



## Net operating income 'even more critical today,' First Hospitality CEO says

New chief operating officer explains revenue maximization strategy



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LOS ANGELES — [First Hospitality](#) built up momentum over the past year, and its goal is to build upon that through 2026.

In an interview at the Americas Lodging Investment Summit, First Hospitality President and CEO David Duncan and Chief Operating Officer Dave Montrose spoke with CoStar News Hotels about the company's strategy to attract new and hold onto existing hotel management contracts in a challenging environment.

The key contribution from First Hospitality's platform is delivering net operating income, Duncan said.

“It is even more critical today in an environment where you likely have very low RevPAR growth across most markets, relatively high expense growth, and so when we look at the U.S. hotel inventory, there's a chance that a lot of hotels are facing lower NOI in '26 than '25, and that's exactly the challenge that a really good operating company can help tackle,” he said.

That can come from developing a technology stack that gets better visibility into the profits and loss data and the different market segmentations to effectively produce a sharper pencil to the hotel operating results, he said.

When First Hospitality's team considers growing its portfolio, they are leaning into the markets having more challenges, Duncan said. Owners in those markets need better solutions, and that's an opportunity for the company to grow.

It's a bit of a contrarian bet going to the tougher markets where it may be more difficult to perform, but on a relative basis, the operating company can deliver better than those in the markets, he said. That's where the third-party management side of First Hospitality is leaning into, he said.

“So, it doesn't have to be just sunshine and rainbow markets for us to bring hay to the solution there but really leaning into more troubled environments where we really can have an even bigger impact,” he said.

There are two things that differentiate great operators from the competition, Montrose said. The first is the ability to attract and retain top talent. These are the people who can bring an asset to life and maximize NOI value, among other things.

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“One of the things I've said many times is, the world of revenue management, in my mind, doesn't exist,” he said. “It's revenue maximization.”

It used to be that revenue managers would pull a bunch of levers, he said. Now, those individuals are charged with maximizing revenue every day based on the demand factors.

Many organizations take the approach of casting a net that's a mile wide but an inch deep, Montrose said. He prefers to go deeper.

“So, when we think of opportunities within markets to really drive revenue, saturating accounts is critical as opposed to just making cursory relationships and thinking, ‘Yep, we’ve secured this account,’ but you’re really only capturing 10% or 15% of their total volume,” he said. “So, taking a more holistic approach of we want 90% of that pie, not 15% of that pie.”

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