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## Publication

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01/30/2025

### Top Twelve Trends to Monitor in the Hospitality Industry in 2025

The hospitality industry will need to focus on several key areas to ensure compliance and minimize risk in the year ahead, including data privacy and cybersecurity protections, employment and labor law compliance, and even insurance coverage and adherence to sustainability regulations. Most importantly, proper contract management and understanding of liability issues, especially regarding guests' safety, are essential in 2025 to avoid disputes and litigation.

#### 1. Keep Up With Data and Privacy Obligations

New state and international regulations are scheduled to come online in 2025. Make sure to keep up with how these new and fast-evolving regulations can impact your physical and virtual client interactions and marketing activities to avoid running afoul of regulators.

#### 2. Keep Your Eyes Out for Scammers

Be sure to watch for copycat domain name registrations and similar scams that have hit the hospitality sector hard, particularly using fraudulent employment schemes.

#### 3. New Administration's Approach to Federal Regulation Creates Compliance Uncertainty

The current administration has paused the implementation of the new FCC rules on one-to-one

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consent requirements for text message marketing, but companies should remain vigilant on state law and international law developments that address digital marketing.

#### **4. While AI Appears to be on a Path to Less Expensive Application, Provider and Developer Regulatory Requirements Still Remain**

The EU AI Act General Provisions become effective February 2, 2025. Providers and developers of AI systems must take measures to ensure that AI systems are trustworthy and safe, developed and used in accordance with fundamental rights obligations.

#### **5. Steel Your Online Presence Against the Plaintiffs' Bar**

Litigation continues to arise over online accessibility and the use of technologies that track user behavior, such as pixel tags, and are commonly used in the hospitality sector.

#### **6. Perform A Union Vulnerability Assessment**

Union organizing of the hospitality sector continues at a vigorous pace. Consider conducting a review of your operations at national and local levels to determine if all appropriate steps have been taken to address organizing and related labor actions.

#### **7. Review Potential Joint Employer Issues**

Labor and employment issues may arise under the Fair Labor Standards Act, the National Labor Relations Act, and other federal and state statutes for entities that are joint employers. The joint employer test under these various statutes has changed often, and hotel operators

should assess whether they are vulnerable to claims of joint employer status.

## 8. Insurance Program Vigilance

2024 was a rough year for the insurance industry. For the first time in six years, worldwide insured losses from natural catastrophes surpassed \$100 billion without a single event causing over \$10 billion in damages, according to Deloitte's "2025 Global Insurance Outlook." This indicates a broader spread of smaller, yet costly, events that cause increased anxiety among real estate investors and is especially relevant to the hospitality space, where US properties may be located in areas prone to weather-related disasters (California, Florida, Southeast corridor). In this environment, it is important to be proactive in working with brokers and independently monitoring the strength of insurers backing your program. Consider a policy review by legal counsel who represent policyholders.

## 9. Uncertainty Remains Surrounding Construction Costs

Continued uncertainty remains across the real estate industry regarding rising construction costs. Although the new administration may usher in certain opportunities in the commercial real estate space, such as the potential limitation of regulatory red tape, other administration changes, such as international trade policy/tariffs, may drive cost increases for materials like steel, lumber, and other raw materials. Increased construction costs mean lower profit margins, which may shift focus for some to retrofitting spaces rather than pursuing new development.

## 10. Fluctuating Finance

Uncertainty also continues to prevail as it relates to the future of interest rates and inflation, a major driver in deal volume across all property sectors, including hospitality. A substantial amount of real estate debt



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across all sectors is expected to reach maturity in 2025 and 2026. Much of this debt has been locked at historically low interest rates, and refinancing at similar rates does not, at the moment, seem realistic.

## 11. The “Hotel-ization” of Non-Hospitality Properties

There is a rising trend in the multifamily and office sectors related to the incorporation of hotel-quality amenities (new gyms, spas, boutique services, etc.) in those spaces. Certain traditional hospitality investors are using their expertise to shift investments from traditional hospitality assets into those other classes, seizing opportunities (especially in-office) to capitalize on low-cost assets in need of a facelift vs. competing for higher priced traditional hospitality properties.

## 12. Green Initiatives and Corporate Social Responsibility

Sustainability and environmental regulations, both in the US and in the EU are still gaining prominence. As governments push for green initiatives, hospitality businesses will need to continue to adapt and comply with new standards for waste management, energy efficiency, and sustainable practices.

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*This client alert is part of a series from the NGE Hospitality Industry Team addressing developments and recent news in the hospitality industry.*

*The NGE Hospitality Industry Team is an inter-disciplinary group focused on serving the diverse legal needs of hospitality owners, operators, and investors to achieve their business goals. The group collaborates to ensure our*



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*clients are well-informed on industry trends and ready to address both opportunities and challenges.*

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