Industry overview

A strong and resilient sector full of opportunity

We operate in an industry with high growth potential, underpinned by strong long-term fundamentals.

The global hotel industry remains poised for long-term growth, supported by stable employment markets, robust levels of business activity and resilient leisure demand. While in some countries geopolitical risk and the economic outlook present uncertainties, the overall environment is one that is supportive to the industry.

The $750 billion hotel industry has compelling structural growth drivers, underpinned by factors including the inherent needs and desires to travel for business and leisure purposes, and an expanding middle class in emerging markets with increasing disposable incomes. Travel continues to be an area of resilient discretionary spending by consumers, while demand for business travel remains robust. Easing inflationary pressures and the turn in the interest rate cycle over the past 12 months has supported robust levels of business activity and economic growth.

In what is a relatively fragmented sector, with 57% of rooms affiliated with a global or regional chain, competitor pressure in the branded space remains intense, as all major players pursue growth strategies through a combination of organic growth, partnership arrangements and acquisitions.

Branded hotel penetration has steadily increased as a long-term trend, with this expected to continue to grow as consumers look to trusted brands to meet their evolving expectations, particularly when it comes to state-of-the-art technology and the skills, scale and resources required to provide enjoyable, effective and sustainable stays. Hotels affiliated with a major global brand and enterprise system also tend to generate higher owner returns.

There remains a long-term need for new hotel supply to satisfy the demand drivers previously mentioned. Global hotel room net new supply increased at a CAGR of 2.3% over the 10 years from 2015 to 2025, with industry forecasts showing a similar rate in the years beyond.

Cost remains a significant barrier to building a scale position in the global hotel industry, whether that's due to investment to build and maintain the properties, establishing strong loyalty programmes and technology platforms, or developing and marketing leading brands.

The hotel industry is cyclical: long-term fluctuations in RevPAR tend to reflect the interplay between industry demand, supply and the macro-economic environment. At a local level, political and economic factors, as well as those such as terrorism, oil market conditions and significant weather events, can also impact demand and supply. While the potential for macro-economic challenges from factors such as lingering inflation, international trade barriers and geopolitical flashpoints create some ongoing uncertainty going into 2026, the attractive industry fundamentals that led to the sector outpacing global economic growth in 19 out of 26 years between 2000 and 2025 remain firmly in place for the long term.

As a global business, with a footprint in more than 100 countries, operating in the midst of change and uncertainty is something IHG is very used to, and one of our greatest strengths. Our strategy of developing a strong brand portfolio that is diversified by geography, brand segment and fee-based income streams, and powered by a strong loyalty programme, means IHG is well positioned to remain resilient through varying economic cycles.

The hotel industry has long-term growth drivers…

1.6%

US disposable personal income grew on average by 1.6% per annum between 2000 and 2025

Source: Federal Reserve Economic Data (FRED)

$62tn

The global consumer class spent an estimated $62tn in 2025, with this expected to increase to $80tn by 2030

Source: World Data Lab

2.3%

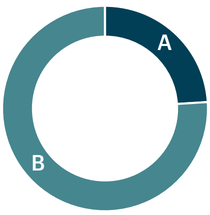
Global hotel room net new supply grew 2.3% per annum between 2015 and 2025

Source: STR

with significant barriers to entry…

The top five hotel groups[a] have almost a quarter of market share

Share of top five branded hotel groups as % of global rooms supply



A Top five: 24%

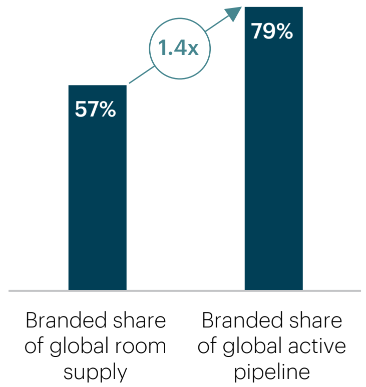
B Smaller brand groups and independents: 76%

a. Includes IHG, Marriott International, Inc., Hilton Worldwide Holdings Inc., Wyndham Hotels & Resorts Inc., Accor S.A.

Source: STR

Share expected to further expand

Branded share of global industry supply and share of global industry active pipeline



Source: STR

Consumers value loyalty membership, which requires a large-scale enterprise to deliver

79%

of consumers are more likely to recommend brands with good loyalty programmes

Source: Bond, in partnership with Visa

85%

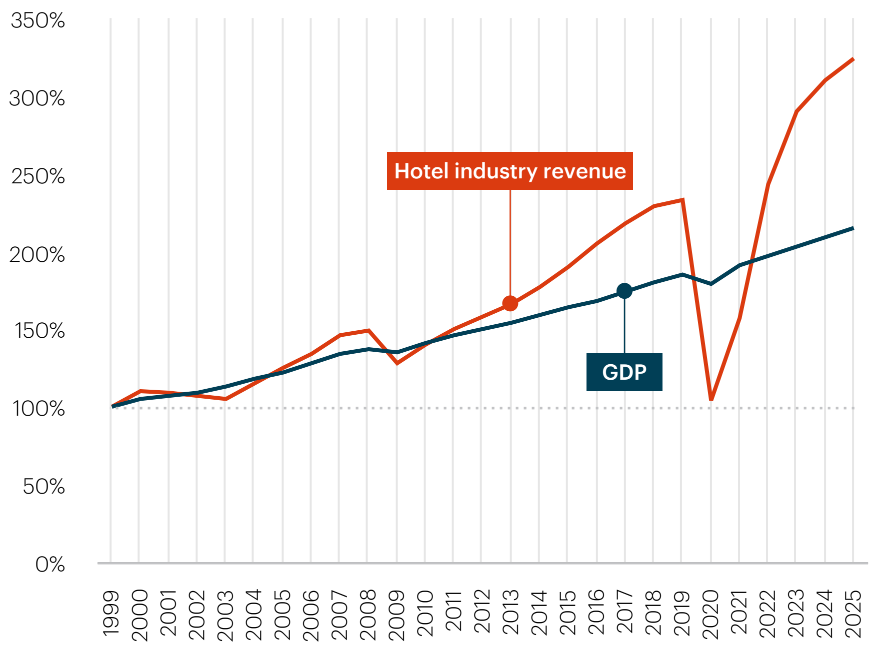
of consumers are more likely to use a brand if they are members of its loyalty programme

Source: Bond, in partnership with Visa

and a track record of growth.

Global hotel revenues have continued to outpace GDP growth

Global industry revenue vs global GDP, indexed to 1999



Global industry RevPAR ($)

RevPAR movements are illustrative of lodging demand

2025	88.99
2024	86.19
2023	82.13
2022	70.24
2021	47.13

Source: STR

Global rooms supply (m rooms)

Supply growth further reflects the attractiveness of the hotel industry

2025	23.7
2024	22.6
2023	21.4
2022	20.6
2021	20.1
2020	19.7

Source: STR