MSI

# HOTEL MARKET SENTIMENT REPORT

2026 Q4

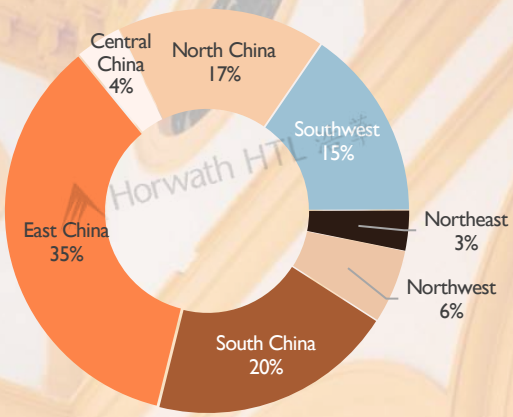
# INTRODUCTION TO THE STUDY

As an important part of the Horwath Global Hotel Market Sentiment Survey, the China Hotel Market Sentiment Survey aims to provide hoteliers in China with an assessment and forecast of the outlook ahead. This is the 46th survey of the Chinese hotel market conducted by Horwath HTL, focusing on expectations for performance in Q4 2026 in terms of occupancy, average daily rate and total revenue. We compare and analyze historical sentiment indices to effectively present hoteliers' market outlooks across different regions of China. To better analyze and compare hotel markets across China's regions and cities, we use a dedicated sentiment index model to quantify respondents' feedback and present it as indices, providing a more intuitive view of their expectations for the hotel market.

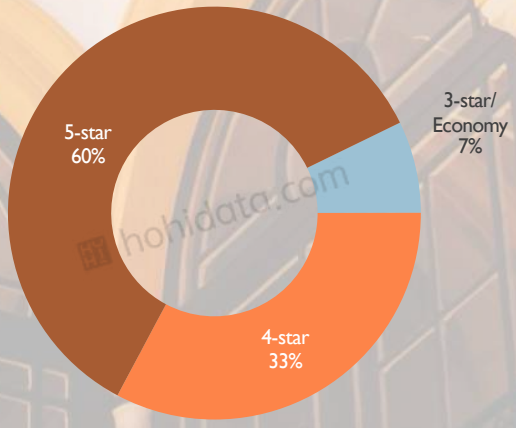
In the performance outlook section of this survey, the sentiment index reflects the market's expectations for overall performance. The index ranges from -150 to +150, where '-150' indicates a very pessimistic view of expected market performance, '0' indicates a neutral performance outlook, and '+150' indicates a very optimistic market outlook.

The conclusions of this survey are intended to help hoteliers fully understand industry developments and adjust their operating strategies promptly to adapt to the changing market environment. This report brings together the research findings of this dedicated survey. A total of 750 questionnaires were received from 31 provinces, municipalities and autonomous regions in mainland China. After data validity checks and the removal of non-comparable data, 697 valid samples were retained. We sincerely thank all participants for sharing their industry insights.

Sample by Region




Sample by Hotel Class




*Survey period: September 19–October 13, 2026

Scan the QR code on the left
to access the HOHI Mini Program
and explore the Market Sentiment Index

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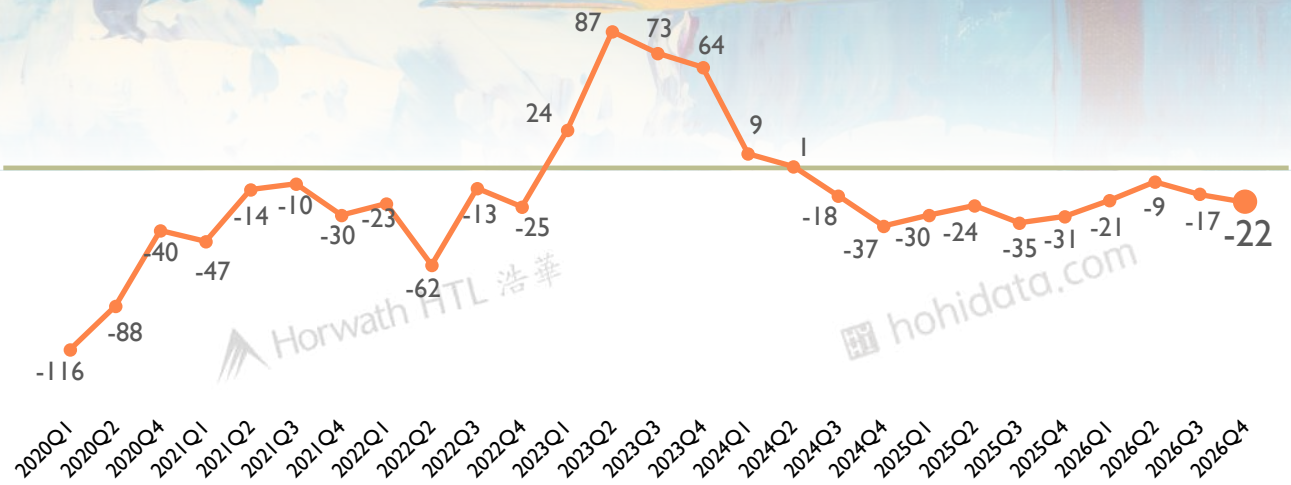
# SENTIMENT INDEX FALLS FURTHER

# HOTELIERS TURN CAUTIOUS

**2026 Q4 Sentiment Index** **-22**




In Q4 2026, China's national MSI Hotel Market Sentiment Index stood at -22, down 5 index points from Q3. The recovery in sentiment has slowed. The index ranges from -150 to +150, with 0 as neutral. It reflects the direction and strength of respondents' expectations for YoY changes in key operating indicators. A negative reading means expectations are cautious overall. Sentiment rose to an interim high in Q2 and has since eased. Softer leisure demand and weak business and MICE demand shaped industry practitioners' YoY outlook for Q4.

By indicator, the occupancy and average daily rate (ADR) indices were -12 and -24, down only 3 and 2 index points from Q3. Room-related expectations remained largely stable. The decline was concentrated in revenue indicators. The total revenue index fell from -19 to -30, and the F&B revenue index fell from -20 to -37. Both declines were much larger than those of the room indicators.

By region, South China was the only region with a positive reading. Both its occupancy and ADR indices were positive, pointing to relatively resilient performance. Other regions were cautious overall, with pressure mostly on rates and revenue.

**Q1** Compared with Q4 2025, what is the expected rate of change in your hotel's performance in Q4 2026?

**The Sentiment Index in Q4 2026**

| | AVG | QoQ | OCC | ADR | Total Revenue | F&B Revenue |
|---|---|---|---|---|---|---|
| South China | 4 | +2 | 10 | 2 | 0 | -21 |
| North China | -21 | +2 | -8 | -31 | -25 | -31 |
| East China | -27 | -6 | -17 | -23 | -40 | -45 |
| Northwest | -32 | - | -23 | -35 | -39 | -42 |
| Central China | -33 | -5 | -29 | -40 | -29 | -15 |
| Northeast | -38 | - | -23 | -35 | -55 | -61 |
| Southwest | -40 | -5 | -23 | -49 | -49 | -51 |
| National Average | -22 | -5 | -12 | -24 | -30 | -37 |

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# GUANGZHOU IMPROVES MARKEDLY

# SANYA AND SHENZHEN STAY AHEAD

| Tier-1 Markets Sentiment Index in Q4 2026 | | | | | | |
|---|---|---|---|---|---|---|
| | AVG | QoQ | Occ | ADR | Total Revenue | F&B Revenue |
| Sanya | 46 | +1 | 34 | 53 | 50 | 9 |
| Shenzhen | 4 | -14 | 11 | 2 | -2 | -19 |
| Guangzhou | -1 | +16 | 9 | -8 | -3 | -29 |
| Shanghai | -13 | -2 | -7 | -4 | -28 | -44 |
| Beijing | -23 | -4 | -10 | -30 | -30 | -34 |

In Q4 2026, sentiment diverged across tier-1 markets. Guangzhou posted the largest improvement in its composite index among tier-1 markets. Sanya and Shenzhen remained in positive territory, while Beijing and Shanghai were in negative territory.

**Sanya's** composite index was 46, the highest among tier-1 markets. Its ADR and total revenue indices were 53 and 50, showing that resort markets continue to hold up well on pricing. **Shenzhen's** composite index was 4, down from Q3, but demand fundamentals remain relatively solid. Shenzhen will host the APEC summit in Q4, which is expected to bring a short-term boost in high-end business and MICE demand.

**Guangzhou's** index improved markedly. Its occupancy index rose from -6 to 9, and its ADR index rose from -28 to -8, which clearly eased pressure on rates. In Q4, Guangzhou hosts the 140th Canton Fair, with more than 30,000 exhibitors. Over one-third are high-quality firms, including specialized, refined, differentiated and innovative (SRDI) enterprises. A high-quality mix of domestic and international business visitors will arrive over an extended period. This is expected to lift room demand and give strong support to hotel rates.

**Shanghai's** composite index was -13, with expectations diverging sharply across indicators. Its ADR index rose from -11 to -4, pointing to more stable rate expectations, but revenue recovery still lags. **Beijing's** composite index was -23, broadly in line with the national average. Notably, in the 2027 forecasts, both cities' outlooks for next year's overall performance are stabilizing. In each city, more than 60% of respondents expect occupancy to be flat or higher YoY, which provides some expectation-based support for recovery next year.

厚海 DATA PLATFORM

# City Data Dashboard

- **Now available on the HOHI Wechat mini program**

  MSI, Performance Dashboard, Demand Heatmap, and Event Calendar

- **Historical Performance Trends**

  Track Occupancy, ADR, and RevPAR trends across different hotel tiers.

- **Quarter-on-Quarter Performance Outlook**

  Show expectations for quarter-on-quarter changes in key performance metrics for the next quarter.

- **City Event Calendar**

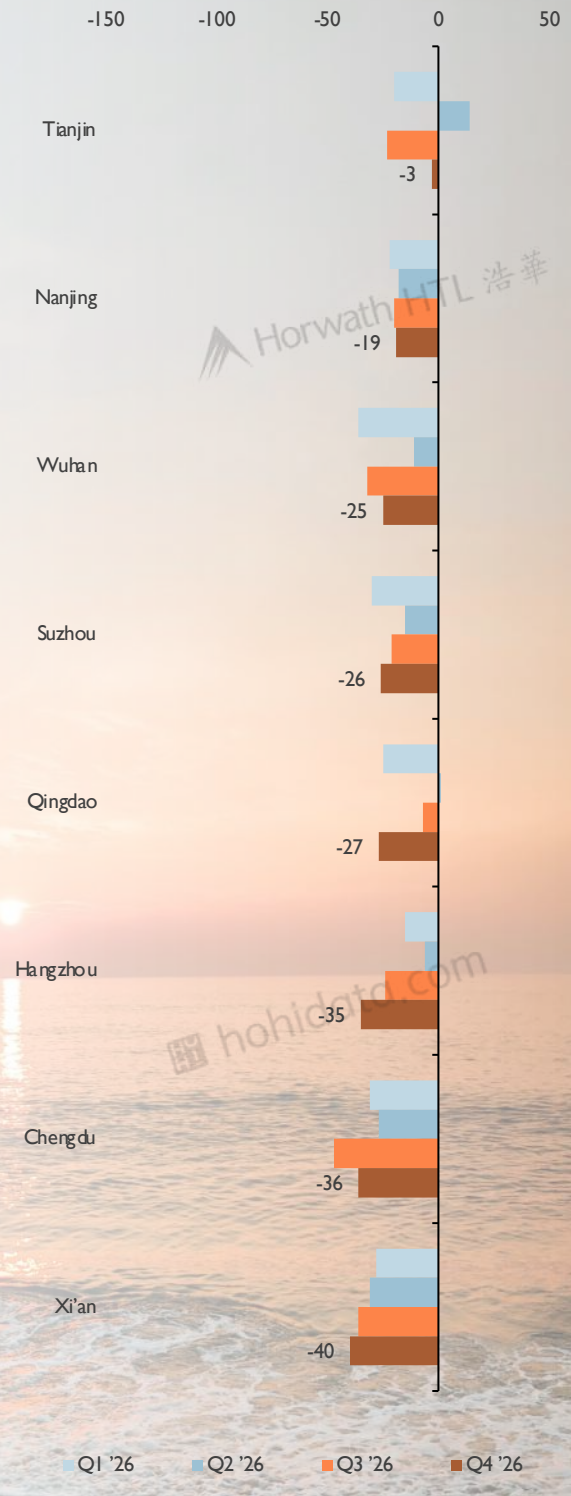
  Compile upcoming major events, including concerts and exhibitions.

- **Demand Heatmap**

  Track weekly changes in domestic and inbound visitor flows to support demand trend assessment.

Access the Hohi Wechat Mini Program
Unlock more features for operational tools and MSI

| 2026 Q4 Tier-2 Cities Market Sentiment Index | | | | | | |
|---|---|---|---|---|---|---|
| | AVG | QoQ | OCC | ADR | Total Revenue | F&B Revenue |
| Tianjin | -3 | +20 | 13 | -25 | 4 | -4 |
| Nanjing | -19 | +1 | -10 | -24 | -24 | -41 |
| Wuhan | -25 | +7 | -30 | -23 | -23 | -23 |
| Suzhou | -26 | -5 | -11 | -24 | -42 | -51 |
| Qingdao | -27 | -20 | 0 | -44 | -38 | -63 |
| Hangzhou | -35 | -11 | -30 | -25 | -50 | -46 |
| Xiamen | -35 | +10 | -31 | -38 | -38 | -38 |
| Chengdu | -36 | +11 | -13 | -52 | -45 | -50 |
| Kunming | -38 | -27 | -25 | -50 | -38 | -25 |
| Xi'an | -40 | -4 | -32 | -43 | -45 | -47 |




In Q4 2026, sentiment in key tier-2 cities remained in negative territory overall. Rate pressure is the main factor constraining performance expectations.

**Tianjin** ranked first among key tier-2 cities with a composite index of -3, up 20 index points from Q3. Its occupancy and total revenue indices were 13 and 4. Strong summer-holiday performance in Q3 boosted industry practitioners' confidence.

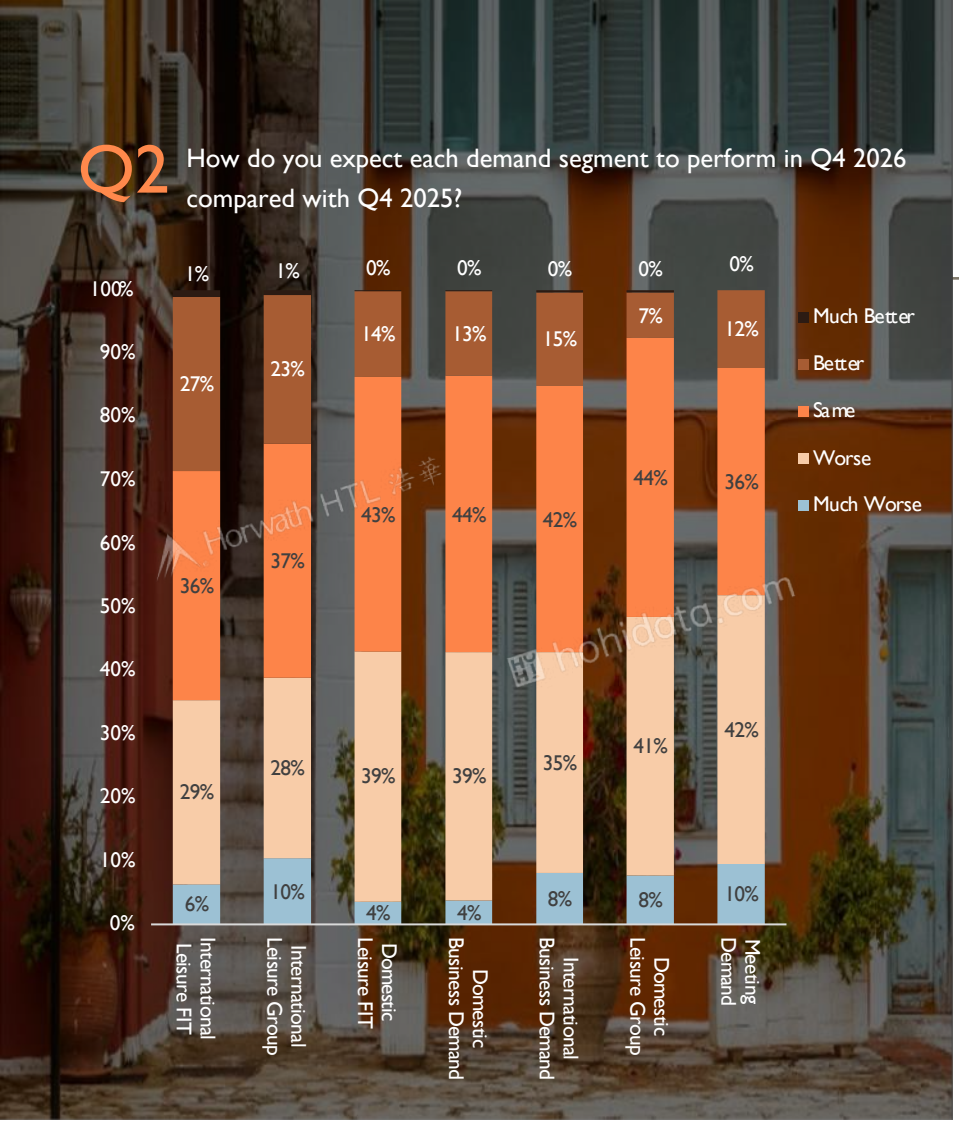
Live entertainment gave some support to room demand in **Nanjing** and **Qingdao**. Concerts by top artists drew many visitors from other cities and provinces who travelled specifically to attend. The "ticket-stub economy" also extended visitors' stays: ticket holders can get discounts at attractions, on transport and in shopping districts. Nanjing's composite index was -19, second among key tier-2 cities. Qingdao's occupancy index was 0, meaning guest volumes are expected to be broadly flat YoY. Most respondents expect ADR to decline by less than 5% YoY, so rate changes are mostly minor adjustments.

**Xi'an**, **Chengdu** and **Kunming** posted composite indices of -40, -36 and -38. Their ADR indices were all below -40, making rates the main drag on performance expectations in all three cities. New hotels have kept entering the market in recent years, diverting demand from the existing market and intensifying price competition.

## CONCERTS SUPPORT NANJING AND QINGDAO

## RATE PRESSURE REMAINS THE MAIN CONSTRAINT

## Q2 How do you expect each demand segment to perform in Q4 2026 compared with Q4 2025?




### 2026 Q4 INDEX

**Performance outlook of each source markets**

International Leisure FIT

-9

-18 Foreign Leisure FIT

-25 Domestic Leisure FIT

-25 Domestic Corporate

-27 Foreign Corporate

-36 Domestic Leisure Group

-37 MICE

In Q4 2026, leisure demand diverged. The Foreign Leisure FIT index was -9, unchanged from Q3 and still the highest among all segments. The Foreign Leisure Group index rose from -23 to -18. Both indices were higher than a year earlier. As inbound travel facilitation policies continue to advance, inbound visitors are expected to bring additional demand to many cities. Domestic leisure demand weakened. The Domestic Leisure FIT and Domestic Leisure Group indices fell to -25 and -36, down 16 and 11 index points from Q3. Residents are placing more emphasis on value in travel spending, and industry practitioners have become more cautious about YoY performance as a result.

Business and MICE demand remains at a relatively low level. The MICE and Foreign Corporate indices were -37 and -27, up 9 and 4 index points from Q3. The Domestic Corporate index was -25, broadly flat from Q3. However, only slightly more than 10% of respondents expect these segments to improve YoY, and more than half remain cautious about MICE demand.

# INBOUND TRAVEL DRIVES DEMAND GROWTH

# DOMESTIC DEMAND NEEDS MORE TIME

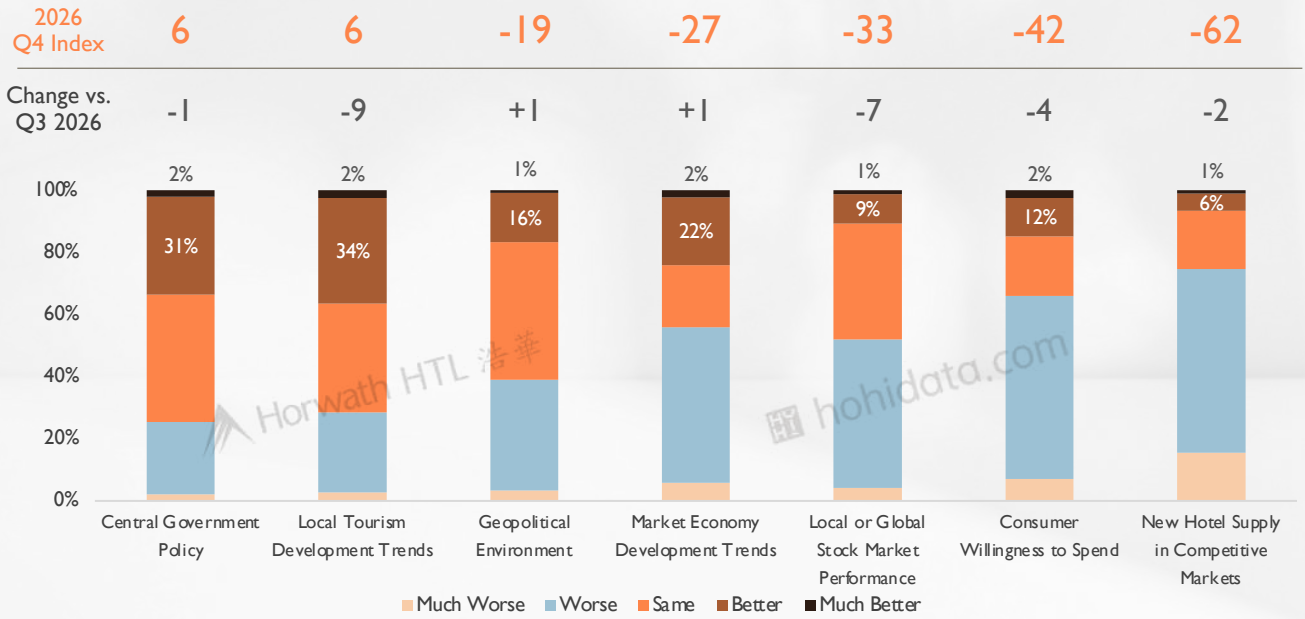
# TOURISM POLICIES KEEP SENDING POSITIVE SIGNALS, RATIONAL SPENDING AND NEW SUPPLY HOLD BACK PERFORMANCE RECOVERY

In industry practitioners' assessment of external factors this quarter, Central Government Policy and Local Tourism Development Trends remained positive, both at 6. Respondents hold mildly positive expectations for the policy environment and the overall direction of the tourism market. Since the start of this year, supportive culture and tourism policies and consumption-boosting measures have continued to roll out, creating a relatively favorable environment for the lodging industry. For example, many provinces and cities have recently announced autumn breaks for primary and secondary schools. This is expected to unlock some family travel demand and bring additional demand to the tourism and accommodation market in Q4.

On the demand side, the Consumers' Willingness to Spend index was -42, and most respondents are cautious. The Local/Global Stock Market Performance index was -33. Recent stock market volatility has affected residents' wealth expectations to some extent. Spending on non-essentials such as travel and accommodation has become more cautious, and consumers are placing more emphasis on value.

On the supply side, the New Competitive Supply Additions index was -62, the lowest of all factors, and nearly three-quarters of respondents see its impact as negative. According to partial statistics from the Hohi Data Platform, hotels opened in a concentrated wave nationwide in September, with 767 new hotels at midscale and above. As consumers become more rational, the concentrated entry of new hotels will further intensify competition and place higher demands on refined operations at existing hotels.

Q3 How will each of the following factors affect hotel market performance in Q4 2026?

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# Q4 OCCUPANCY EXPECTED TO PULL BACK NOTABLY QOQ

# ADR EXPECTED TO EDGE UP

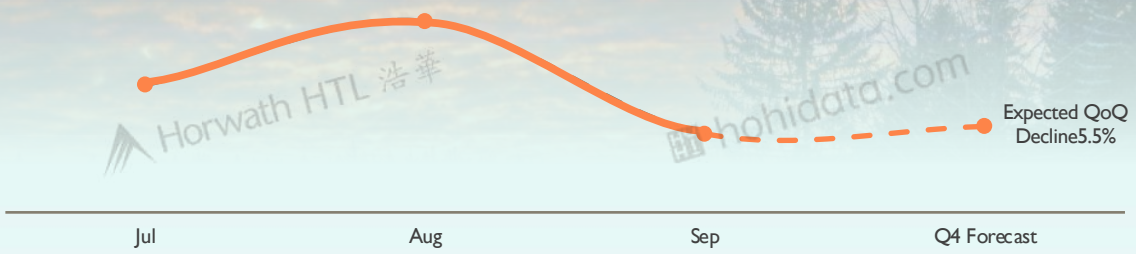
Q4 Please forecast your hotel's Occupancy and ADR for Q4 2026

Q4 2026 National Hotel Performance Forecast (QoQ)

Occupancy QoQ (Median) -6.1%

ADR QoQ (Median) +0.6%

National Hotels' Actual Monthly RevPAR in Q3 2026 vs. Forecast Q4 2026 RevPAR (Median)




In this survey, the earlier questions are mainly based on YoY performance forecasts, to reduce the effect of seasonality on the sentiment index analysis. To show more intuitively how industry practitioners view short-term fluctuations, we also collected actual monthly operating results for Q3 and asked respondents to forecast Q4 performance. Note that the sentiment index uses a YoY basis, while the operating forecasts below use a QoQ basis.

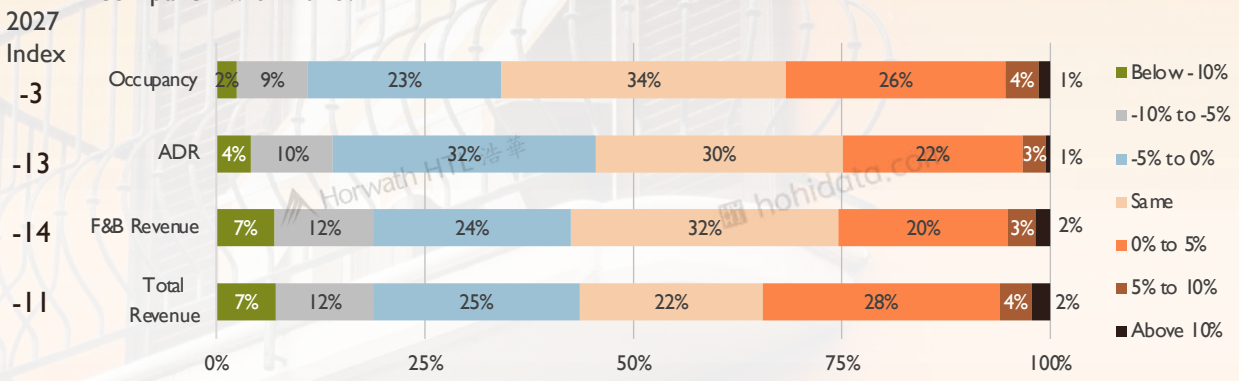
Actual results show that the national hotel market rose and then fell in Q3. In July, summer demand was released more gradually in some regions due to extreme weather. In August, occupancy and ADR rose together, and RevPAR was about 7.6% higher than in July. After the summer holiday, travel demand returned to normal levels, and both occupancy and ADR declined. (National and key-city performance trends are available on the Hohi Data Platform mini program.)

Looking ahead to Q4, most cities are gradually entering the traditional low season. Occupancy will see a seasonal pullback, but ADR is expected to edge up, bucking the trend. According to the survey, national hotel occupancy in Q4 is expected to fall 6.1% QoQ from the Q3 average. ADR is expected to rise 0.6% QoQ, and RevPAR to fall 5.5% QoQ, with the decline mainly driven by occupancy. By segment, rates at upper midscale and above hotels are generally stable, while midscale and limited-service hotels face some pressure on both volume and rate. ADR holding steady or edging up in the low season reflects short-term support from the National Day holiday. It also shows that, as demand falls in the low season, hotels are placing more emphasis on rate integrity rather than trading price for volume.

# EXPECTED 2027 DECLINES NARROW

# EVIDENCE-BASED BUDGETING IS KEY

## Q5 What change do you expect in your hotel's full-year 2027 performance compared with 2026?




With budget season here, this quarter's survey added questions on full-year 2027 performance, to provide a reference for hotels' 2027 budgets. Results show that industry practitioners remain cautious about 2027. More respondents expect declines than increases, but pessimism has eased.

Occupancy expectations are the most stable, with a balanced distribution: 34% of respondents expect a decline, 34% expect no change, and 31% expect an increase. The ADR index is -13. Among respondents, 46% expect ADR to fall YoY, mostly by up to 5%, and the size of the declines is narrowing. The F&B revenue index is -14, but it improved the most. Industry practitioners are less pessimistic about the continued performance of F&B.

Given this outlook, hotels need to balance recovery opportunities and downside risks when setting 2027 budgets. For rooms, occupancy expectations are broadly stable, while rates still face some pressure. Targets should not simply follow the market down. Instead, hotels should improve their guest mix and channel mix to stabilize or recover ADR. For F&B, expectations have improved but the index remains negative, so growth targets should stay cautious. Hotels should also further adjust their F&B structure: focus on their strongest restaurants, exit underperforming space and optimize the overall F&B mix, to support F&B transformation.

In practice, budgeting can follow three steps: set targets, set strategies, then set the budget. First, set realistic targets based on market demand and competing supply. Next, break the targets down into specific actions for each department. Then, calibrate the budget by benchmarking against industry data and efficiency metrics such as labor productivity, energy efficiency and space productivity (revenue per square meter). Bringing in third-party expertise and data at the right time can make the budget more objective and more actionable.


## Annual Budget Formulation and Review Services

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**02 Data Support**

Providing benchmark data for key performance indicators against a comparable market comp-set.

**03 Tool Support**

Employing online tools for ongoing monitoring of actual performance versus budget completion.

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# CONCLUSION

In Q4 2026, the national composite sentiment index was -22, extending its decline from Q3. Industry practitioners remain cautious overall about YoY performance.

At the city level, MICE and live entertainment events are becoming important drivers of regional markets. Boosted by the Canton Fair, both occupancy and rate expectations are recovering in Guangzhou. In Nanjing and Qingdao, major concerts and the "ticket-stub economy" attracted visitors from other cities and lifted overnight stay demand. Sanya and Shenzhen remained among the top tier-1 markets, and strong summer-holiday performance clearly lifted confidence in Tianjin. By contrast, cities with concentrated new supply still face competitive pressure on rates.

On the demand side, inbound visitors remain the most certain source of incremental demand. Foreign Leisure FIT and Group demand is adding new guests in many cities. Industry practitioners remain positive about the policy environment and local tourism development trends, as culture and tourism policies and consumption-boosting measures continue to roll out. While new supply is adding competitive pressure, most hotels are placing more emphasis on rate integrity in the low season. ADR is expected to hold steady or edge up QoQ, and operating priorities are shifting toward a balance between volume and rate.

The new 2027 questions in this survey provide a reference for annual budgeting. Industry practitioners remain cautious about 2027. More respondents expect declines than increases, but pessimism has eased. With the recovery seeing setbacks and city performance diverging, growth drivers are becoming more diverse, and MICE, live entertainment and inbound demand are creating new opportunities. Hotel operators should base plans on local demand and competition, protect the core rooms business, and keep improving product value and operating efficiency to lay a solid foundation for recovery within these structural opportunities.

Acknowledgement: Thanks to the Hospitality Sub-Association of the Beijing Municipal Bureau of Culture and Tourism (北京市文化和旅游协会饭店分会), Guangdong Hotel & Lodging Association (广东省酒店行业协会), Guangzhou Hotel Association (广州地区酒店行业协会), Sanya Tourism Hotel Association (三亚旅游酒店行业协会), Shandong Tourist Hotel Association (山东省旅游饭店协会), Hospitality Sub-Association of the Shanghai Tourism Trade Association (上海市旅游行业协会饭店业分会), Sichuan Tourism Hotel Association(四川省旅游饭店业协会), Suzhou Tourism Hotel Industry Association (苏州市旅游饭店业协会), Xinjiang Tourism Hotel Industry Association (新疆旅游饭店业协会), and China Tourist Hotel Association (中国旅游饭店业协会) for their assistance and support in this survey.

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To access more related details of
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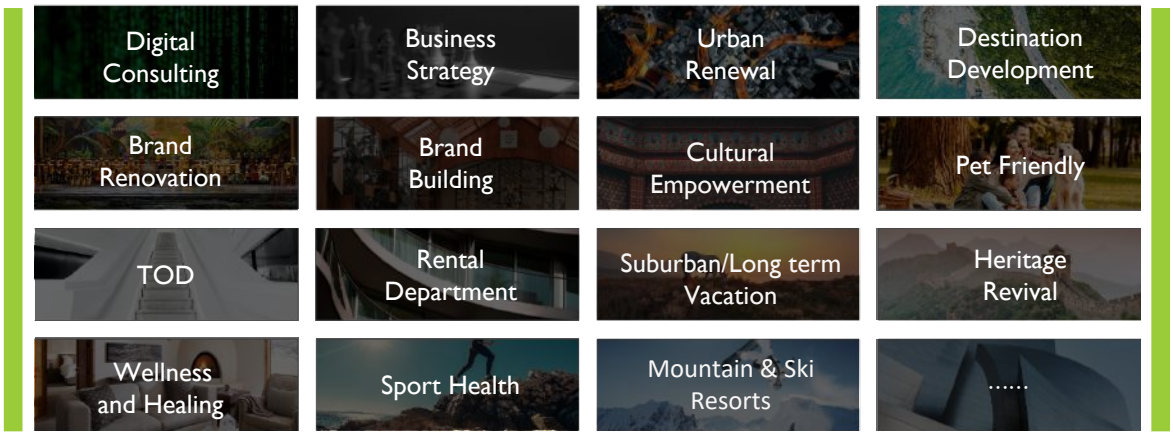
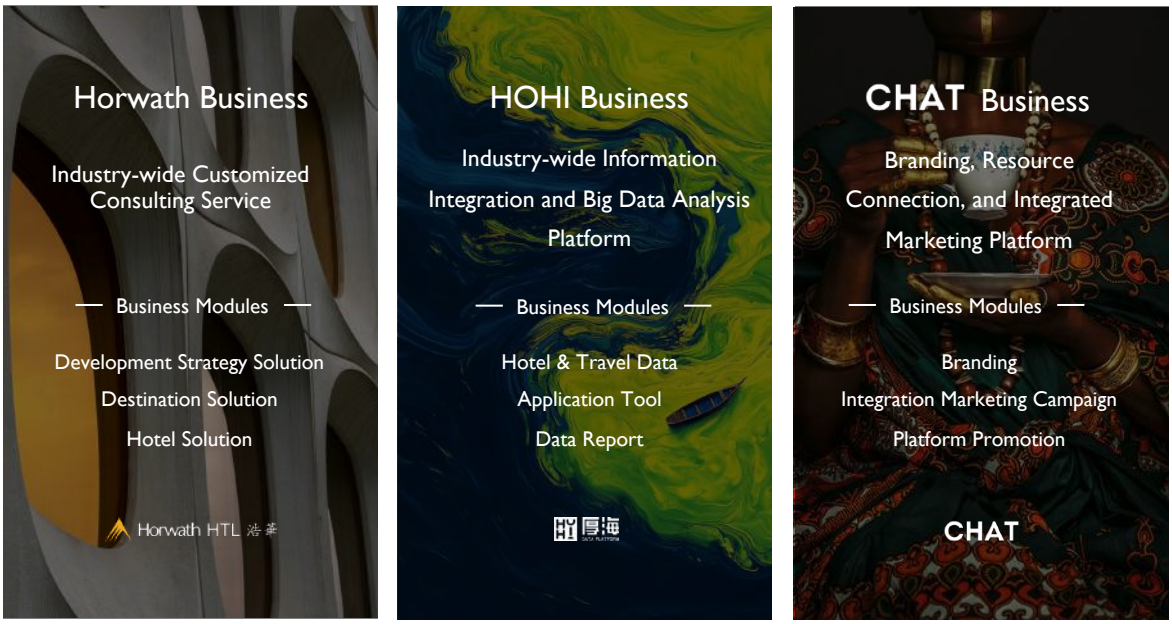
# ABOUT HORWATH HTL

As a centennial corporation, Horwath HTL participated in the creation of the "Uniform System of Accounts for the Lodging Industry", which is still used worldwide. Starting from the beginning of its entry into the mainland China market in 2003, Horwath HTL collected and analyzed industry benchmarking data for the "China Hotel Industry Study" with the China Tourist Hotel Association. It has been leading industry development for 20 years in China as the first international consulting company to bring the international hotel investment and development standard process to the Chinese market. It was also the first to introduce the concept of "per square meter efficiency" to help the industry make accurate investment and asset management decisions. In addition, it created industry data standards such as MSI (Market Sentiment Index) and MVI (Market Value Index) to help upstream and downstream practitioners further understand the market. In 2022, Horwath HTL launched the HOHI Data platform and started to develop the ESG index system to further guide the industry's digitalization and sustainable transformation. In the new era, Horwath HTL provides professional services covering multiple dimensions and the full life cycle, relying on abundant project experience, customized consulting services, the HOHI data platform, and CHAT branding and marketing platforms. Furthermore, it is always committed to providing various professional solutions to promote the continuous evolution of the wonderful lifestyle industry.

## Multi-Dimensional and Full Life-Cycle Professional Solutions




## Three Brands and Business Segments



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