits like negotiated perks or hidden cost efficiencies that make them a smarter choice for their employer. Booking directly might seem like a quick win, but booking through a travel program supports a smoother, most cost-effective journey for both the traveler and their company.

Global hotel rate forecasts for 2026

Summary

For 2026, we are forecasting a **4.9%** increase in average daily rates (ADRs) for hotel accommodation around the world.

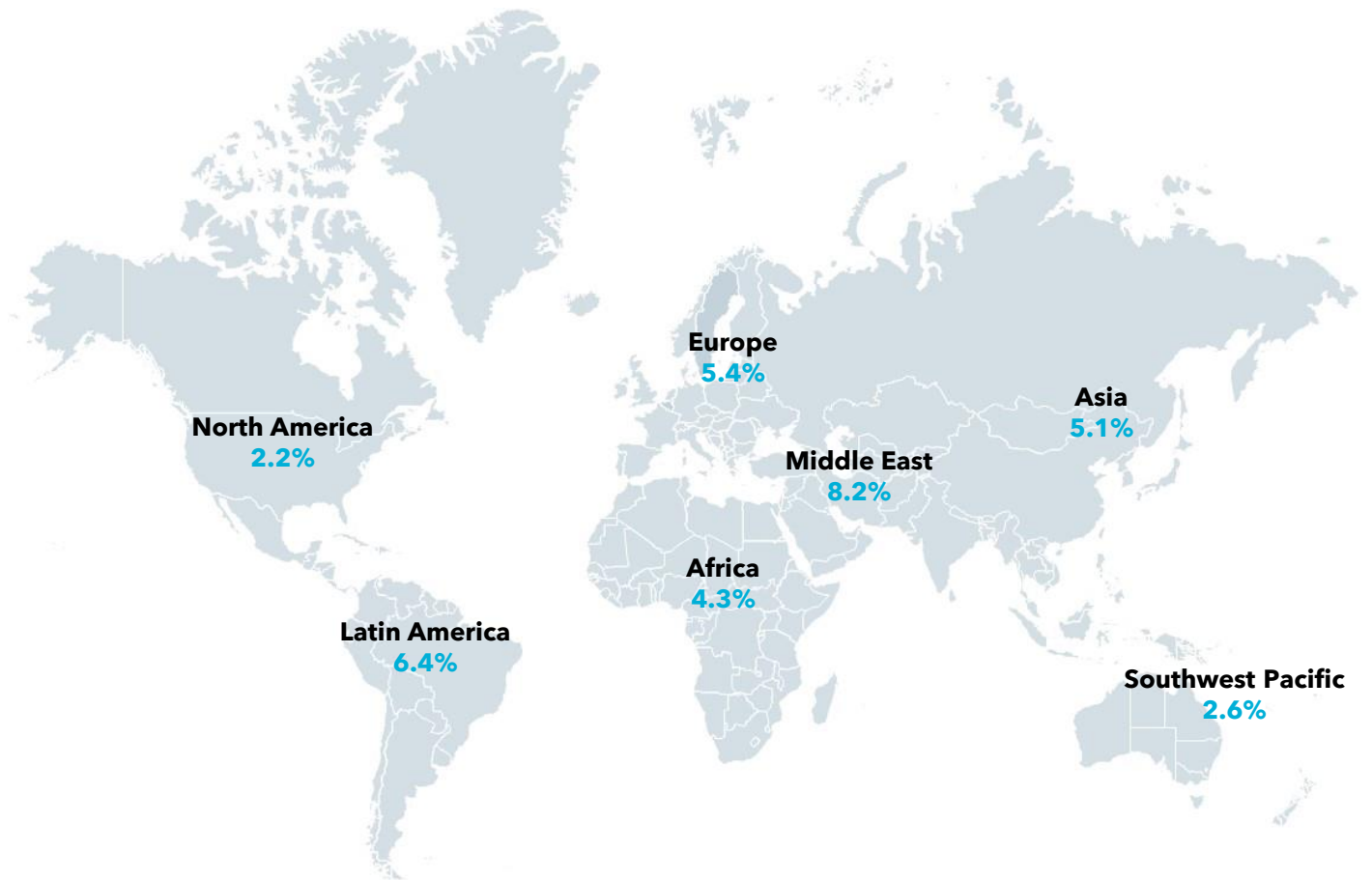
Aggregate figures for rate inflation in Africa, Asia and Europe should all lie within a narrow **4-6%** range centered around the global average.

At more than **8%**, we expect rate inflation to be strongest across the Middle East, largely due to base effects, as multiple markets recover from softer demand and pricing over the last two years. Hotels in Latin America can also expect ADR movements above the global number, averaging **6.4%** in 2026.

Rate inflation is likely to be weakest in Southwest Pacific and North America, at **2.6%** and **2.2%**, respectively.

The figures presented here are regional averages, and there's likely to be some variation in the outlook for individual markets within each region. We explore the prospects for each region in more detail in the following pages.

Hotel average daily rates in 2026 ¹⁰



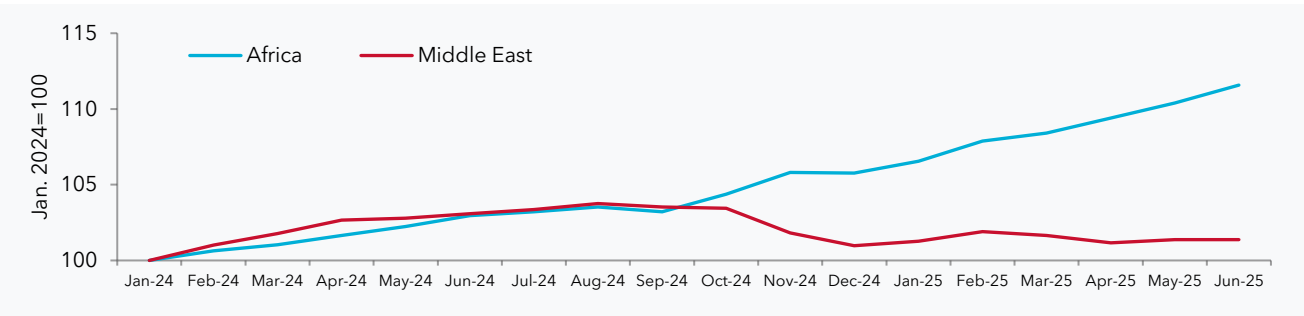
Hotel rate forecasts for Africa and the Middle East

Current situation

During the first half of 2025, average daily rates (ADR) across Africa increased on average by 11%, largely matching the rate inflation in South Africa. Dollar-based rates rose sharply in Tanzania, moving 25% higher, while Nigeria recorded a 14% increase, with local currency-based prices jumping by one-third. Rate inflation was less severe in most other markets, averaging single-digit percentages in Egypt, Ethiopia, Ghana and Morocco. In stark contrast, business travelers visiting Kenya should have seen accommodation prices slump by around one-fifth.

Following a correction in the final quarter of 2024, ADRs across the Middle East have since shown little inflationary inclination. In fact, in the first half of 2025 they increased by less than 1%. This was largely caused by a 9% decrease in dollar-based rates in Israel. Amid geopolitical uncertainty in the region, ADR movements have been weak in other markets too. Rates have risen by less than 2% in Kuwait and Oman; they've been essentially flat in Saudi Arabia and have declined by 3% in Qatar. Only in Türkiye and the U.A.E. has there been much upward momentum, with dollar-based rates rising by around 4%.

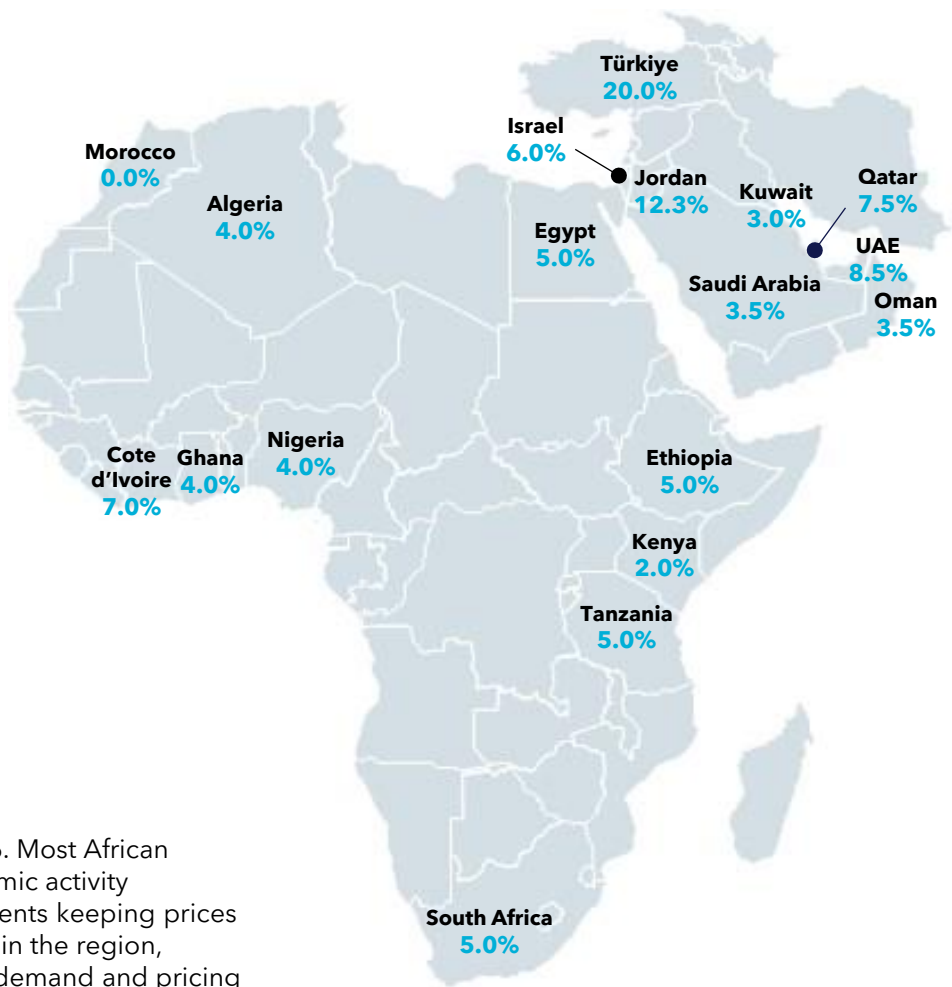
Hotel average daily rate index ¹¹



Outlook for 2026

There is a clear difference in our rate inflation expectations for Africa (4.3%) and the Middle East (8.2%) in 2026. Most African markets should see ADRs rise by 4-5%. At 7%, ADR movements should be strongest in Cote d'Ivoire, as economic activity supports robust demand. Rate inflation should be weakest in Morocco, with risks of over-supply in some segments keeping prices unchanged. The average for the Middle East is inflated by the 20% rise expected in Türkiye, but other markets in the region, including Jordan, Qatar and the U.A.E., may expect to see strong rate rises, largely caused by base effects, as demand and pricing recover from weakness in recent years.

Hotel average daily rate forecasts for 2026 ¹²



(11) Historic data: BCD transactional data; (12) Forecasts: BCD and Advito analysis, local currency

Spotlight on African and Middle Eastern markets

Saudi Arabia

Vision 2030 to drive modest rate rise in 2026

So far in 2025, hotel rates have essentially been **flat** year-over-year.

With the Saudi Arabian government's **Vision 2030** plan aiming to drive tourism growth in the years ahead, some upward pressure on room rates may be expected in 2026. This should, however, be largely offset by an accompanying expansion in hotel supply, with 362,000 rooms set to be added by 2030.

Any increase in average daily room rates in 2026 should be modest, contained to low single-digit percentages.¹³ Travelers may, however, expect to face higher price increases for stays in the more popular destinations, including Riyadh and Makkah.

South Africa

Cape Town to drive rate inflation

Strong demand helped to drive average daily rates (ADRs) 9% higher across South Africa during the first half of 2025. Momentum should be largely retained going into 2026, supporting a further **5%** rise in room rates.

The extra demand facilitated by an expansion of airline capacity to Cape Town should enable this city's hotels to increase ADRs by **8%** in 2026.¹³

In contrast, ADR increases in the Johannesburg metropolitan area may fall short of the national average. Over-supply of high-end accommodation in Sandton should limit hoteliers' scope for increasing room rates. Across the wider Gauteng province, in which Johannesburg is located, the rise in room rates may be limited to **4%**.

Türkiye

Rising staff costs to underpin higher room rates

Staffing costs have in the past proved to be an important factor in determining movements in average daily rate in the Turkish market. And 2026 looks to be no different.

Anticipating another steep rise in their labor costs, as Türkiye struggles with high inflation that's forecasted by Oxford Economics to average 24% in 2026, hoteliers are expected to pursue a rate rise of around **20%**.

Price increases could be even higher than this during the peak season and in premium hotels, where guests' expectations for service quality improvements will add extra cost.¹³

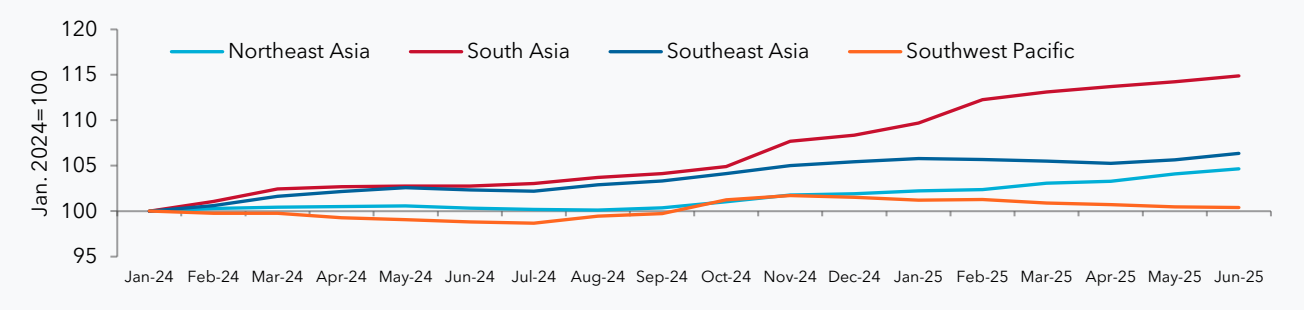
Hotel rate forecasts for Asia Pacific

Current situation

Underlying pricing trends have shown some divergence since the end of 2024, with South Asia outpacing the inflation in room rates seen in Asia Pacific’s other sub-regions. In the first half of 2025, corporate travelers faced a 12% rise in U.S. dollar-based rates, as local currency-based prices in India jumped by 16%, whilst those in Pakistan held steady.

Room rate inflation has also picked up in Northeast Asia, where aggregated U.S. dollar rates have moved 6% higher. While price movements have been weak in China and Hong Kong, increases of 7-9% in local currency rates have been recorded in Japan, South Korea and Taiwan. Pricing has trended lower in Southwest Pacific so far in 2025, reflecting lower prices in Australia, where room rates have fallen by 1%, contrasting to strong inflation in New Zealand.

Hotel average daily rate index ¹⁴

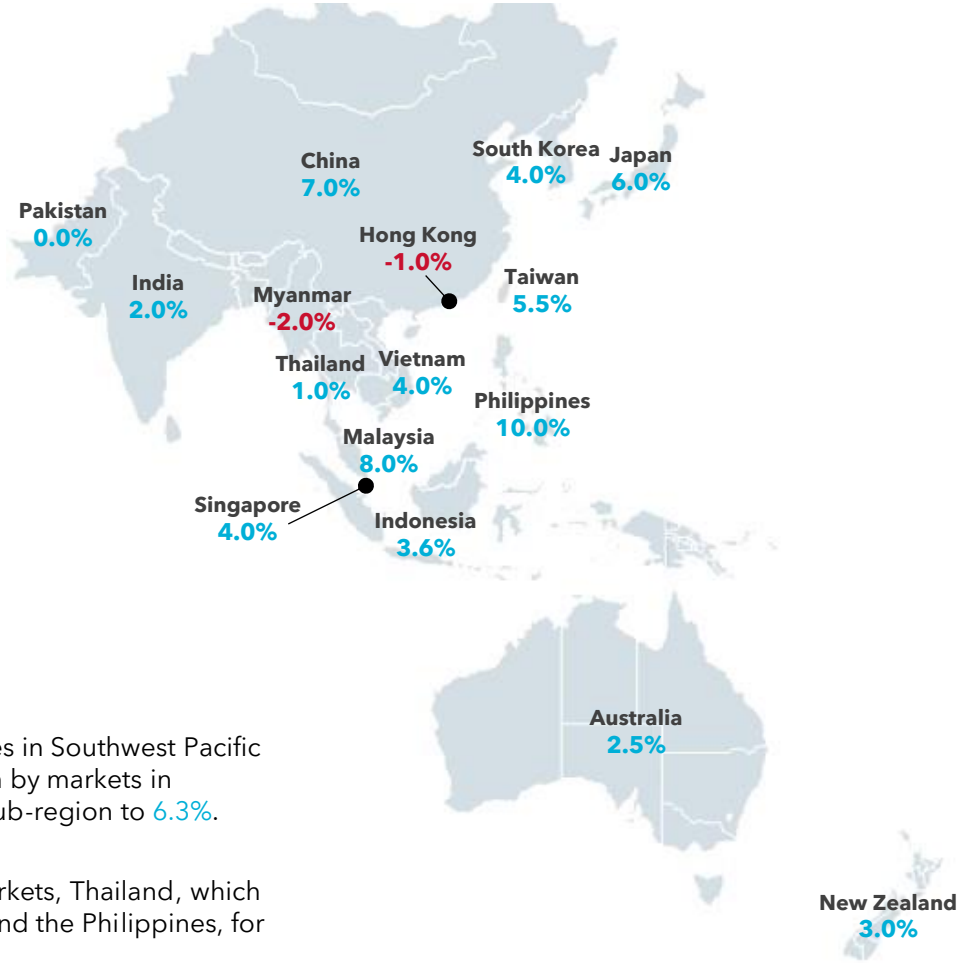


Outlook for 2026

Across the entire Asia Pacific region, we expect average daily rates (ADRs) to increase by 5.0% in 2026. While prices in Southwest Pacific should rise by just 2.6%, we believe price movements will be stronger in Asia, averaging 5.1%. These will be driven by markets in Northeast Asia, with strong rate inflation in China (7%) and Japan (6%) propelling the aggregate increase for this sub-region to 6.3%. This pricing environment should contrast to South Asia, where we expect ADRs to rise by less than 2%.

At 3.5%, the increase in room rates anticipated for Southeast Asia reflects pricing weakness in one of its largest markets, Thailand, which should see only a 1% rise in ADR. This largely offsets the contributions to the regional average made by Malaysia and the Philippines, for which we’re forecasting rate increases of 8% and 10%, respectively.

Hotel average daily rate forecasts for 2026 ¹⁵



(14) Historic data: BCD transactional data; (15) Forecasts: BCD and Advito analysis

Spotlight on Asia Pacific markets

China: 7.0%

The government's extension of visa-free travel to more countries should help to drive growth in inbound tourism. Hotels are responding, with multiple new openings planned for 2026, particularly in the upper midscale and upscale segments. But this extra supply may not be enough to cope with increased tourist demand coupled with a number of major events and conferences. As a result, expect rates to increase by at least 7.0% in 2026.¹⁶

India: 2.0%

Domestic tourism and an increase in meetings, incentives, conferences and exhibition (MICE) events should see demand growth outpace supply in 2026, even as hotel chains actively expand, not just in metro and tier 2 cities, but also in tier 3 cities and leisure destinations.¹⁶ Constraints on obtaining visas for international trips and other geopolitical factors are persuading more Indians to holiday at home, providing an extra boost to domestic demand.

While average daily rates (ADR) may be expected to rise by 2% across India, commercial centers like Bengaluru, Delhi and Mumbai may see higher ADR increases of between 5% and 7%.

Hong Kong: -1.0%

Hong Kong's regional status is facing growing competition from other destinations, including Shenzhen and Zhuhai, which are proving to be attractive options.¹⁶

To promote tourism, Hong Kong's government is staging major events, some at the new Kai Tak Sports Park, which opened in March 2025. But Hong Kong is still struggling to compete on price. Global economic uncertainty is also impacting visitors' willingness to spend. Rates may fall a little in 2026.

South Korea: 4.0%

Cultural phenomena including K-pop and K-food have made South Korea one of the fastest growing travel destinations in Asia.¹⁶

Japan: 6.0%

Resilient leisure demand and the country's hosting of major events should see rates rise nationally by up to 6% in 2026.¹⁶ Expect stronger increases of 8-10% for stays in Kyoto and Nagoya during peak periods.

Japan should build on the record high number of inbound tourists expected for 2025. With the yen remaining at historically low levels, Japan remains an attractive and affordable destination for international travelers. In particular, Japan is enjoying sustained leisure demand from China, South Korea and Taiwan. To address concerns about overcrowding, government measures, including an end to tax-free shopping and dual pricing at attractions, look set to increase overall travel costs.

Effective **March 1, 2026**, Kyoto will impose Japan's highest-ever accommodation tax, increasing from ¥1,000 to ¥10,000 (US\$65) the charge per person per night for luxury stays (room rates above ¥100,000). For stays in mid-range accommodation, guests may expect taxes to rise to ¥1,000 and ¥4,000 per person per night. Faced with higher accommodation costs, some travelers may be inclined to consider stays in Osaka or other cities. Kyoto's move is part of a trend toward higher costs in major tourist hubs.

Travelers can also expect to see a temporary surge in hotel rates in Nagoya City and Aichi Prefecture, which are due to host the 20th Asian Games between September and October. Further pressure on accommodation will come from the decision to use around 100 hotels and cruise ships to accommodate athletes and officials, instead of a dedicated athletes' village. Demand spikes should lead to availability issues (and higher prices) in Aichi, Nagoya and nearby prefectures, especially among midscale and upscale properties.

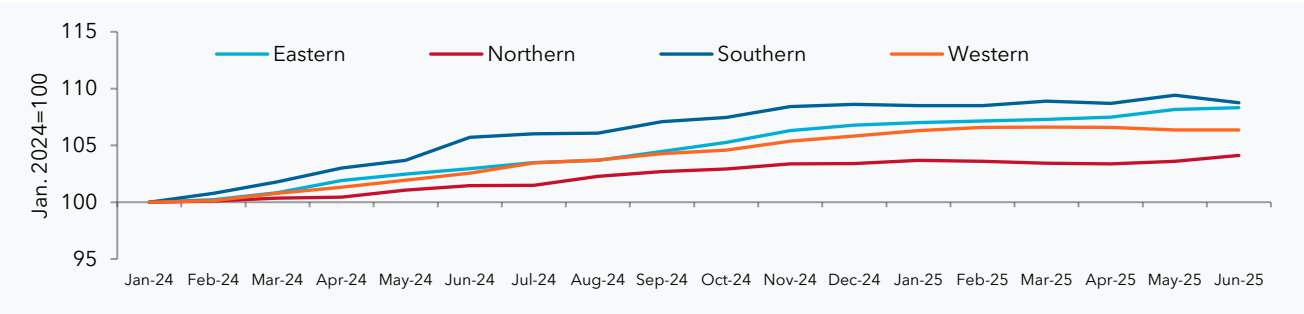
Hotel rate outlook for Europe

Current situation

After making some gains during 2024, the underlying trend in room rates across Europe’s four sub-regions has been largely unremarkable during 2025. In the first six months, average daily rates (ADR) across Europe rose by just 1%. While accommodation costs in Northern and Western European markets rose by close to this rate, they’ve been essentially flat in Southern Europe. In this latter area, Croatia, Italy and Portugal have all seen ADRs soften in 2025.

At 3%, average rate movements have been highest in Eastern Europe. Inflation in local currency prices has been strong in Bulgaria and Romania, at 7% and 6%, respectively.

Hotel average daily rate index¹⁷

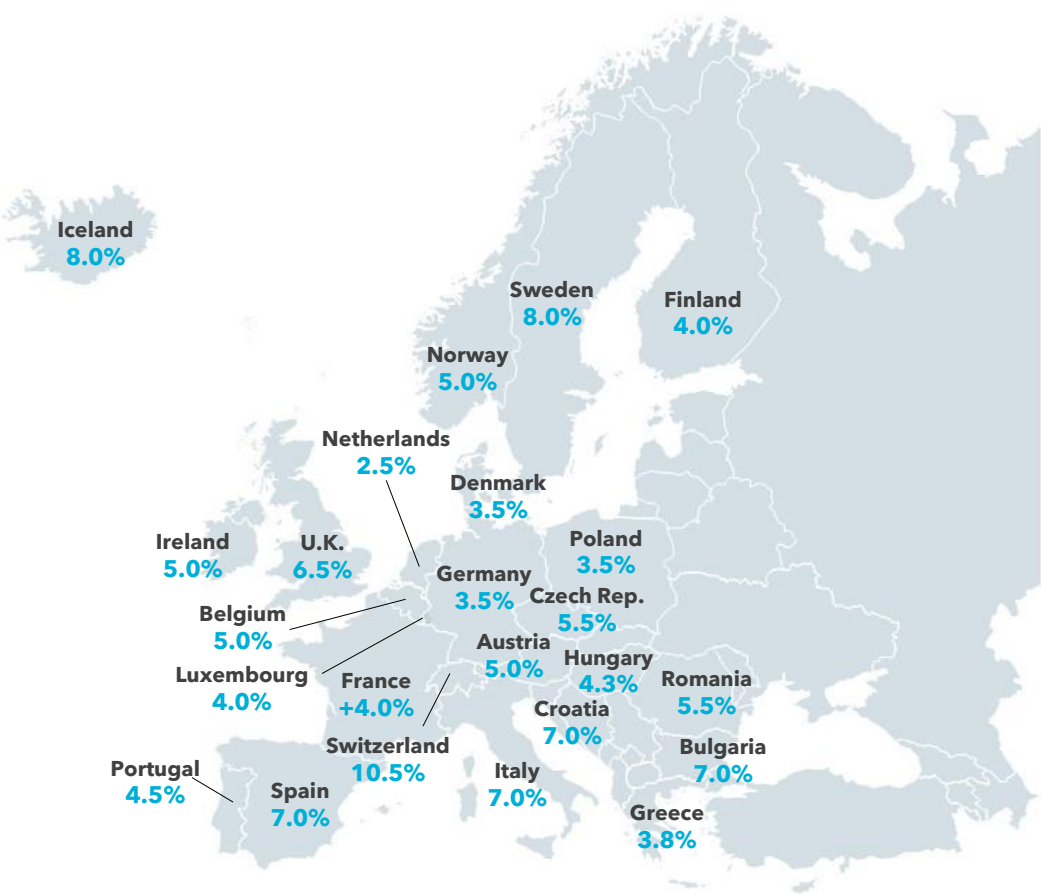


Outlook for 2026

We expect European room rates to rise on average by 5.4% in 2026. There’s little to choose between the rate inflation forecasts for each of Europe’s four sub-regions. Aggregate ADR movements for both Eastern and Western Europe should be close to 5%. Rates in Northern European markets should rise a little faster than the European average at 5.8%, with Southern European countries set to deliver the strongest increases in room rates, averaging 6.3%.

Switzerland should see the strongest rise in ADRs at 10.5%, followed by Iceland and Sweden, where an 8% increase is likely. Germany and its neighbors Denmark, the Netherlands and Poland form a bloc forecasted to feature Europe’s lowest ADR inflation in 2026, ranging between 2.5% and 3.5%.

Hotel average daily rate forecasts for 2026¹⁸



(17) Historic data: BCD transactional data; (18) Forecasts: BCD and Advito analysis

Spotlight on **European** markets

Greece

Dynamic pricing may mean above-average rate rises for some stays

At **3.8%**, we expect average daily rates (ADRs) for hotel accommodation in the Greek market to rise ahead of the country's general rate of consumer price inflation, which is predicted to average 2.3% in 2026.¹⁹

Hoteliers are enjoying a modest boost to demand from leisure travelers, who see Greece as a better-value choice than some neighboring destinations. But this is unlikely to support a rate rise above our forecast. Indeed, most hotels, whether independent or affiliated to an international chain, are expected to apply only modest price increases in 2026.

Of course, the dynamic pricing strategies now adopted by most hotels across Greece mean travelers may face much higher increases year-over-year for certain stays, particularly if coinciding with a destination hosting high-demand events.

Netherlands

Rise in VAT expected to push up room costs

Hotels can expect to face a challenging year in 2026 amid a pushback against over-tourism in Amsterdam and an increase in taxes. Subject to parliamentary approval, the Dutch government intends to increase the rate of value added tax (VAT) charged on all overnight accommodation across the Netherlands from 9% to **21%** for stays from **January 1, 2026**.²⁰

The increased cost will be most acutely felt in monetary terms for stays in higher-end accommodation. Hotels operating in this segment risk losing meetings and events business in particular to other European cities, such as Frankfurt and Paris.

The leisure travelers, against which these measures are largely directed, will be less severely hit, given the lower prices they're typically paying for their stays.

Demand should hold up all the same, and as some business travelers trade down to stays in hotels in lower service tiers, this should maintain upward pressure on prices outside the high-end accommodation segment, supporting our forecast of a **2.5%** increase in average daily rate in the Netherlands in 2026.

Switzerland

Healthy demand driving strong increases in room rates

At **10.5%**, Switzerland's hotels should secure increases in room rates far above the European average in 2026. This is largely a consequence of the strength of demand, reflecting the country's enduring reputation among both leisure and business travelers.

We expect rate inflation to be strongest among luxury and upper upscale properties, driven by the continued strength of executive travel, especially to major hubs including Geneva and Zurich. Trips blending business and leisure (bleisure) remain popular, with longer stays putting pressure on room availability and helping to lift prices.

Top leisure destinations, such as Verbier and Zermatt, are also enjoying high occupancy and strong room rates. While these destinations may be of less interest to corporate customers, they will still influence what happens to hotel rates nationally.

Room rate inflation should be less intense among budget and midscale hotels, reflecting the greater price sensitivity and competition in this segment.

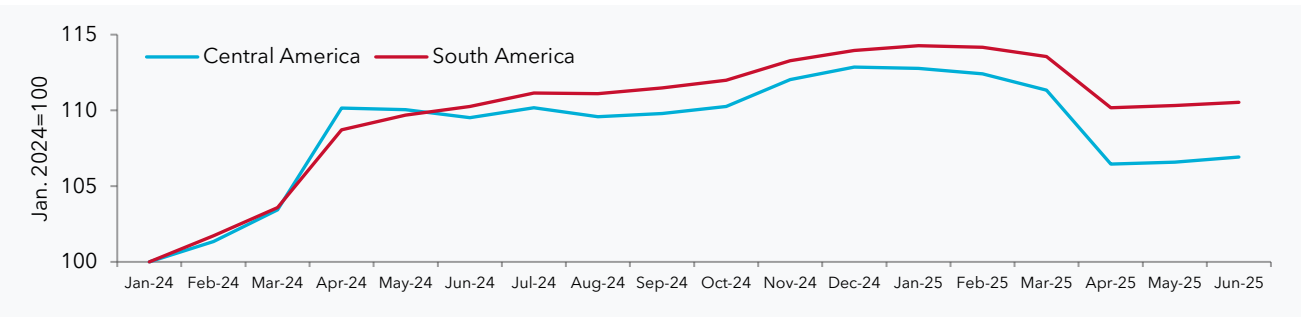
Hotel rate outlook for Latin America

Current situation

Even though much of 2024's early hike in underlying room rates was reversed in a correction during 2025's first quarter, room rates across South American markets still averaged **5% higher** in the first half.¹⁷ This aggregated figure relies on a conversion to U.S. dollars. Anyone paying for a room in local currency will have been subject to much higher increases of **32%** in Argentina, **20%** in Colombia and **14%** in Brazil and Peru, with only Chile seeing a modest **2% dip** in average daily rate (ADR).

Pricing has followed a similar trend in Central America, but 2025's correction has been deeper, resulting in ADRs averaging **6% lower** year-over-year during the first six months.

Hotel average daily rate index ²¹



Outlook for 2026

Room rates across Latin America should increase on average by **6.4%** in 2026. While rate inflation should be quite low in Chile, Costa Rica and Peru, we expect it to be much stronger in Argentina, Brazil and Colombia, the region's biggest markets.

In the three markets where we anticipate the strongest increases in ADR, the strength of general inflation seems to be a common factor, prompting hoteliers to push up room rates to cover their increased operating costs.

Hotel average daily rate forecasts for 2026 ²²



(21) Historic data: BCD transactional data; (22) Forecasts: BCD, Research & Intelligence, local currency (except Argentina - USD)

Spotlight on Latin American markets

Colombia: 8.5%

Cost looks set to be the primary driver of room rates among Colombia's hotels in 2026, with new labor laws expected to drive up staff costs by **more than one-third**.²³ The effects will be amplified by a recently-introduced shorter working week, which has increased hotels' reliance on over-time working.

The inflationary effects of these changes on average daily rates (ADR) should be partially offset by softer domestic demand and increased supply from new hotel openings, particularly of boutique properties. Rates could increase in 2026 by anywhere between **7%** and **10%**, depending on the time of year, destination and accommodation type.

Chile: 0.0%

Hotels would like to increase room rates to cover a rise in costs caused by new labor laws shortening the working week.²³ But increased and intense competition from Airbnb, particularly in the leisure segment, will make this difficult. Hotels may have some success in cities where corporate demand is strong, or where Airbnb has yet to establish itself. But average daily rates should largely be unchanged in 2026.

Brazil: 7.5%

The country's hospitality sector can look forward to robust growth in 2026.²³ This will be driven by significant investment, new hotel openings and growing demand from both domestic and international travelers.

General inflation and currency effects should contribute to a 7.5% increase in average daily rate in 2026. Increases are likely to range between **6.5%** and **8.0%**, depending on the destination. Expect some of the highest increases in major cities like São Paulo, Rio de Janeiro and Florianopolis, and especially in the luxury and business segments.

Argentina: 6.0%

A challenging 2025 has seen declining occupancy, high operating costs and inflation eating into hoteliers' profit margins.²³ Unfavorable currency movements and the country's high inflation have weighed on Argentina's appeal as a travel destination for both leisure and business travelers.

Government estimates for inflation to fall from 2025's 42% to **10%** in 2026 seem ambitious given Oxford Economics' **29%** forecast. Keen to avoid even lower occupancy, especially as new global chain hotel openings in Buenos Aires, Mendoza and Rosario increase supply, hotels are expected to seek sub-inflation increases in average daily rate for 2026. These could range between **5%** and **6%**, depending on location and segment.



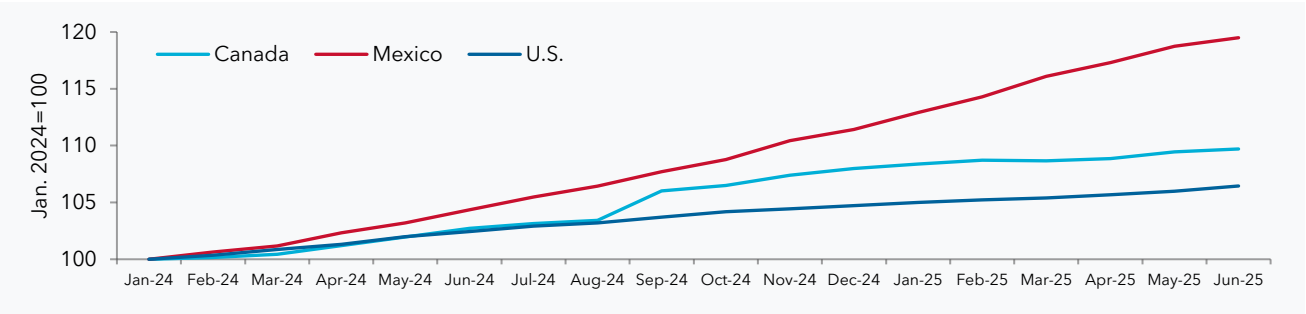
Hotel rate outlook for North America

Current situation

Recent trends for room rates priced in local currency suggest a relatively stable position in both Canada and the U.S., certainly when compared to Mexico.²⁴ During the [first half of 2025](#), average daily rates (ADRs) in these two markets rose on average by just over [3%](#). In the U.S., there was little monthly variation in year-over-year ADR movements, other than June's [6%](#) increase, which could point to higher inflation in the second half of the year.

ADRs among Mexico's hotels have been trending higher since the start of 2024. While they rose by [15%](#) in the first half of 2025, June's [7%](#) increase suggests a recent slowing of pricing's upward momentum.

Hotel average daily rate index ²⁴



Outlook for 2026

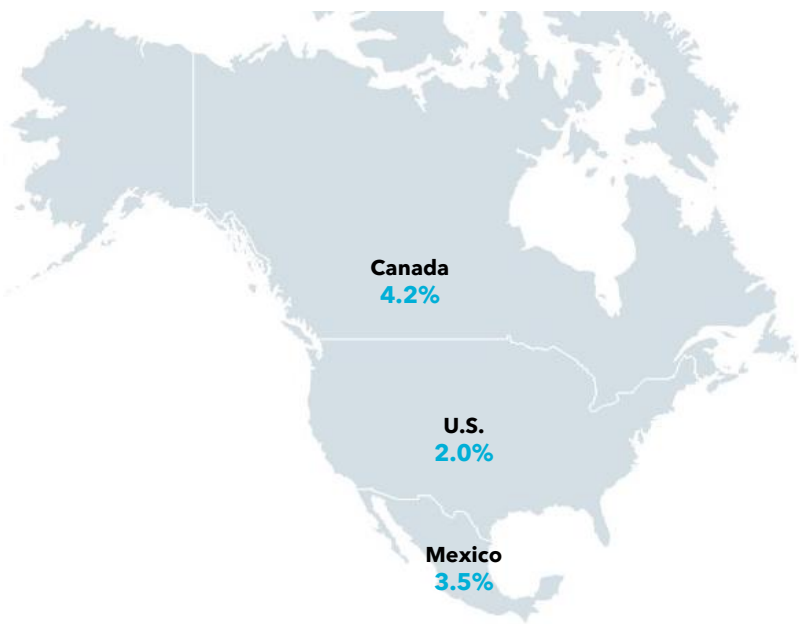
Across the three North American markets, we expect average daily rates to rise by [2.2%](#) in 2026. At [2.0%](#), rate movements in the U.S. will be slightly below the regional average. Persisting economic uncertainty and geopolitical issues have caused some softening of demand, particularly among cost-conscious leisure travelers, with economy and midscale hotels and secondary cities the most impacted. This is likely to limit hoteliers' scope for ADR increases. However, above average ADR rises may be expected for stays in upscale, upper upscale and luxury properties. These are still benefiting from strong demand from corporate travelers, group meetings and large-scale events.

While the upper end of the U.S. market can look forward to 2026 with some optimism, operators across all hotel segments will need to balance their pricing strategies against evolving traveler expectations and the realities of rising costs.

Rate inflation prospects are much stronger in Canada, where we anticipate a [4.2%](#) increase in ADRs, and in Mexico, where we're forecasting a [3.5%](#) rise.

With the region's three markets set to host the FIFA World Cup in 2026, some destinations will ultimately experience pricing spikes and issues with availability during June and July. Businesses could choose to mitigate these risks and avoid elevated accommodation costs by retiming trips or selecting alternative locations for meetings and events.²⁶

Hotel average daily rate forecasts for 2026 ²⁵



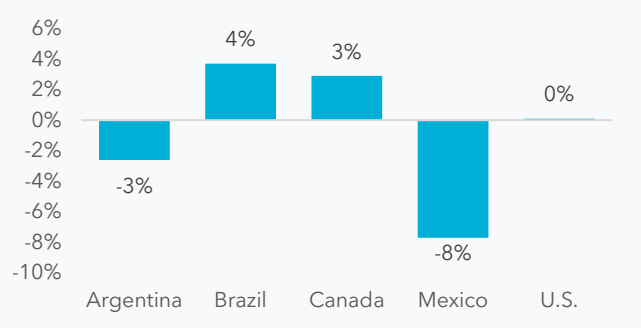
(24) Historic data: BCD transactional data; (25) Forecasts: BCD and Advito analysis, local currency; (26) [CoStar](#), Oct. 10, 2025

Car rental in 2026

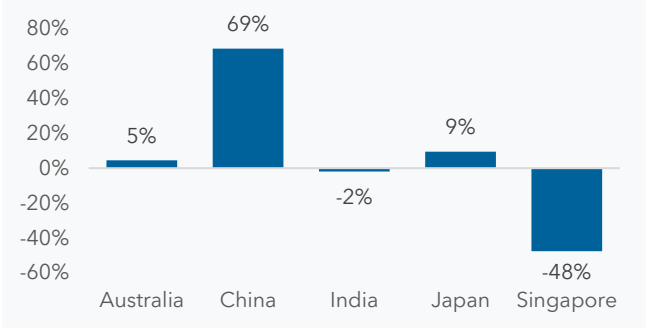
The situation in 2025

Based on data for the first nine months, year-over-year movements in car rental rates in key markets arguably provide little basis from which to develop a global aggregated view of pricing in 2025. While variations between individual countries are to be expected, they are particularly extreme in Asia Pacific and make it difficult even to develop a regional view of pricing trends.²⁷

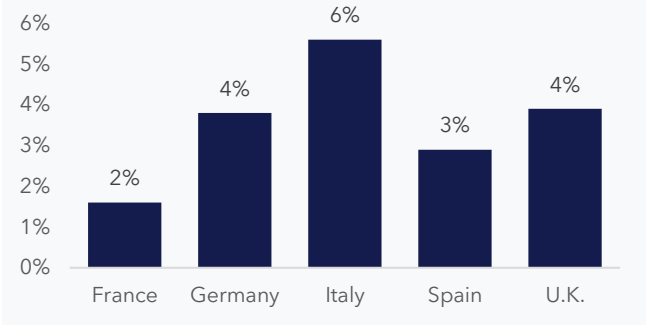
Americas



Asia Pacific



Europe



Asia Pacific has been a region of extremes during 2025. While average car daily rates (CDR) have soared by almost 70% in China, they’ve dropped by close to 50% in Singapore. Such sharp swings in pricing make the increases in Australia and Japan seem almost modest. But even Japan’s number seem high when compared to Europe, where price movements of 2-4% have been more normal. In the Americas, Brazil and Canada have seen ADRs rise by the European “norm”, while CDRs have been flat in the U.S. and have fallen in other key markets, most notably by 8% in Mexico. Among these three regions, Europe comes closest to presenting a consistent pricing story across key markets. Variability reigns elsewhere.

Prospects for 2026

Car rental rates will generally continue to rise for corporate customers. With it being a seller’s market, companies that have already seen prices rise in recent years may expect to face further increases as contracts come up for renewal. Car rental agreements are now averaging two years. Some may be longer, but they tend to include built-in price increases for the later years. Amid general economic uncertainty, particularly impacting the new car market, car rental companies’ acquisition and repair costs will continue to rise. Expect them to seek higher pricing as a way of offsetting these increased costs. It’s not simply the daily rate that’s increasing. A growing number of rental locations are adding a city surcharge at popular destinations, while the value of the surcharge itself is also rising. It’s not unusual to see a surcharge added across an entire state in the U.S.

As rental rates increase, travelers are reviewing their ground transportation options. When combining higher rental costs and parking rates in many cities, travelers must compare the total cost of car rentals to ride-hailing and taxi alternatives. While our forecast for rental rates varies, this reflects primarily leisure or open market pricing. Corporate pricing is determined by the agreement in place and when it’s due for re-negotiation. Corporate customers will continue to face increased rates in negotiations. While increases have moderated, they are increases all the same. Corporate customers will do well to keep any increases to a minimum. In general, we expect rate increases in 2026 to be slightly lower than in 2025, sitting in a 2-4% range.



Sustainable travel in 2026

Business travel will need to act on its promises

The time for vague commitments is ending. Business travel will need to deliver credible, high-quality emissions reporting, regardless of geography. Corporate buyers have a critical role to play in accelerating the decarbonization of air travel, hotel stays and ground transportation. With greenwashing coming under increasing scrutiny, transparency and accountability are non-negotiable. To avoid the regulatory and public spotlights, the travel industry must show real progress and invest meaningfully in nature and communities impacted by climate change. BCD's *Sustainability Solution* is there to make this easy, cost-effective and impactful amid seven trends to look out for in 2026.

What to look out for in 2026

Proof over promises

The era of climate pledges is giving way to one of accountability. Businesses across the board will need to demonstrate and measure their progress in reducing emissions, and this includes those from employee travel.

Reporting regulations go global

Despite reversals in the U.S., sustainability reporting regulations will continue to expand. Europe's CSRD will broaden its scope in 2027. New rules in California, China, the U.K. and countries across Southeast Asia mean companies must prepare to measure and report their travel-related emissions.

Crackdown on greenwashing

The European Union's *Empowering Consumers Directive* is making misleading sustainability claims illegal. In hospitality, for example, certifications must now meet stricter standards if consumer-facing. Corporate travel buyers should engage their hotel partners to get ahead of the changes.

Benefits beyond sustainability

Sustainability has evolved from a moral obligation into a strategic business priority. Companies are focusing on actions that deliver measurable value. This presents a powerful opportunity to communicate the wider benefits of sustainable travel programs, not just for the planet, but also for company performance through lower costs and improved traveler wellness.

Harnessing AI's climate potential

As Google's contrail mitigation research has shown, artificial intelligence (AI) can help tackle some of travel's climate challenges. However, AI's true impact requires thoughtful, targeted application. Expect travel and sustainability leaders to explore AI-driven solutions for emissions tracking, route optimization and supplier analysis, if they are to deliver meaningful progress.

Clean energy at scale

Decarbonizing business travel depends on an acceleration in clean energy solutions. These range from sustainable aviation fuel (SAF) and renewably powered hotels to electric vehicles (EVs). Corporate travel buyers will play a critical role in scaling up these innovations by influencing demand, shaping supplier choices and driving investment where it's needed most.

Climate justice adds pressure

Just 10% of the global population may have ever flown on a plane, highlighting the stark inequality presented by frequent business travel. As climate justice gains traction, so too are proposals for frequent flyer or solidarity levies. Any funds generated may be redirected from high-emitting travelers to climate-impacted communities. Corporate travel programs should assess their equity impacts and explore policies to support more inclusive climate solutions, such as investing in nature-based or community projects.

Sustainable travel made simple

BCD provides the solution to sustainability's challenges

Cut the complexity surrounding sustainable travel: One contract, one ecosystem, enabling you to meet your company's sustainability goals without disrupting operations.

Managing sustainable travel presents multiple challenges for travel managers. These are compounded by cost pressures and the need to demonstrate a return on investment (ROI) to stakeholders in Finance and Procurement. BCD has the solution.

The challenges for travel managers

- Conflicting carbon methodologies
- Lack of clarity on sustainability goals and how travel contributes to them
- Pressure to meet Scope 3 emissions targets
- Regulatory compliance
- Traveler engagement and barriers to changing behaviors

The BCD solution

- **Measure and Report:** Generate audit-ready, compliant emissions data using preferred methodologies.
- **Influence Behavior:** Use overlays in booking tools to display emissions, apply carbon fees and steer travelers towards greener choices.
- **Contribute and Invest:** Seamlessly purchase offsets or sustainable aviation fuel (SAF) at point of sale or collect carbon fees for reinvestment.
- **Strategize and Scale:** Choose from packages tailored to company goals and progress made so far towards sustainable travel.

The benefits of the BCD solution

- ✓ Contribute to cost efficiency and sustainability targets
- ✓ Traveler wellness via wellbeing dashboards and nudging
- ✓ Reputation and compliance with global environmental, social and governance (ESG) standards
- ✓ Investor confidence through reporting and verified data

Client spotlight: Siemens

Simple, scalable and impactful.

BCD helped Siemens turn traveler choices into climate action.



**€25k worth
of carbon fees
collected**



**600+
bookings
impacted**



**SAF fees
reinvested**

[EXPLORE SOLUTION](#)

Share your thoughts

Do you have any questions or comments regarding this report? Please email [Mike Eggleton](mailto:mike.eggleson@bcdtravel.com) to share your thoughts.

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