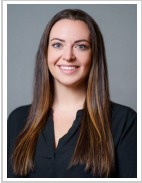


# Federal Per Diem Set for 2024/25: A Win for the Lodging Industry

📅 August 21, 2024 / 👤 By Chelsey Leffert



The federal government per-diem rate is made up of a lodging allowance, a meals allowance, and an incidental expense allowance. The per-diem lodging rates, which set the maximum amount a federal traveler can reimburse, are based on the average rates for mid-priced hotels and are set annually by the **U.S. General Services Administration (GSA)**.

Since the 2005 fiscal year, federal lodging per-diem rates have been based on local average daily rate (ADR) data, less 5.0%. The rates are updated annually, with the next fiscal-year rates published in mid-August. For the **2025 fiscal year** beginning October 1, 2024, the standard daily lodging allowance for the continental United States (CONUS) will increase to \$110 per day (previously \$107), and the meals and incidental expense (M&IE) allowance will increase to \$68 per day (previously \$59).



As published by the GSA, the **three factors that influence the federal lodging rate** and may result in per-diem rates that differ from published market rates are listed below:

- **Property Selection Criteria:** The goal of the GSA is to choose properties best representing mid-range hotels in each market using criteria such as location, fire-safe certification, and various property demographics.
- **Time Frame of Data:** The GSA uses ADR data from the trailing April–March period.
- **Seasonality:** Seasonal rates are created by the GSA in many markets that have a sustained period (two or more months) where rates vary by at least 15% from the preceding or following period, based on three years of data.

Furthermore, higher, individual per-diem rates are set for a number of locations, referred to as non-standard areas (NSAs), that are frequently visited by federal employees. For example, the GSA has set individual per-diem rates for seven NSAs in Maryland: Aberdeen/Bel Air/Belcamp, Annapolis, Baltimore, Cambridge/St. Michael, Centerville, Columbia, and Ocean City. As of the 2025 fiscal year, **the GSA reports** a total of 296 NSAs across the country. Each NSA may be further delineated if there is a significant amount of seasonality.

## Summary

The per-diem lodging rates, which set the maximum amount a federal traveler can reimburse, are based on the average rates for mid-priced hotels. The recently published per-diem rates for the 2025 fiscal year show increases for the overall continental United States.

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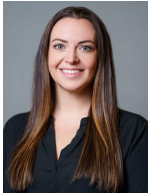
Some changes for NSAs in the 2024/25 period when compared to 2023/24 rates include the following:

- The M&IE breakdowns for NSAs have seen the largest increase, with some NSAs or seasons nearing a 35% increase over last year's rates.
- Seasonality changes have taken place in a number of NSAs. Some examples are as follows:
  - Aspen, CO, has changed from a five-season market to a three-season market.
  - Manchester, NH, has changed from a three-season market to one single per-diem rate.
  - Yosemite National Park, CA; Boise, ID; and Augusta, GA, have each increased in seasonality from one rate to three separate seasons.
- The largest increase and decrease in lodging allowance for any single market (without seasonality components), respectively, were Athens, GA (an over 13% increase), and Carlsbad, ND (an almost 27% decrease).
- Six NSAs from 2023/24 were moved to the standard CONUS rate for 2024/25: Ft. Wayne, IN; Canton, OH; Mentor, OH; East Greenwich/Warwick, RI; Waco, TX; and Wisconsin Dells, WI.

While federal travel may not represent a significant source of demand in many areas throughout the United States, the rates still provide several lodging indications, such as year-over-year fluctuations, market seasonality, and demand shifts. From a hotel advisory and valuation standpoint, in markets with strong federal government travel, the most recently published per-diem rates and the seasonality changes are significant considerations in the analysis and development of the hotel's pro forma or revenue projections.

To speak to our local experts about your hotel market's per-diem rate changes and the lodging indications they reveal, please reach out to **Chelsey Leffet**.

#### About **Chelsey Leffet**



Chelsey Leffet is the Chief Operating Officer for the HVS Consulting & Valuation Division in the United States. Chelsey has consulted on hundreds of hotels throughout the Mid-Atlantic, including major Beltway markets. Prior to joining HVS, Chelsey worked in guest services, operations, and restaurant roles at ARAMARK Higher Education; Lighthouse Resort Services in Corolla, North Carolina; the Columbus Inn in Wilmington, Delaware; and the Bellmoor Inn and Spa in Rehoboth Beach, Delaware. Chelsey earned her BS in Hospitality Management and her MBA from East Carolina University. Chelsey resides in

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