Private Capital Practice

Travel industry trends and the opportunity for private equity

The travel industry is experiencing dynamic growth. For private equity firms, understanding travel industry trends can help guide investments.

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In the past five years, global investments have shifted dramatically in response to supply chain disruptions, new technologies such as gen AI and cryptocurrency, and more. As these forces have swept the globe, the travel sector has been a steadily rising star: The industry has grown at a CAGR of 3 percent from 2017 to 2024,[1] which is expected to accelerate as more people from Latin America and the Middle East begin traveling.

The travel equities market has reflected this growth. Market activity has increased and has seen overall positive TSR performance since 2019.[2] At the same time, the average transaction size has decreased since 2020, and the largest private equity buyouts and growth deals have become smaller across most travel segments since 2022, according to McKinsey analysis. This proliferation of smaller deals indicates that new opportunities are beginning to appear throughout the travel landscape.

To participate in this growth, US-based and international private equity firms need to understand today's travel landscape and the marketwide shifts affecting it, such as AI and the changing preferences of younger generations. In this article, we explore three major trends affecting the leisure travel industry today: traveler preferences for experiences, traveler preferences for luxury travel, and the rise of technology integration in travel.

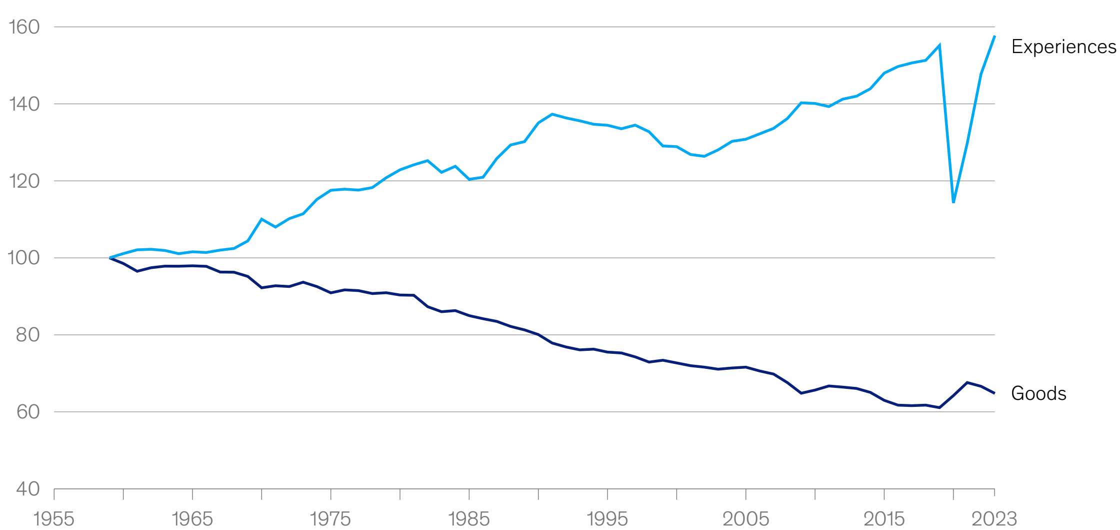
Traveler preferences for experiences

For decades, people have spent more of their discretionary income on experiences, rather than goods (Exhibit 1). Travel has benefited from this shift in spending, continuing to capture a higher share of wallet steadily over time. In recent years, in addition to continuing to visit traditionally strong leisure destinations, travelers have increasingly gravitated

Exhibit 1

Over time, consumers in the United States have steadily dedicated a higher share of wallet to experiences, including travel.

Consumer spending on goods vs experiences[1] as a share of discretionary spend,[2] index (1959 = 100)



[1] "Experiences" include air travel, accommodations, travel abroad, food away from home, and recreational items such as sports events and museum passes.
[2] "Discretionary spend" is defined as total consumer expenditures minus spending on housing, utilities, fuel, medical goods and services, and groceries.
Source: "What is the future of travel?," McKinsey, June 7, 2024; US Bureau of Economic Analysis; McKinsey analysis

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[1] Euromonitor data.
[2] McKinsey analysis; S&P Global data.

toward different travel experiences—such as disconnecting, nontraditional experiences, social and community travel, and multipurpose travel.

Traveling to disconnect

Travelers are prioritizing experiences where they can disconnect from day-to-day work, whether by relaxing in remote locations or hiking in nature. Such experiences are often considered “adventure travel.” While a postpandemic surge in adventure travel has largely stabilized, revenues in the segment continues to grow.[3]

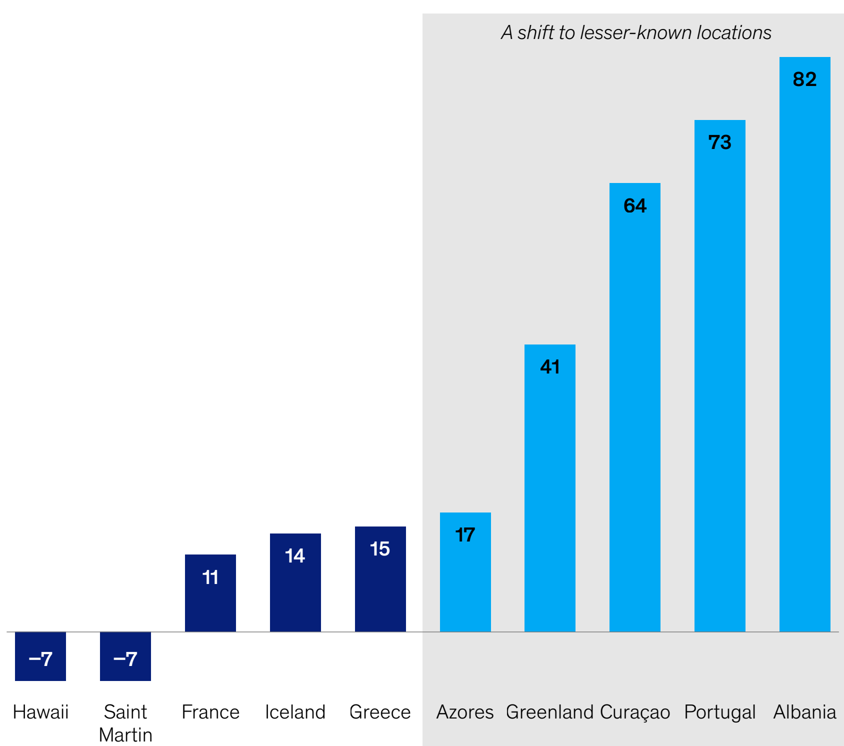
Nontraditional experiences

Several unique experiences are gaining popularity among travelers: noctourism (touring destinations after dark), water-based activities, wellness tourism, culinary tourism, and immersive art and cultural experiences. There is also a growing interest in alternative travel destinations, which can be less crowded, less commercialized, and more affordable than highly-touristed hot spots (Exhibit 2). This trend is driven by rising costs, social media exposure, and a desire for authenticity.

Exhibit 2

Alternative destinations and activities are growing in popularity.

Change in international arrivals in 2024 vs 2019,[1] %



63%
Share of travelers considering detouring from major tourist spots to **explore lesser-known locations**

400,000+
Posts on TikTok using the term “destination dupes,” highlighting **strong consumer interest**

69%
Share of global travelers enjoying **being active** when they travel

25%
Increase in demand for **night-focused experiences,** including night diving, northern lights chasing, and nocturnal wildlife safaris

[1]For Hawaii, the number of visitors was used. For the Azores, room nights were used for the Jan–July period due to data availability.
Source: Accor; Amadeus; Sarah Barrell and Orla Thomas, “How travel will look in 2025: Cowboy core, destination dupes and more,” Yahoo, Dec 18, 2024; BBC; Condé Nast; MaryLou Costa, “‘Noctourism’ is expected to be a big travel trend in 2025,” CNBC, Dec 29, 2024; CoStar; Four Seasons; “Hilton trends report 2025: The vacation maximized,” Hilton, 2024; Lighthouse; Sabre; Skift; SmartFlyer; Skyscanner; James Stewart, “What is noctourism—and why is it on the rise?,” National Geographic, Apr 6, 2025; *New York Times*; TravelPulse; Virtuoso; “Unpack ’25: The trends in travel from Expedia, Hotels.com and Vrbo,” Expedia, Oct 16, 2024; UN Tourism; McKinsey analysis

McKinsey & Company

[3] Sarah Milner, “New research shows growth in adventure travel despite 37% decline in travelers,” Travel Market Report, June 27, 2025.

To participate in this growth, US-based and international private equity firms need to understand today’s travel landscape and the marketwide shifts affecting it.

Social and community travel
Travelers are increasingly traveling in groups, whether through guided tours, groups of solo travelers, or multigenerational travel, indicating they are looking for communal and social experiences. Family travel is the largest US leisure segment, with 44 percent of leisure travel in the United States being family trips.[4] Moreover, multigenerational travel is on the rise, with 46 percent of family travel involving multiple generations (parents, children, and grandparents). This trend is driven by increased accessibility to multigenerational travel options, such as diverse accommodations and travel activities.

Multipurpose travel
Travelers are more often combining travel types (such as business, leisure, and visits to friends and family) and want multiple experiences in the same trip. For example, wellness travel has grown in popularity as people seek to combine relaxation, mental health practices, and physical well-being with their vacations. Wellness resorts with diagnostics and medical spas with travel components are growing in popularity, and the global spa market is projected to reach $66 billion by 2029, growing at about 8 percent CAGR from 2024 to 2029.[5] Other multipurpose travel trends include event tourism, volunteer travel, and digital nomadism. Major hotel chains and travel companies recognize this and have developed platforms to facilitate booking multifaceted travel experiences (for example, Airbnb, Marriott Bonvoy Tours & Activities, and ALL [Accor Live Limitless]).

Traveler preferences for luxury travel

The global high-net-worth population is expected to increase by almost 26 percent from 2023 to 2028, driven in part by the increase in wealth in emerging regions and among women and younger generations.[6] This has fueled demand for exclusive, high-end travel experiences, and as a result, luxury travel is growing at about 6 percent CAGR, outpacing the broader travel sector by two percentage points, according to McKinsey analysis. The fastest growth is in North America (12 percent CAGR from 2015 to 2025), Asia (8 percent), and the Middle East (6 percent). Luxury travelers are likely to take several trips a year and show a disproportionate appetite for adventure and experiential trips (Exhibit 3).

As luxury travel has increased in popularity, the luxury-hotel pipeline has grown, buoyed by the higher pricing power of these assets. Across hotel segments, luxury-hotel revenues are forecasted to grow the fastest, and travelers are increasingly comfortable paying four-digit nightly hotel rates, especially in the Americas and Europe.[7] In response to this demand, luxury travel brands are evolving to capture a higher share of wallet. This is demonstrated by Aman’s foray into membership clubs, Ritz-Carlton’s expansion into luxury cruises on yachts, and Four Seasons’ private jets and yachts. Fashion brands are also increasingly making inroads into travel, such as hotels by Bulgari, LVMH (Cheval Blanc), and Versace.

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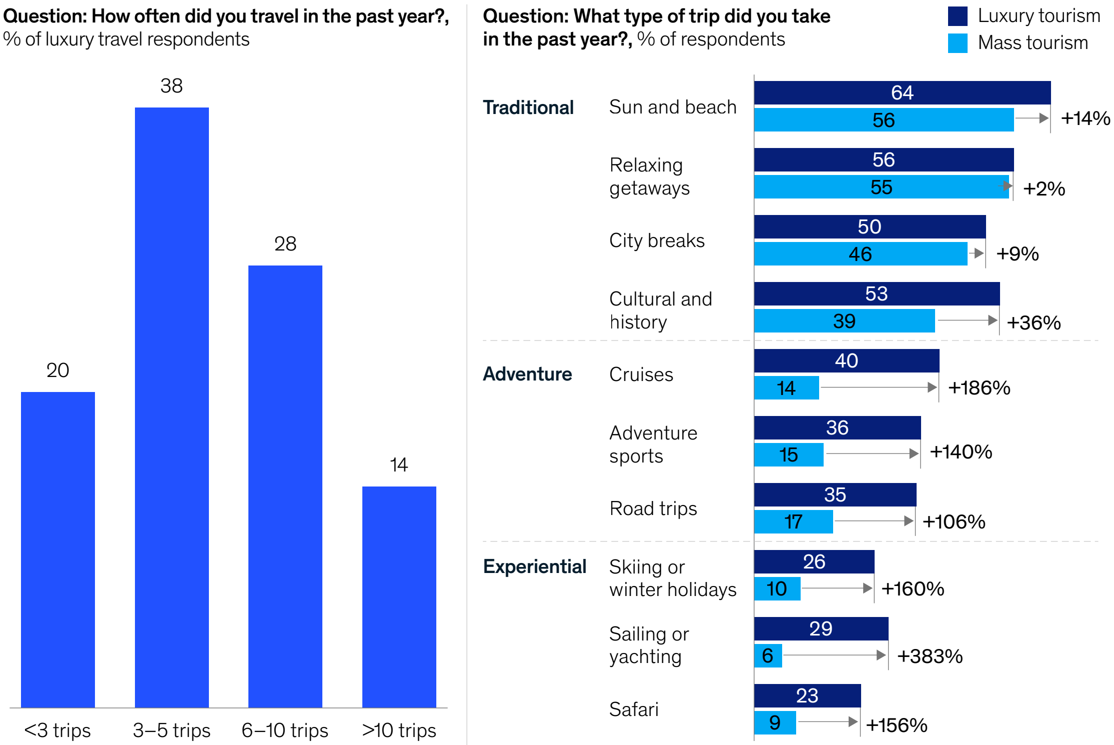
[4] *U.S. travel trends Q2 2024: Insights into family travel*, Skift Research, October 2024.
[5] Euromonitor data.
[6] *The Wealth Report*, Knight Frank, 2023.
[7] Jan Freitag, “More hotels around the world report an average rate of over $1,000,” CoStar, August 28, 2024; “Number of $1000 a night hotels has tripled around the world,” Spa Executive, March 17, 2025.

Exhibit 3

Luxury travelers have frequent occasion to travel and show a disproportionate appetite for adventure and experiential trips.



Source: McKinsey State of Tourism & Hospitality Survey 2024 (n = 5,061)

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The rise of technology integration in travel

New digital technologies such as gen AI are changing the way travelers plan, as well as how travel companies offer experiences to guests.

Gen AI–enhanced travel planning

Travelers are using gen AI to enhance how they discover destinations, pick lodging, and craft itineraries, raising the bar on the value proposition for travel advisers and suppliers. There has been a proliferation of travel planning tools with added AI capabilities in the past five years, and travelers are independently leveraging AI-powered planning tools. For example, 29 percent of respondents to a recent survey reported using gen AI for travel-related tasks,[8] including travel inspiration, local food recommendations, and transportation planning (Exhibit 4). AI is also expected to drive web traffic, which will change the search engine optimization (SEO) landscape. For instance, the survey showed a 45 percent lower bounce rate among consumers directed to travel websites by a gen AI source, indicating that travelers are trusting gen AI to match them with useful sites.

Using data to make magic happen

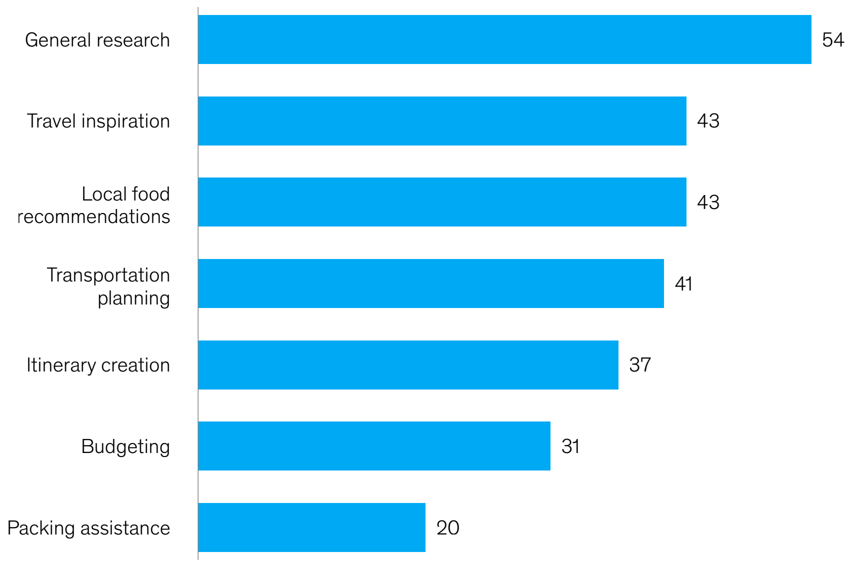
Travel companies are using data and analytics behind the scenes to surprise and delight guests by creating personalized experiences and anticipating guest needs at every point in the guest journey. For example, hotels can collect internal data on

[8] *Adobe Blog*, “Adobe Analytics: Traffic to U.S. retail websites from generative AI sources jumps 1,200 percent,” blog entry by Vivek Pandya, Adobe, March 17, 2025.

Exhibit 4

Data indicates positive trends for the adoption of, satisfaction with, and efficacy of AI tools in travel.

Most common AI use cases in travel planning, %



29%

Share of survey respondents who have **used gen AI for travel-related tasks**

84%

Share of travelers who have used gen AI for travel-related tasks and who say such tools **have improved their experience**

45%

lower bounce rate among consumers directed to travel sites by a gen AI source

Source: *Adobe Blog*, "Adobe Analytics: Traffic to U.S. retail websites from generative AI sources jumps 1,200 percent," blog entry by Vivek Pandya, Adobe, Mar 17, 2025; McKinsey analysis

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guest purchasing habits and use it enhance guest experiences, such as logging that a guest orders hot tea at the same time every weekday and using that data to preorder tea for them for the duration of their stay and for stays at other hotel locations. Other examples include Shangri-La Hotels' "door to door" jet bridge pickup service (powered by travel data input from the guest or travel agent) and The Peninsula Hotels' offering of hot meals prepared and waiting for guests' arrival and departure.

Customization and personalization at scale

Companies are unbundling and rebundling attributes of hotel stays, flights, and tours, allowing for high customization and offerings tailored to "segments of one." As a result, leisure travel companies such as IHG are beginning to introduce attribute-based selling, in which guests pay for exactly the features they want instead of leaving options such as view types and room location up to chance.[9] For example, hotels can allow guests to choose à la carte whether they'd prefer a high floor or a beach view or if they'd like access to open mini bars, spa facilities, or hotel golf courses.

Investment themes for private equity firms

The dynamic shifts toward new experiences, luxury travel, and technology integration are giving rise to many investment opportunities in today's travel industry, which private equity firms can consider exploring.

Adventure and outdoor experiences

As travelers look for novel and unique experiences, companies offering unusual adventure and outdoor experiences may be in a position to earn market share. About 46 percent of travelers plan to

[9] "IHG Hotels & Resorts revolutionizes booking experience through next-gen cloud solutions," IHG, September 12, 2023.

increase their spending on adventure travel, and the demand for luxury adventure-travel experiences is increasing.[10] In fact, the number of passengers sailing on expedition itineraries increased 71 percent from 2019 to 2023.[11] As a result, expedition cruises, such as those operated by specialized companies with a focus on remote scenery and wildlife viewing, are in a strong position in this evolving market.

With the number of passengers embarking on expedition cruises on the rise, private equity firms may increasingly look toward expedition cruise operators, including those that specialize in themed cruises, educational voyages, or cultural expeditions. According to McKinsey analysis, the cost and time to build a cruise ship are increasing, with waitlists nearing a decade. Accordingly, players are examining the possibility of retrofitting existing ships into expedition cruises and building brands using existing hospitality assets.

On the theme of outdoor adventure, demand for luxury yachting experiences continues to increase. Over the past decade, yachting demand has grown by about 50 percent, according to McKinsey analysis. At the same time, consumers are turning away from yacht ownership, spending $1.4 billion less on the same number of yachts in 2024 than they did in 2023. This dynamic is creating tailwinds for yacht charter models. Industry players could consider integrating private travel and yacht offerings to create seamless travel packages through strategic partnerships, consolidate regional boutique charter operations, or build a book service that includes air charters, yacht charters, hotels, and tour activities.

Moreover, luxury consumers are increasing demand for marinas, but there is a geographic mismatch between marina infrastructure and demand, creating a white space for strategic investment. According to McKinsey analysis, there are about 6,000 seaside marinas globally, with about 65 percent located in the United States. At the same time, McKinsey analysis finds that about 70 percent of yachting activities are concentrated in the Mediterranean region—and that there is a global marina shortage, with about 210,000 yachts competing for about 160,000 berths. With about 6,500 new yachts delivered annually and marinas adding only about 300 berths every five to ten years, the supply-and-demand gap is widening.

According to McKinsey analysis, the marinas industry is a $15 billion market growing at an 8 percent CAGR through 2030, and many Mediterranean marinas have waitlists that are 12 months or longer. Demand has remained resilient, with consumers in this market valuing quality, convenience, and other attributes, in addition to price. Codeveloping marinas alongside or adjacent to high-end resorts or branded residences, offering bundle packages, investing in premium upgrades, and verticalizing marinas with branded services could further position private equity firms in strong positions.

Fully integrated destination experiences

The revenue generated from Taylor Swift's Eras Tour and the FIFA World Cup are not isolated examples: They speak more broadly to the power of live events to draw consumer spending. A growing share of travelers are choosing trips based on live events (about 20 percent of travelers in 2025).[12] Sports tourism alone was worth $565 billion in 2023 and is projected to grow beyond $1.3 trillion by 2032,[13] while music tourism is expected to reach $15.5 billion within the next decade.[14] Luxury travelers also represent a large share of the experiences market—their share of spending on experiences rose from 34 percent in 2019 to 46 percent in 2023.[15]

As consumers transform experiences such as concerts and sporting events into multiday trips rather than just hours-long activities, there is a growing opportunity for live-event hospitality platforms. Private equity firms could partner with or acquire event management companies for sports, music, and cultural event travel, create bundled packages, and develop recurring revenue through membership or loyalty programs.

[10] Varsha Arora, "U.S. adventure travelers to ramp up spending," Skift, December 18, 2024.
[11] *State of the cruise industry report*, Cruise Lines International Association, May 2024.
[12] Jeff Fromm, "AI and live event tourism: Travel trends that drive growth," *Forbes*, October 3, 2025.
[13] Christina Gough, "Sports tourism - statistics & facts," Statista, August 8, 2025.
[14] *Music tourism market growth—forecast 2024-2034*, Future Market Insights, June 28, 2024.
[15] Saniya Zanpure, "The shift in luxury travel experiences," Skift, September 9, 2024.

Luxury travel agencies

Notably, luxury travel brands are moving into adjacencies and reaching people through a wider array of channels, including a more diffuse luxury travel agent system. These independent agents are being trained with tools from consortium channels and are being provided with digital, self-serve sales tools and agent-oriented planning software. These solutions could become more attractive as companies continue exploring new ways to build networks of luxury travel agents and connect with travelers in new ways (membership programs, new travel agencies, and more).

Experience-focused, members-only clubs

Memberships at members-only clubs grew at 19 percent CAGR from 2016 to 2024, with continued momentum expected as affluent consumers seek curated spaces.[16] While early-stage clubs can see 30 to 50 percent of first-year revenue spent on member acquisition, mature clubs (five years or older) typically achieve 20 to 35 percent EBITDA margins due to high retention and steady recurring revenue, according to McKinsey analysis.

As consumer demand for live events and exclusive dining experiences continues to increase, there's an opportunity to invest in members-only clubs in preexisting spaces, stadiums, arenas, and ski resorts that avoid higher member acquisition and investment costs. Private equity firms could partner with stadium and arena owners to build private lounges with luxury food and beverages, concierge services, and exclusive access. Further, they could launch a branded series of clubs in partnership with hospitality operators to deliver consistent, luxury clubs with reciprocal access; create a tiered membership model with regional or national access; and program the space for private events.

Wellness-integrated lifestyle concepts

A generational shift in wealth, wellness priorities, and community structure is creating an opportunity for wellness experiences. This is especially true for postpartum treatment, where wellness offerings can support restorative care. In 2024, 82 percent of US consumers said wellness was a top priority in their daily life, versus 42 percent in 2020.[17] In addition, women are becoming more educated

The dynamic shifts toward new experiences, luxury travel, and technology integration are giving rise to many investment opportunities in today's travel industry.

[16] *The Wealth Report*, Knight Frank, 2023; McKinsey ConsumerWise US consumer sentiment data; expert interviews (based on public SoHo House information).

[17] "The trends defining the $1.8 trillion global wellness market in 2024," McKinsey, January 16, 2024; "Still feeling good: The US wellness market continues to boom," McKinsey, September 19, 2022.

and wealthier, with their global wealth projected to increase 31 percent by 2030. However, they also are increasingly likely to be living farther from traditional support systems, with about 27 percent of higher-income adults (earning $125,900 or more annually) living away from family.[18] As a response to this trend, postpartum retreats started coming to the United States three years ago after having been established in Asia for decades with widespread appeal.[19] Private equity firms could partner with postnatal care companies and reserve space in existing urban assets and acquire or partner with standalone postnatal care companies.

Opportunities in new technologies and technology integration

New technologies are attracting interest throughout the leisure travel industry. Companies are offering AI and cloud-based systems to upgrade legacy revenue management, pricing, and travel systems (for example, property management systems, rental management systems, enterprise resource planning). These systems could, for instance, use machine learning to power real-time pricing optimization, as well as bookings more broadly. Consumers and businesses alike are also looking for more and flexible features that legacy reservation systems do not offer, such as the ability to specify check-in and check-out times during reservation, add activities and spa services online prior to hotel stays, and provide AI-powered customer service.

Private equity firms can also look to companies enabling the transition from traditional to AI-powered technology. For example, consumer-facing AI and voice-powered search functionality are giving rise to new companies and B2B service providers. With the growing role of AI-powered search and the decline of traditional SEO-driven search, private equity firms can invest in marketing technology companies leading the charge for setting businesses up to be recommended by AI.

Last, there is an opportunity to invest in companies offering solutions that unlock efficiencies from automation and robotization of high-cost traveler touchpoints. As labor costs mount and travelers expect a more seamless experience, travel companies are turning to technology to automate and streamline low value-add and manual tasks. For example, facial recognition technology is starting to be more widely adopted for airport security, hotel check-in, and more, and robotization for luggage handling and room service delivery is also gaining scale.

As growth in the travel market begins to accelerate over the coming years, US-based and international private equity firms have an opportunity to play a role. The key will be understanding travelers' desires—for experience- and luxury-based travel in particular—and how they're using technology to plan and enhance their experiences.

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[18] Kiley Hurst, "More than half of Americans live within an hour of extended family," Pew Research Center, May 18, 2022.
[19] Eliana Dockterman, "There's a new way for moms in the U.S. to recover after childbirth. Most can't afford it," *Time*, May 8, 2024.