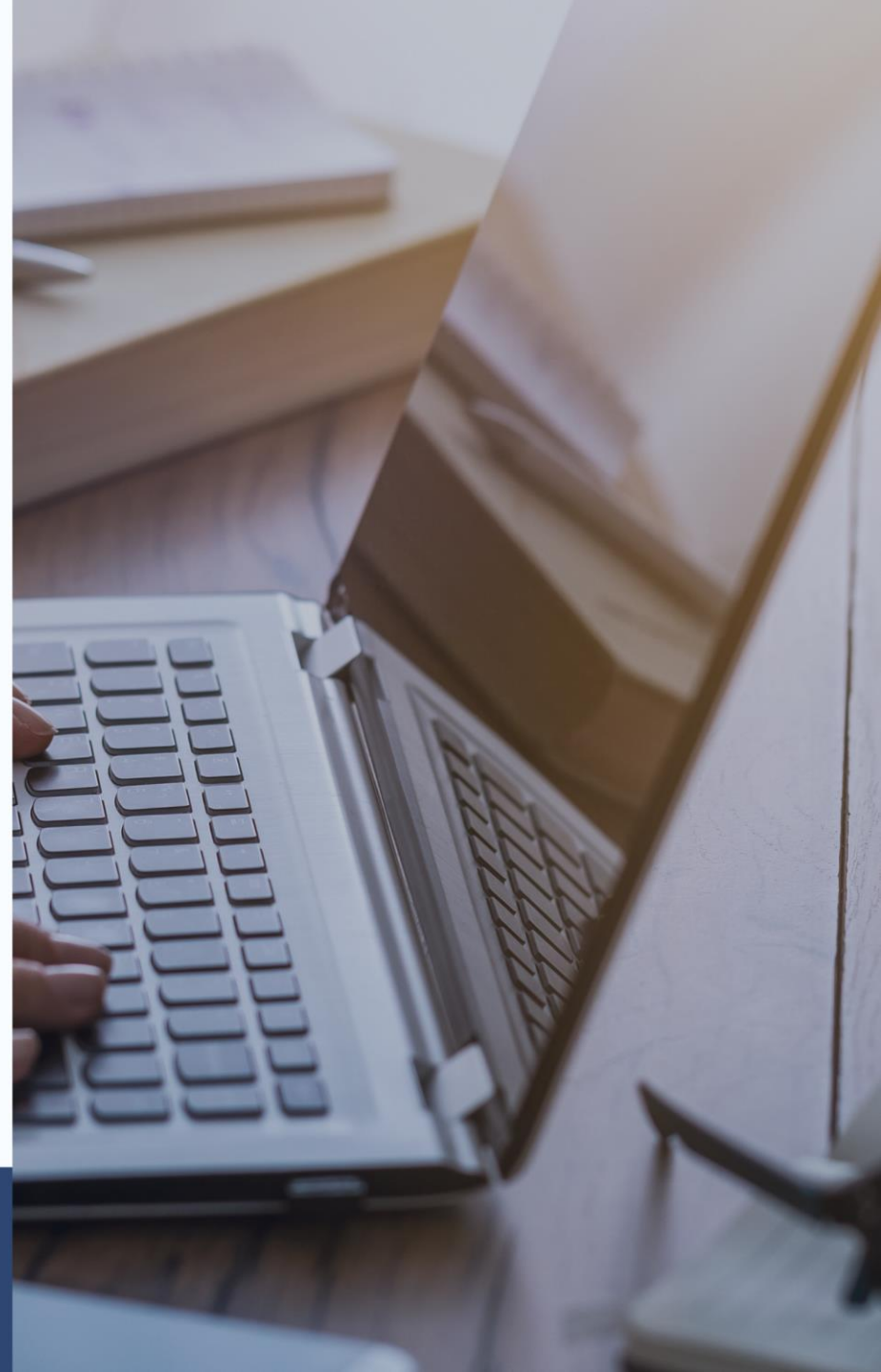




WEBINAR: ECONOMIC IMPACT AND PLANNING FOR RECOVERY

PRESENTED BY ADAM SACKS,
PRESIDENT OF TOURISM ECONOMICS

Friday, Jan. 15 at 11 a.m.





“It is said that the darkest hour of the night comes just before the dawn.”

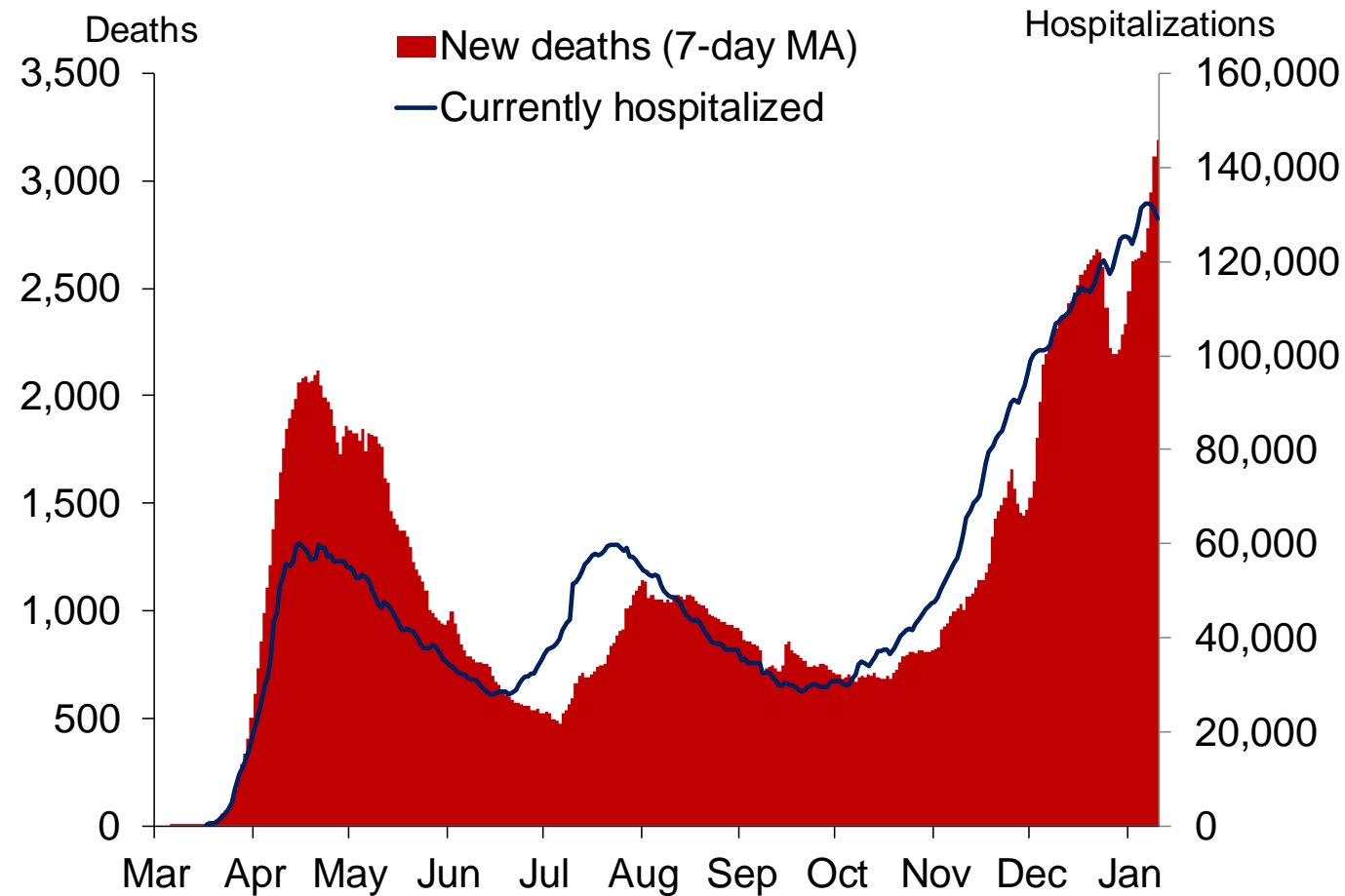
Thomas Fuller, 1608-1661
English churchman and historian

Penned within a travelogue of the Holy Land

Died at age 53 of epidemic infectious disease

The worst of times

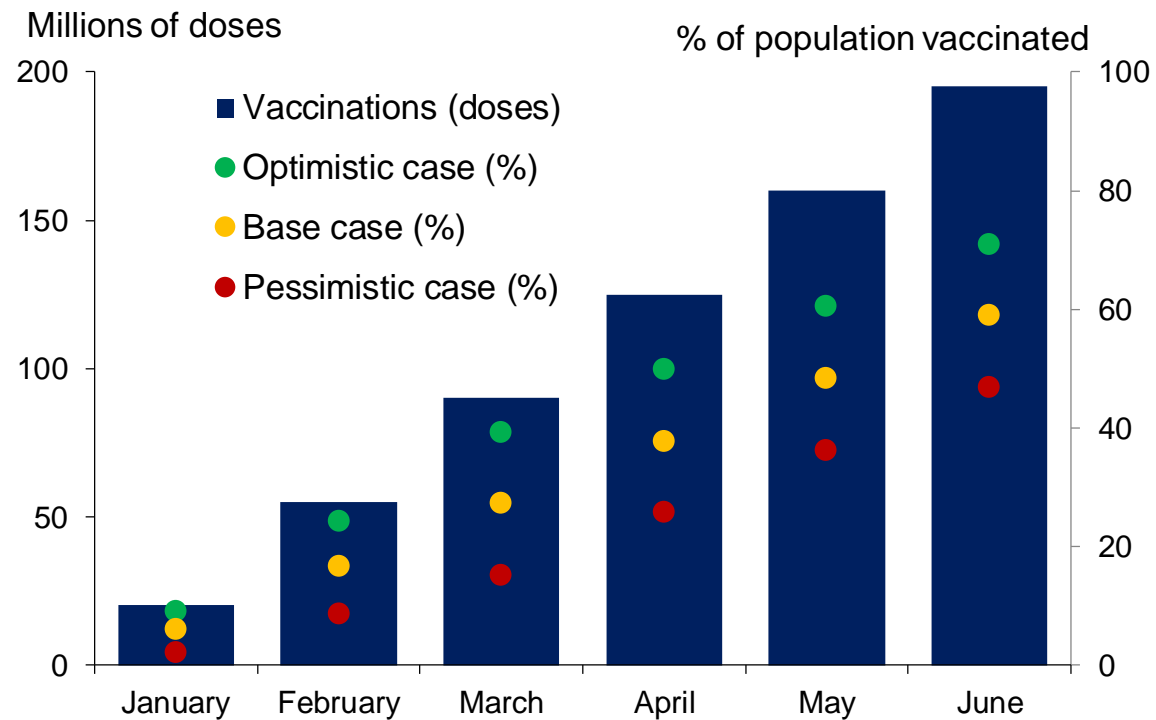
US: COVID-19 deaths and hospitalizations



Source: Oxford Economics/Haver Analytics

...but the best of times may be in sight

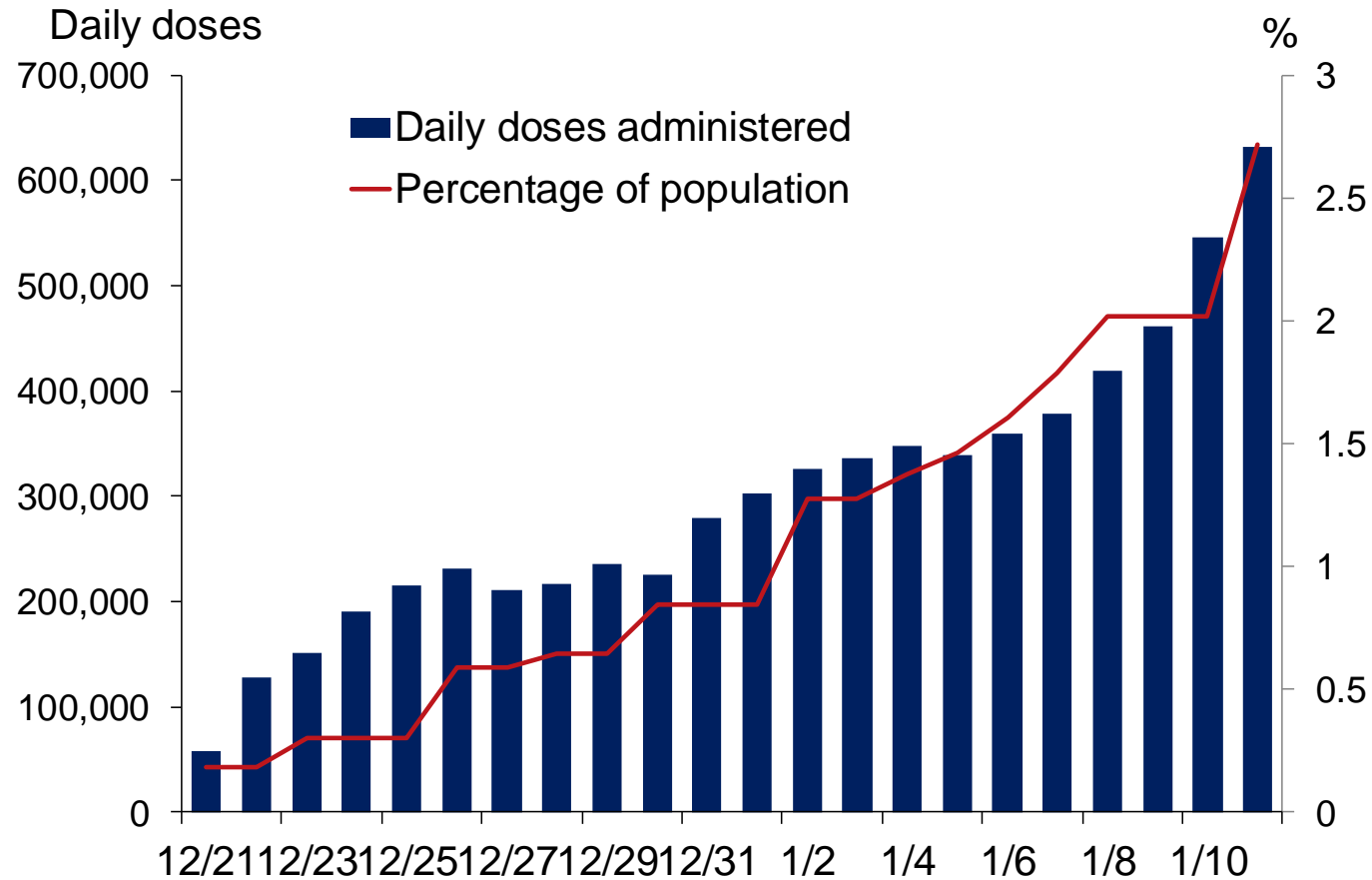
US: Estimated vaccine distribution



Source: Oxford Economics/CDC

Vaccine diffusion will be gradual in 2021

US: Covid-19 vaccination doses administered

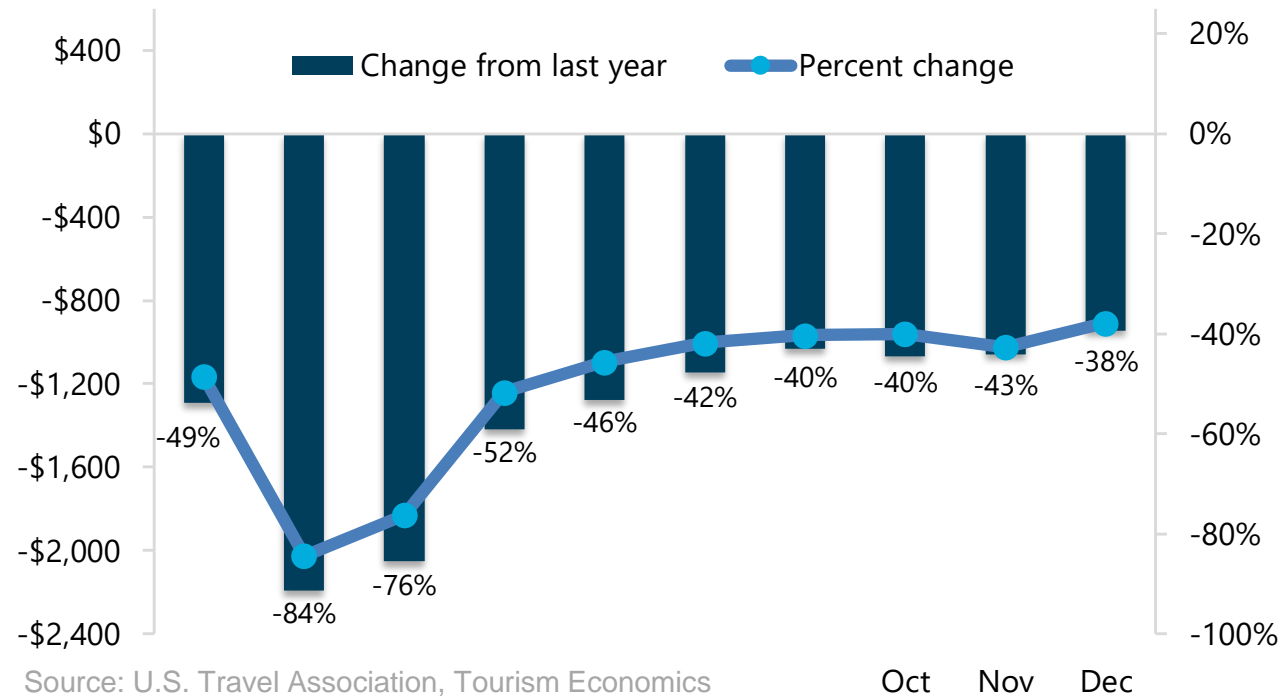


Source: Oxford Economics/Our World in Data

Travel improvement through the summer, but recovery is elusive

Ohio monthly travel spending

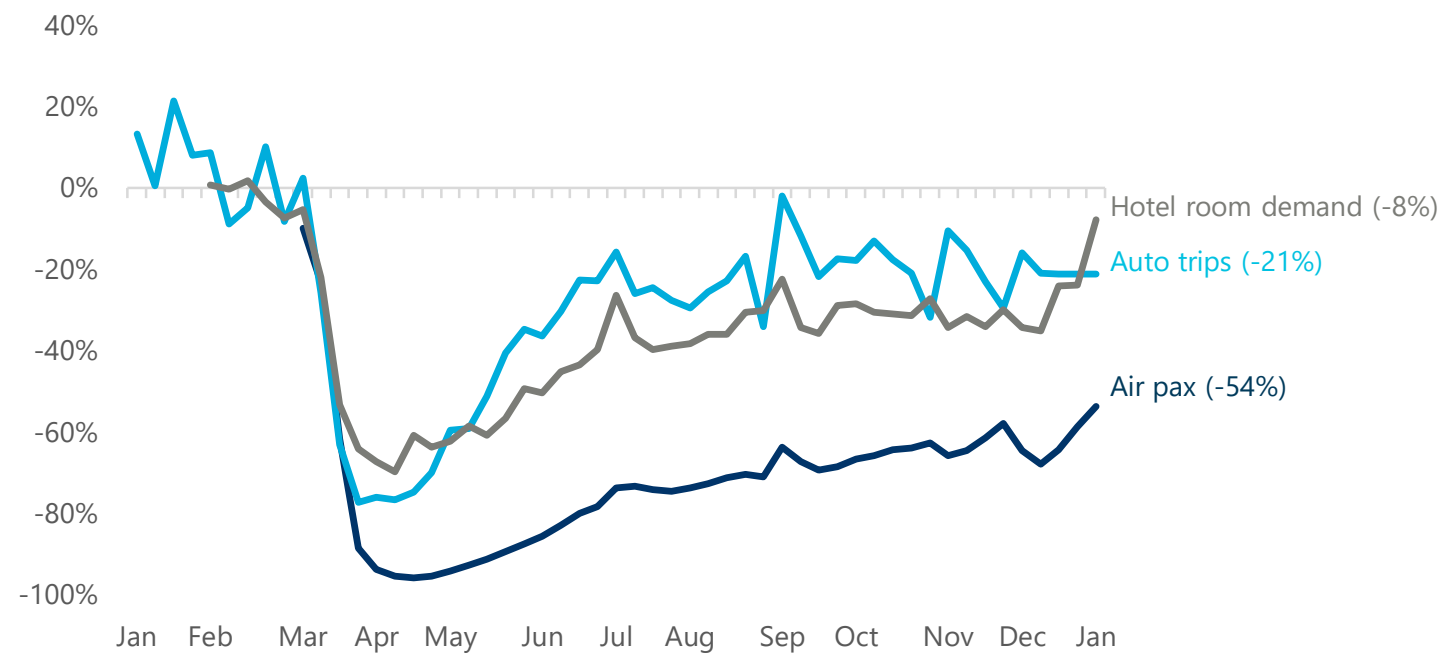
\$ millions, year-over-year change



Three snapshots of the travel landscape

Travel performance

Year-over-year % change

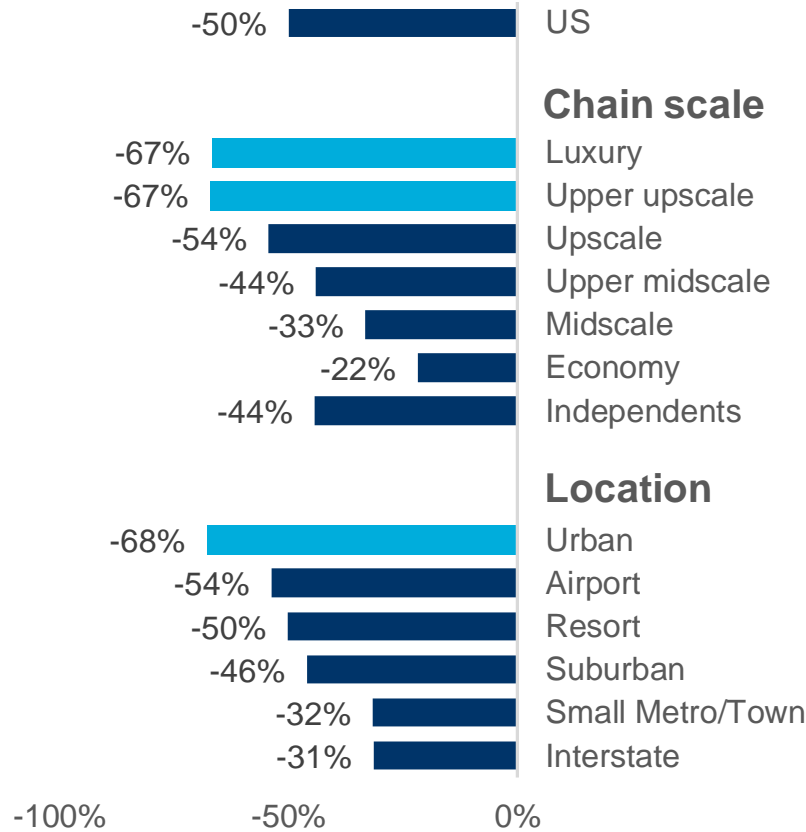


Source: TSA, Arrivalist, STR

The more rural, the better

RevPAR by hotel category

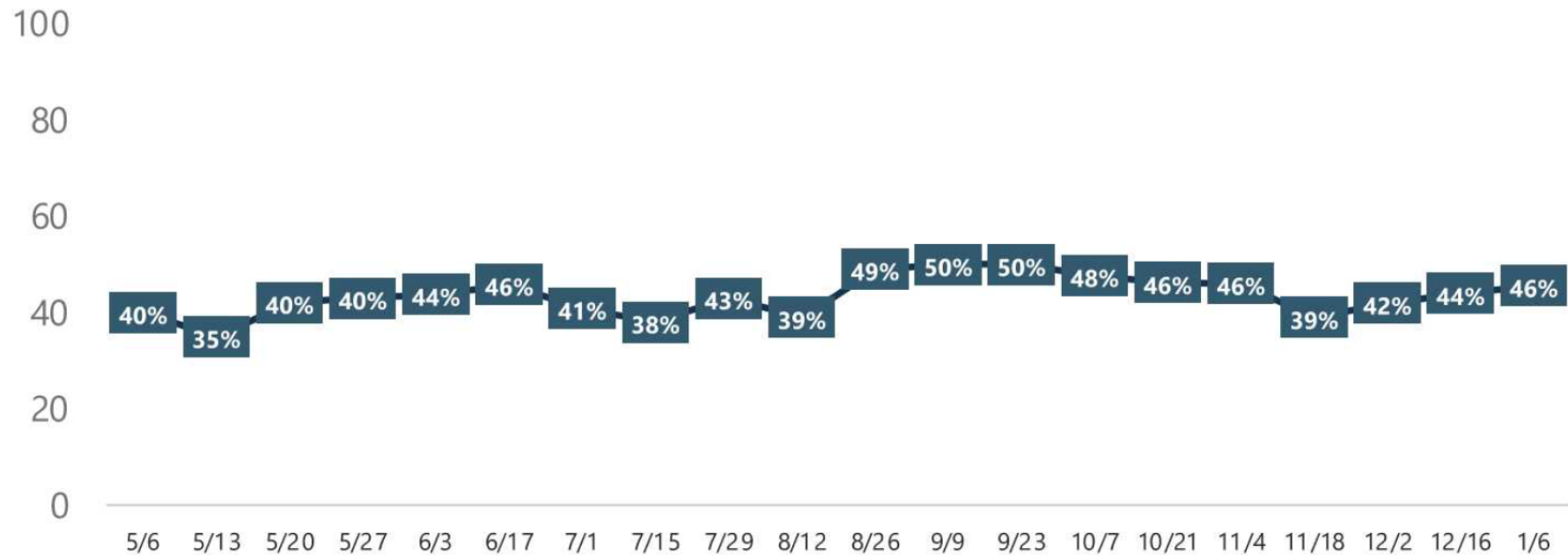
US, YTD November, total room inventory basis



Source: STR

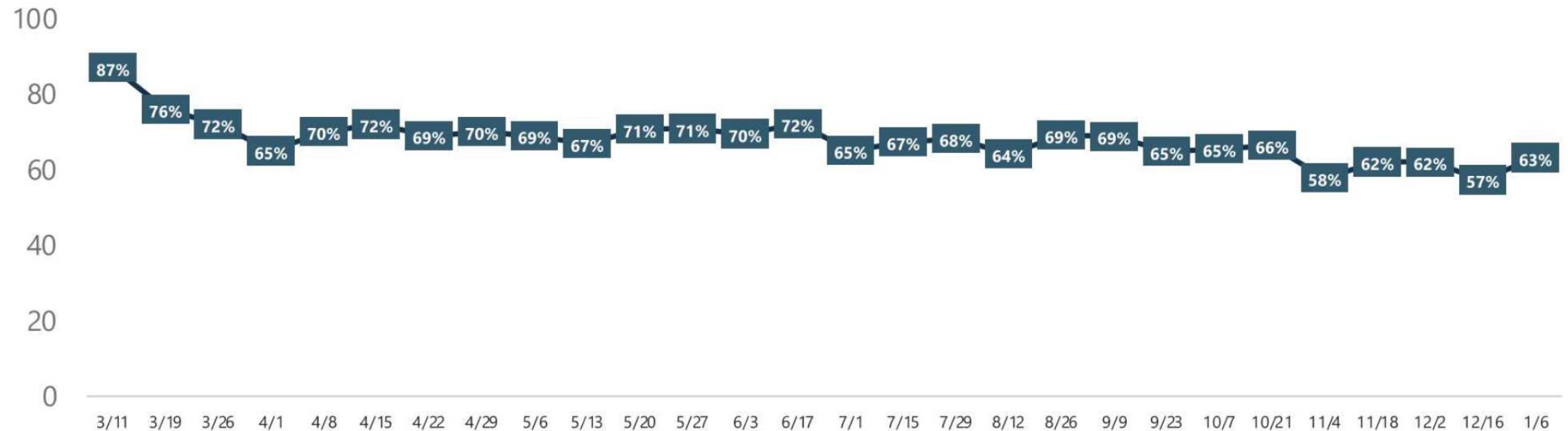
Travel confidence remains low but is trending... up!

I Feel Safe Traveling Outside My Community Comparison of Travelers Who Strongly Agree or Agree



And intentions to travel remain steady

Travelers with Travel Plans in the Next Six Months Comparison

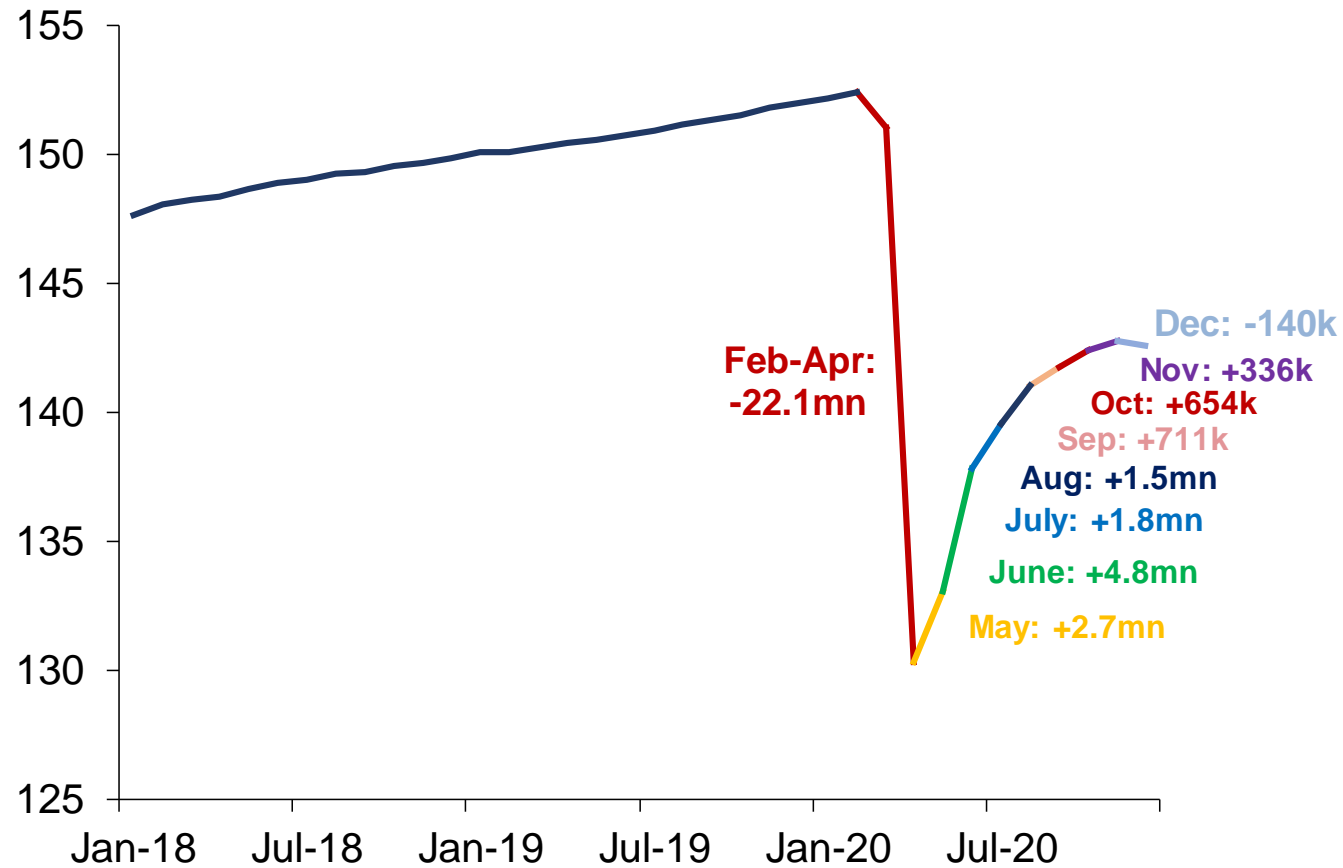


How will the economy influence the travel recovery?

After recovering about half of losses, jobs fall

US: Nonfarm payroll employment

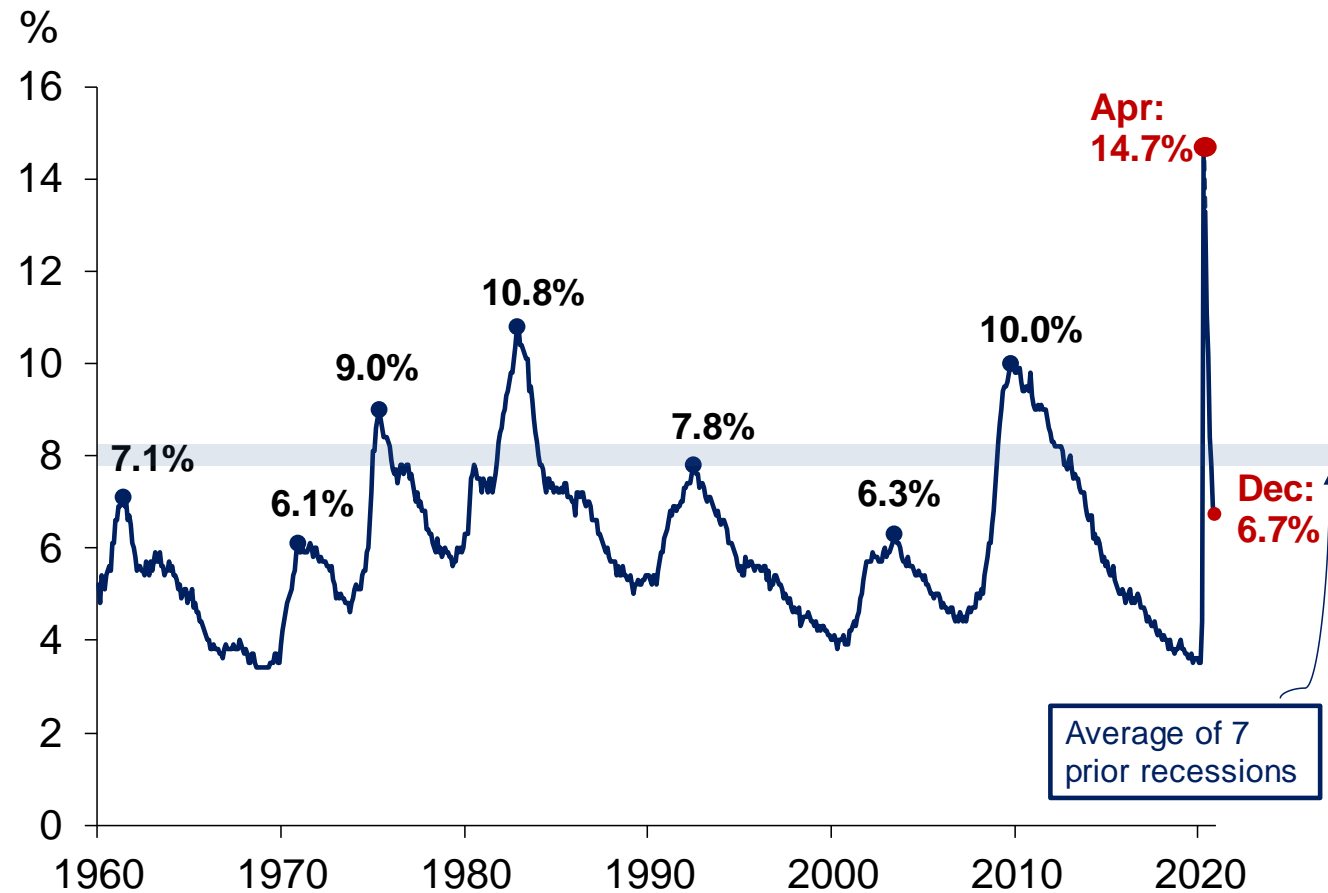
Millions



Source: Oxford Economics/Haver Analytics

Unemployment rate still near recession peaks

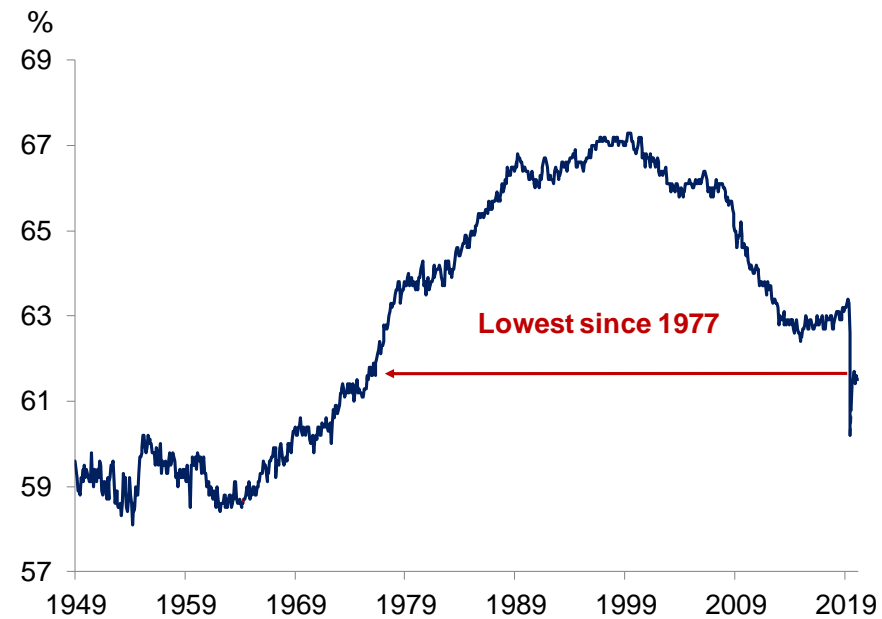
US: U3 unemployment rate



Source: Oxford Economics/Haver Analytics

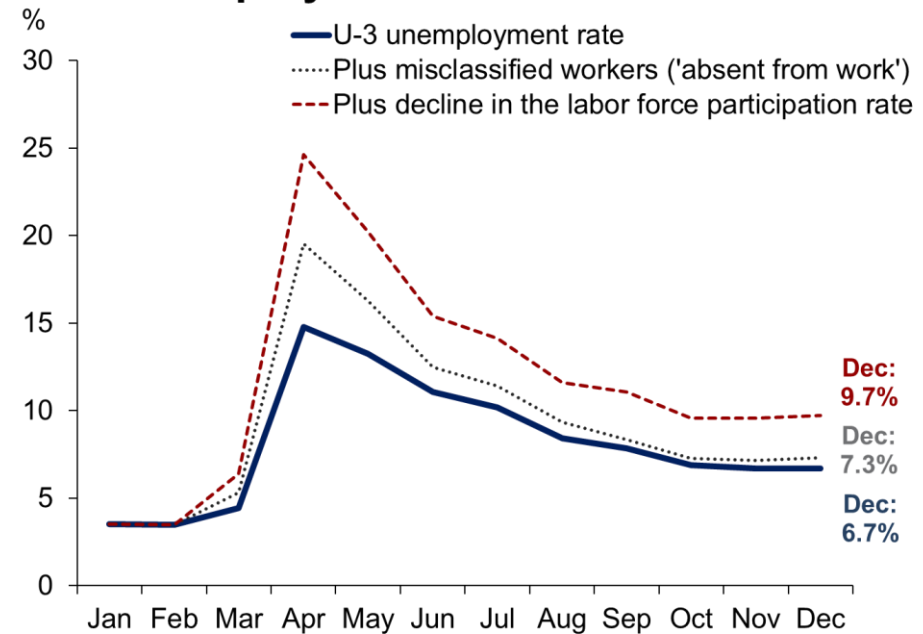
Participation rate at its lowest since the 1970s

US: Labor force participation rate



Source: Oxford Economics/Haver Analytics

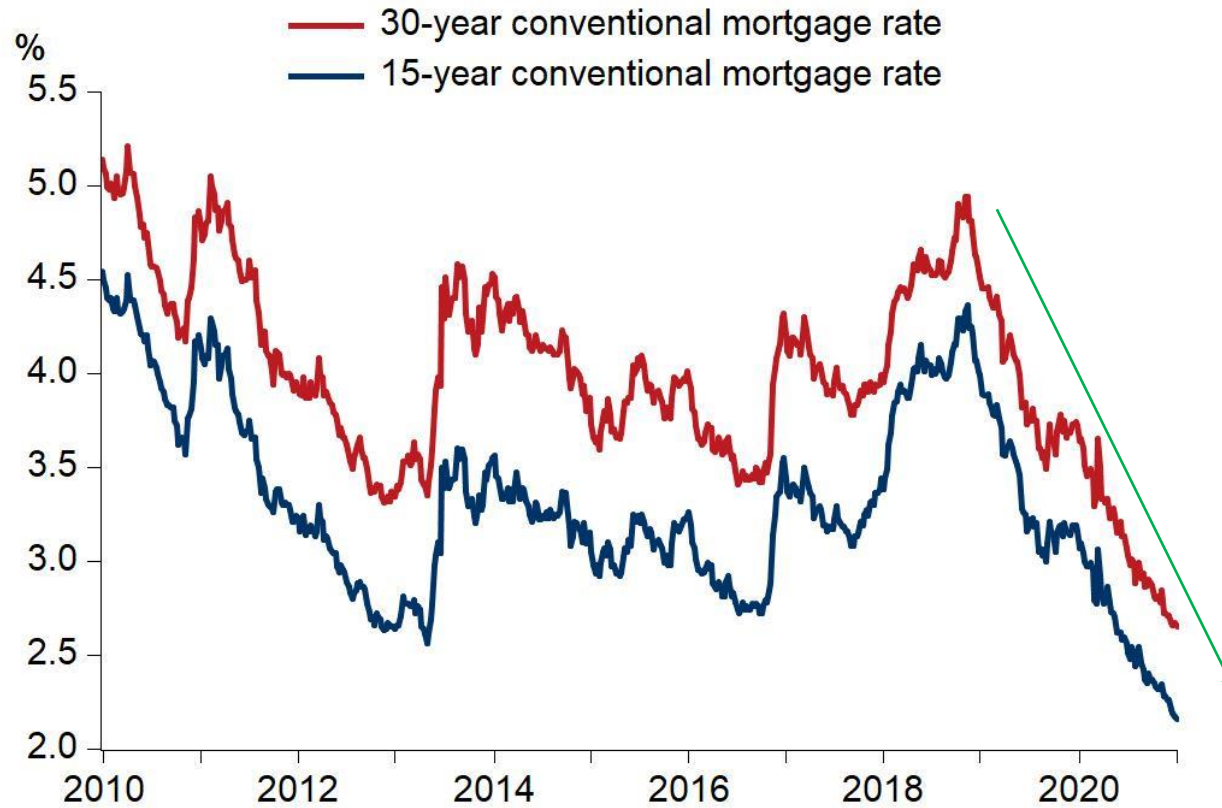
US: Unemployment rates



Source: BLS/Oxford Economics/Haver Analytics

Fed policy acting as wind in the sails

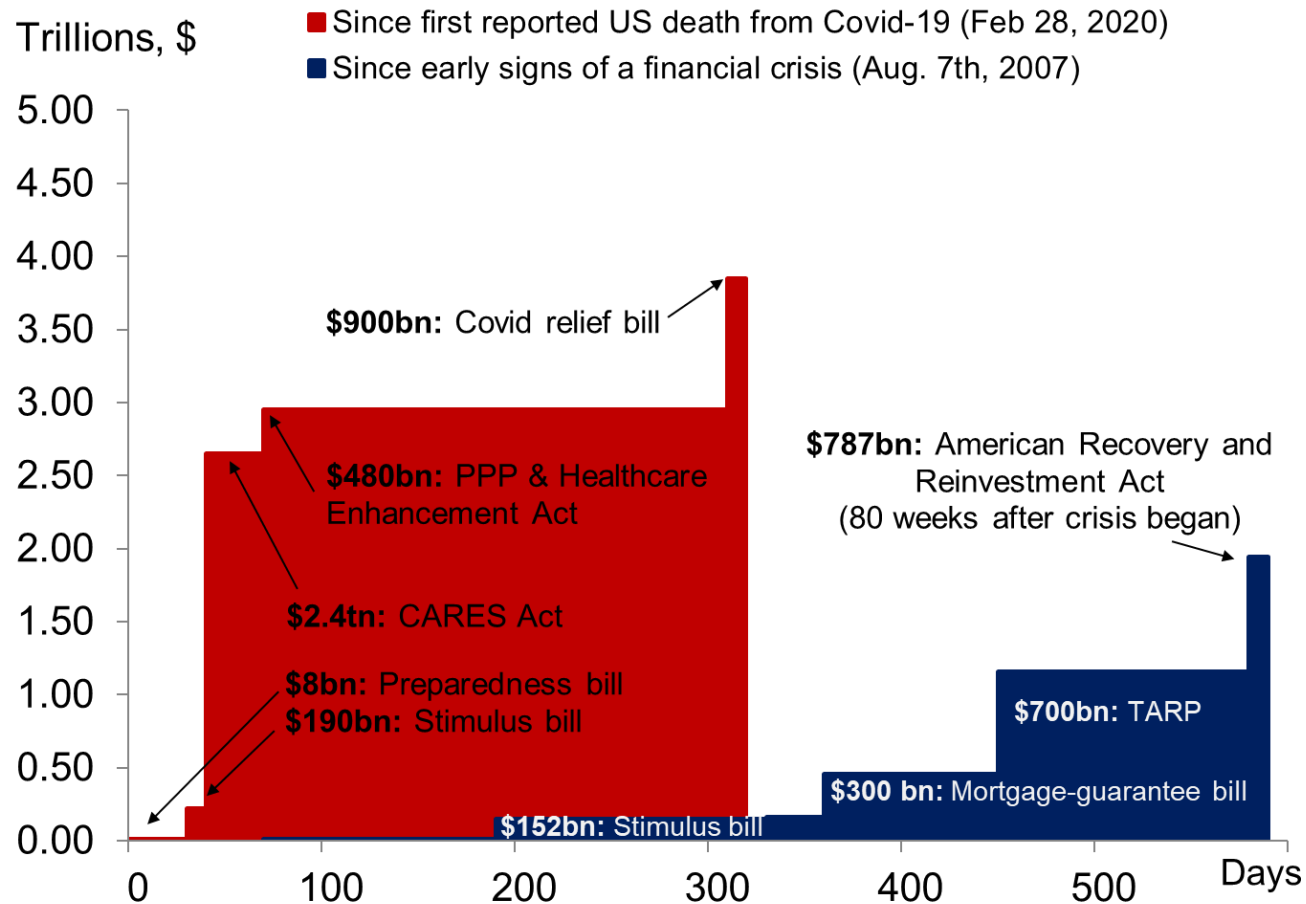
US: Weekly mortgage rates



Source: Oxford Economics/Haver Analytics

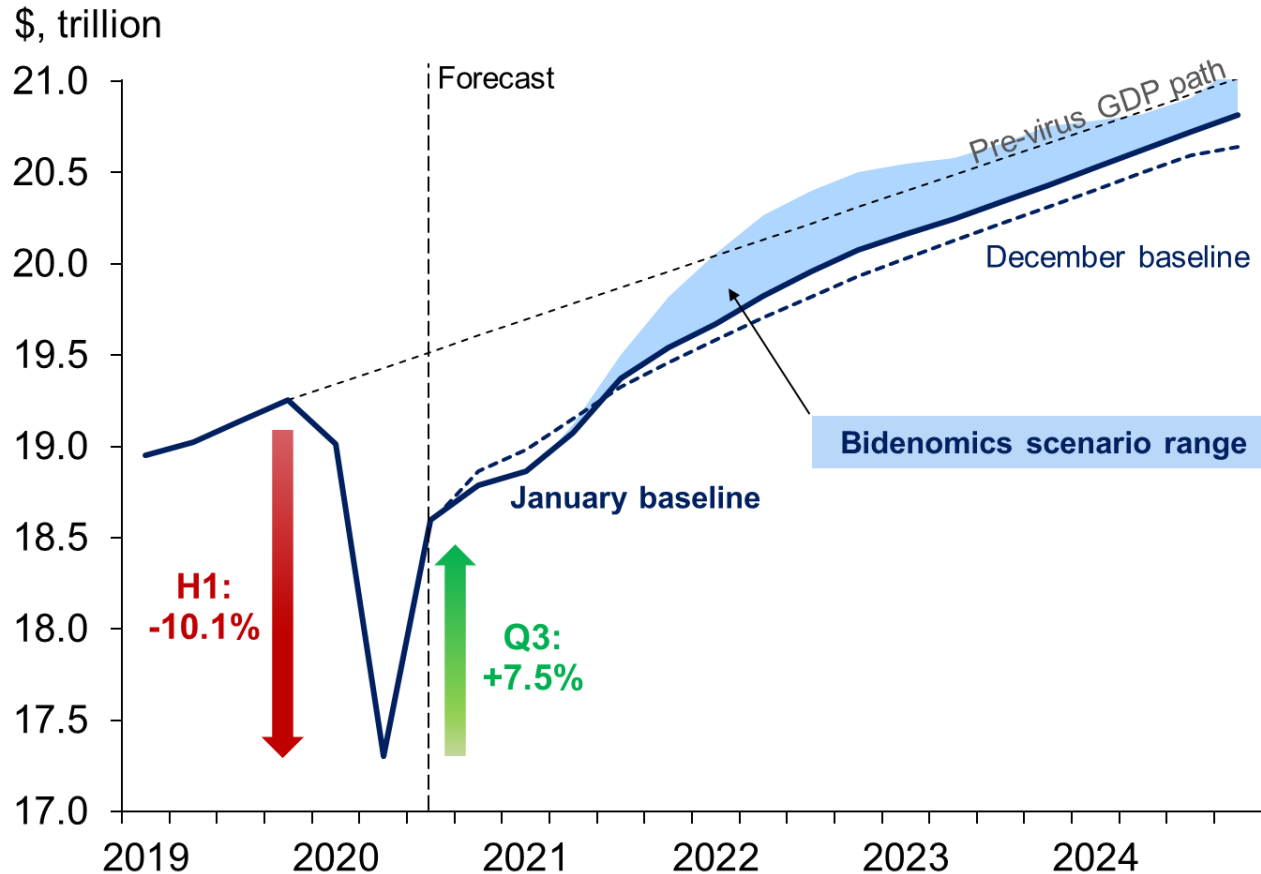
Large and rapid fiscal stimulus without precedent

US: Funds authorized by Congress



Policy upside risk shouldn't be discounted

US: Real GDP



Source : Oxford Economics

- Congress will likely pass, on a bipartisan basis, additional stimulus checks totaling \$1,400/ person on top of the \$600 checks passed at the end last year.
- President Biden will attempt to pass some of his spending and tax proposals via the budget reconciliation process requiring only a simple majority.
- 3rd round of stimulus checks should lift GDP by 0.7%.

When will travel recover?

Assumptions: Baseline

- **2021 Q1**

- Difficult start to year. Concerted efforts to get disease under control
- Vaccine distribution accelerates in earnest

- **2021 Q2**

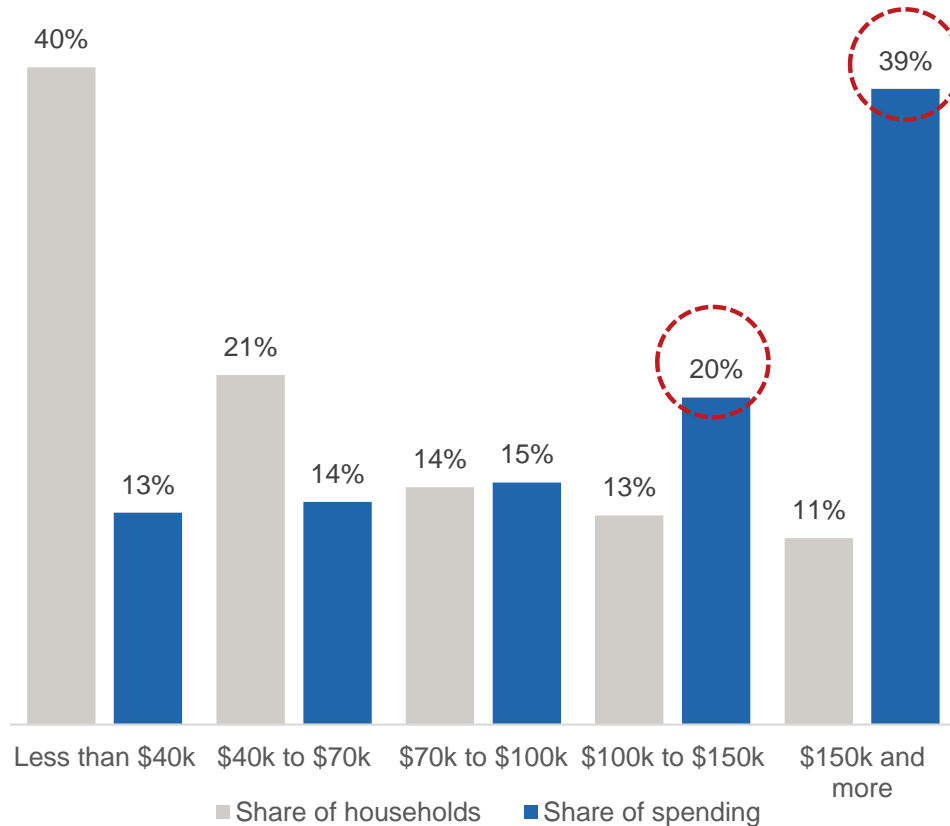
- Vaccination programs make a meaningful impact
- Through ramp-up of vaccination programs, compliance with public health guidance, and improved testing, disease prevalence declines, immunity rises, and cases decline
- Assume by the end of 2021 Q2, Covid-19 infection rates are low
- Leisure travel picks up headed into summer

- **2021 Q3**

- Post-Labor Day, context for business travel and group events has normalized substantially. Corporate travel restrictions are eased. Group events are permitted in most areas, though certain restrictions continue.
- With US perceived as substantially “safe from COVID”, group and business travel returns strongly (group demand recovering to about 20%-30% below 2019 levels in 2021Q4)

Will higher income households support recovery?

Share of leisure lodging spending by income



Households earning \$100k+ account for 24% of households... but 59% of leisure spending on lodging

Unemployment rate (October):

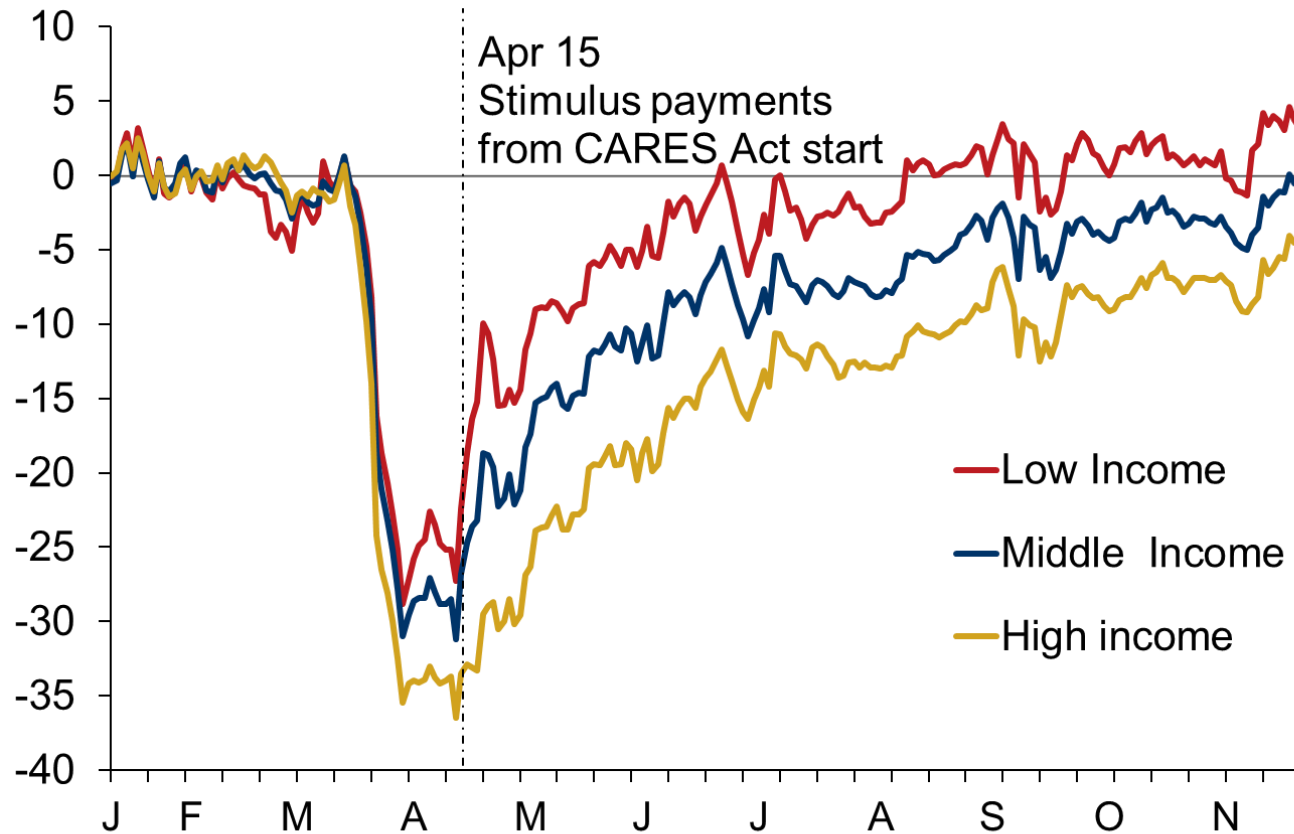
- High school grad: 8.1%
- Bachelor's or higher: 4.2%

Note: Lodging spending is based on recent three-year average (2015 to 2018). Consumer spending represents leisure trips. Pre-tax annual income, in thousands.
Source: BLS; Tourism Economics

Rebound in consumer spending driven by low-income families

US: Consumer credit and debit card spending

% difference from January 2020

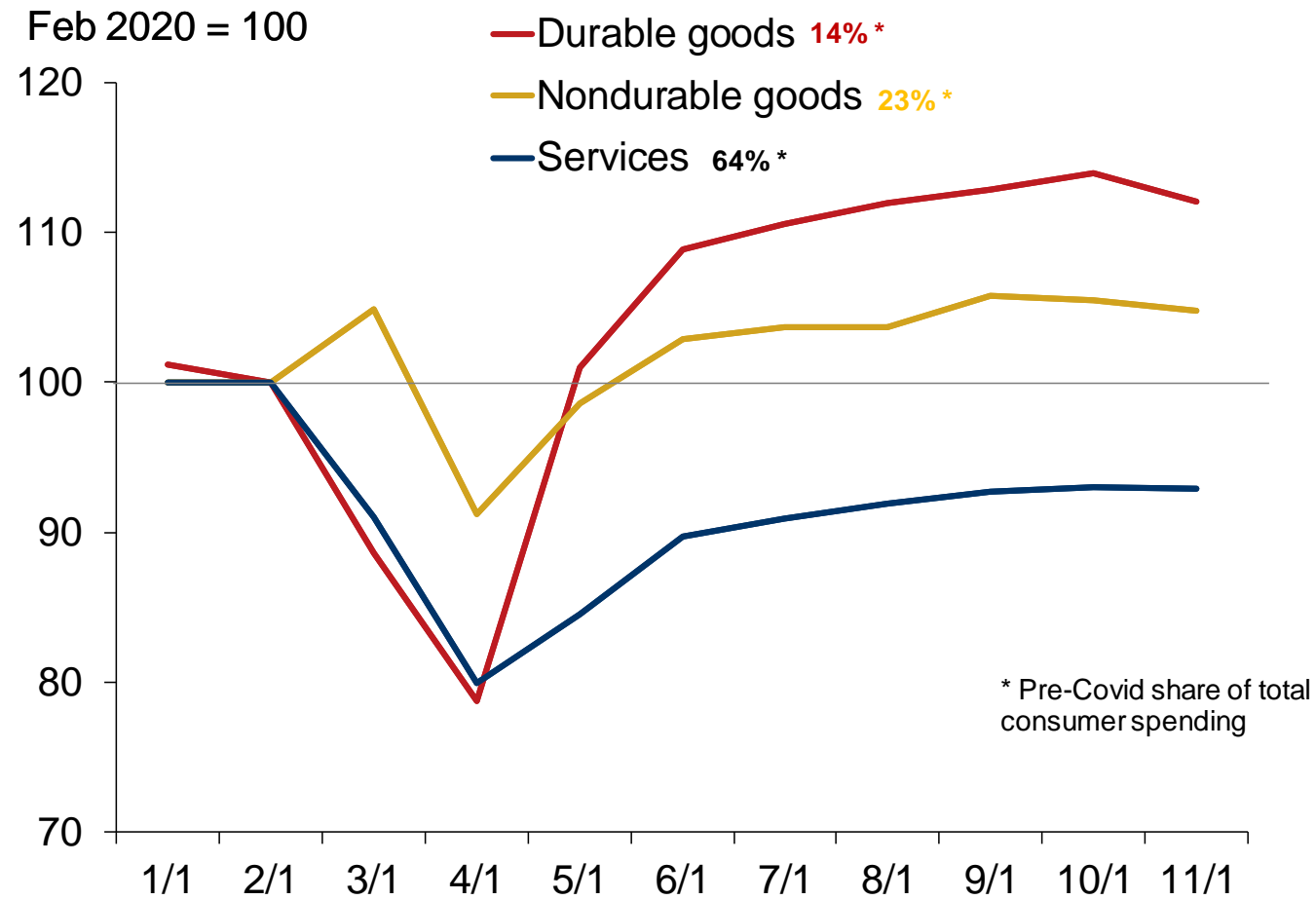


Source: Oxford Economics/Opportunity Insights/Haver Analytics

With spending on goods outpacing services

US: The K-shaped consumer spending recovery

Feb 2020 = 100

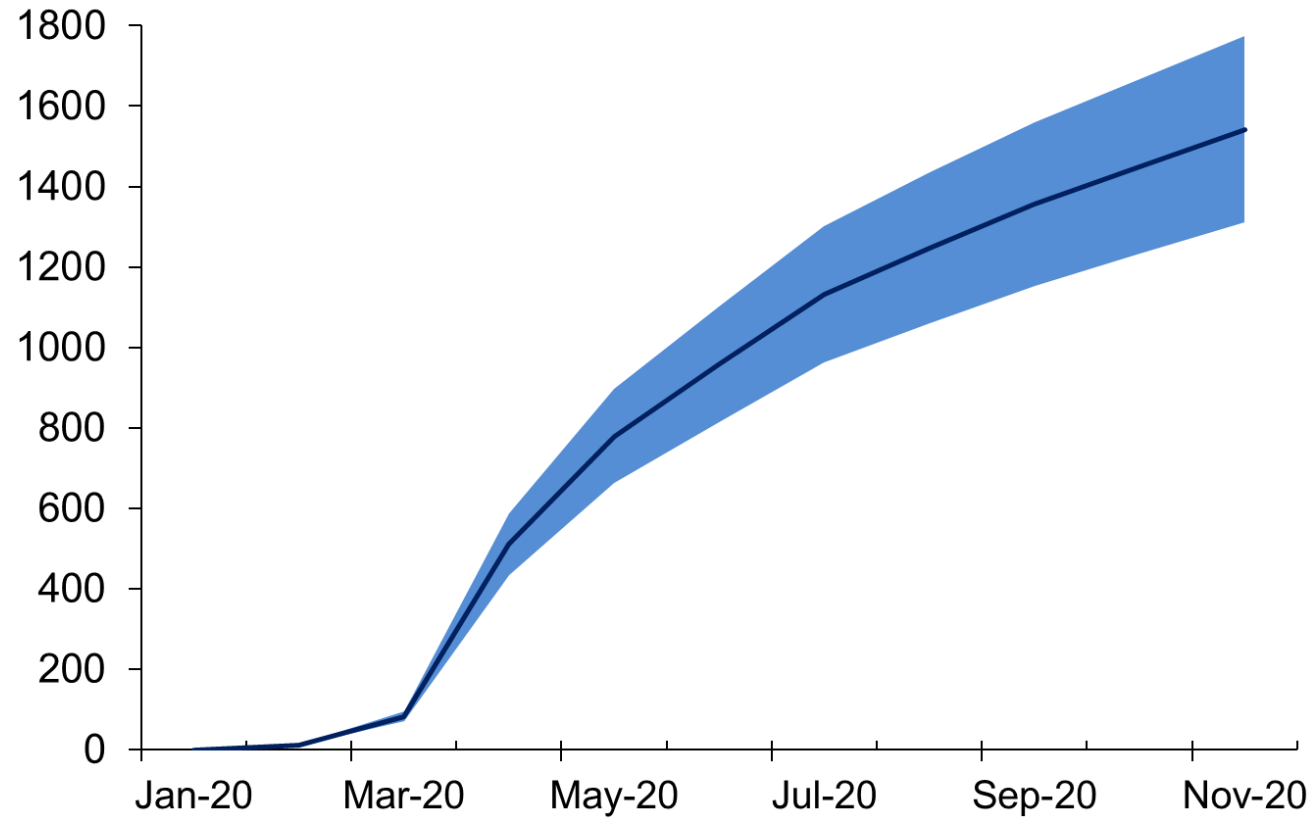


Source : Oxford Economics/Haver Analytics

\$1.4tn cash stash for households

US: Cumulative household savings

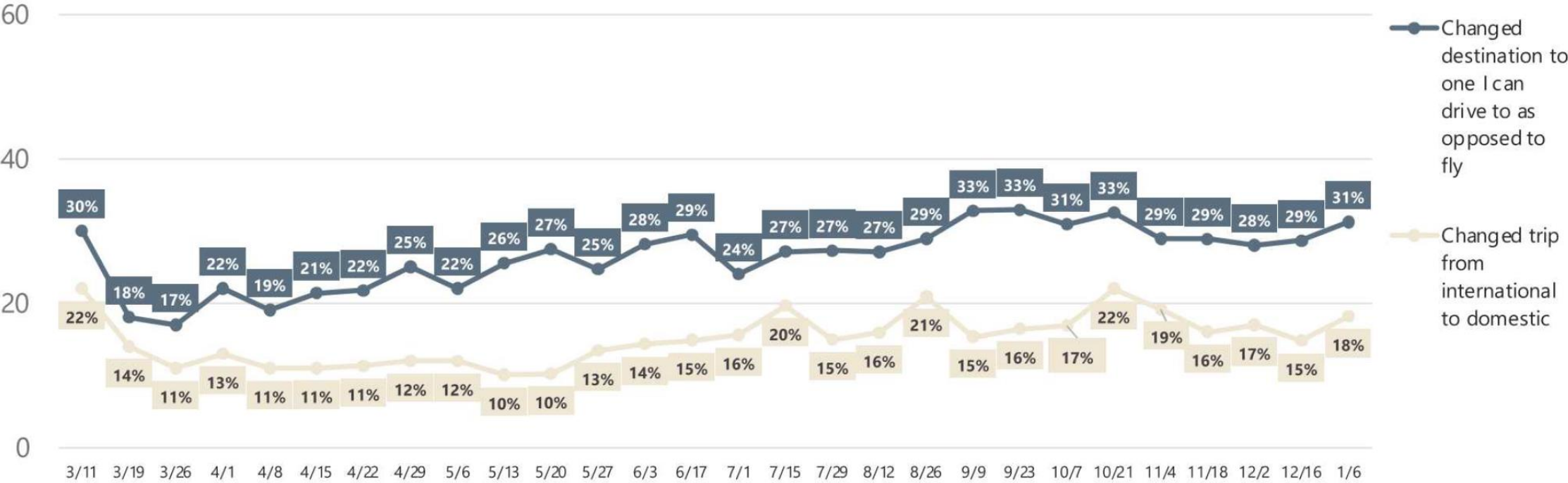
\$, billion, since January 2020



Source: Oxford Economics

Major reshuffling of the deck

Impact of COVID-19 on Upcoming Travel Plans Comparison

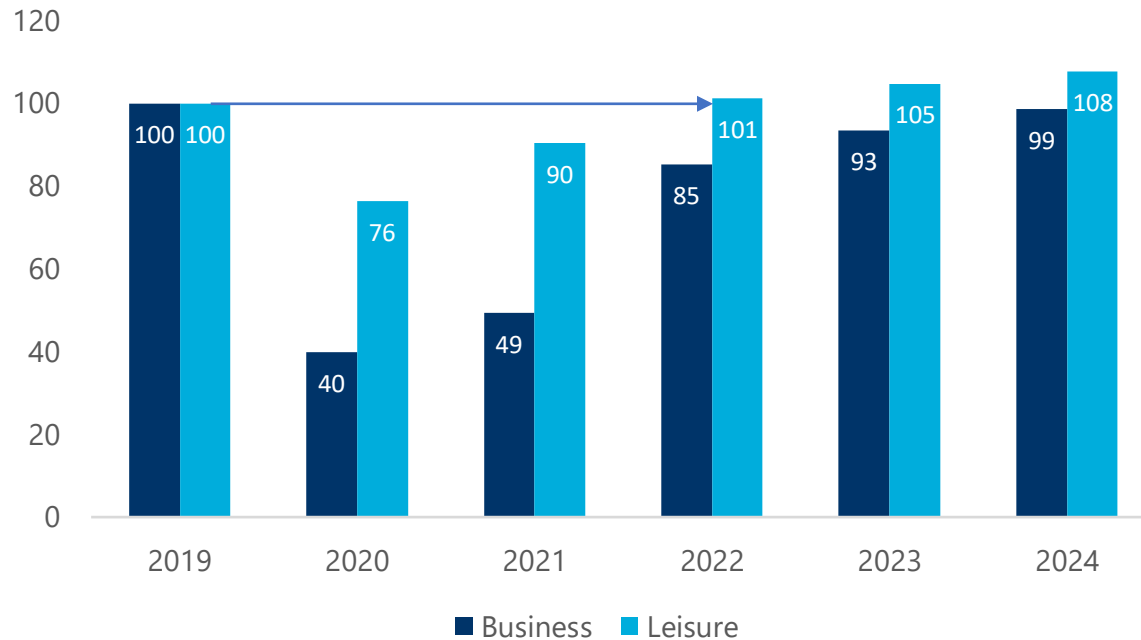


Base: Coronavirus Changed Travel Plans

Leisure travel will fuel the recovery

Business and leisure trips

Index (2019=100)



**Leisure back to 2019 levels
in 2022**

**Business nearly back in
2024**

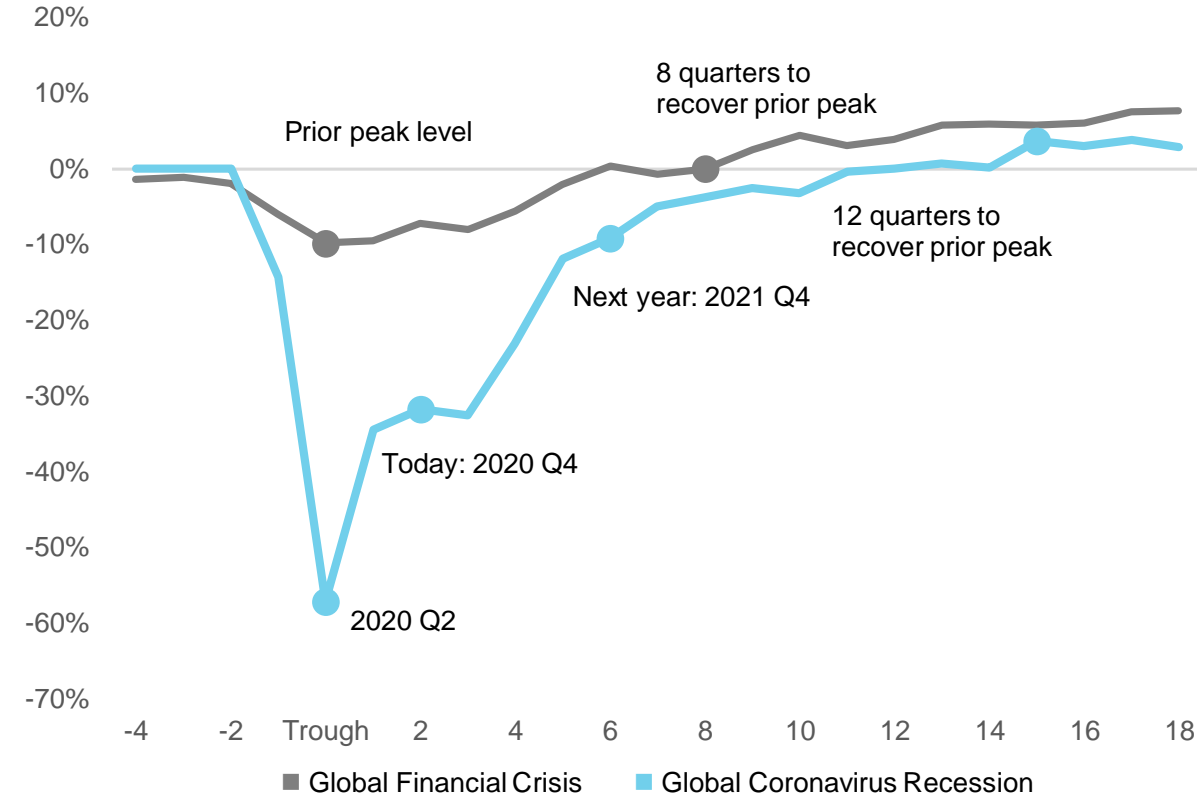
Note: Only domestic trips

Source: U.S. Travel Association, Tourism Economics

Approximately three years to recover room demand levels

Room demand: US

Quarters relative to trough, level relative to prior peak



Room revenue is expected to recover to its prior peak level in early 2024, about four years after prior peak.

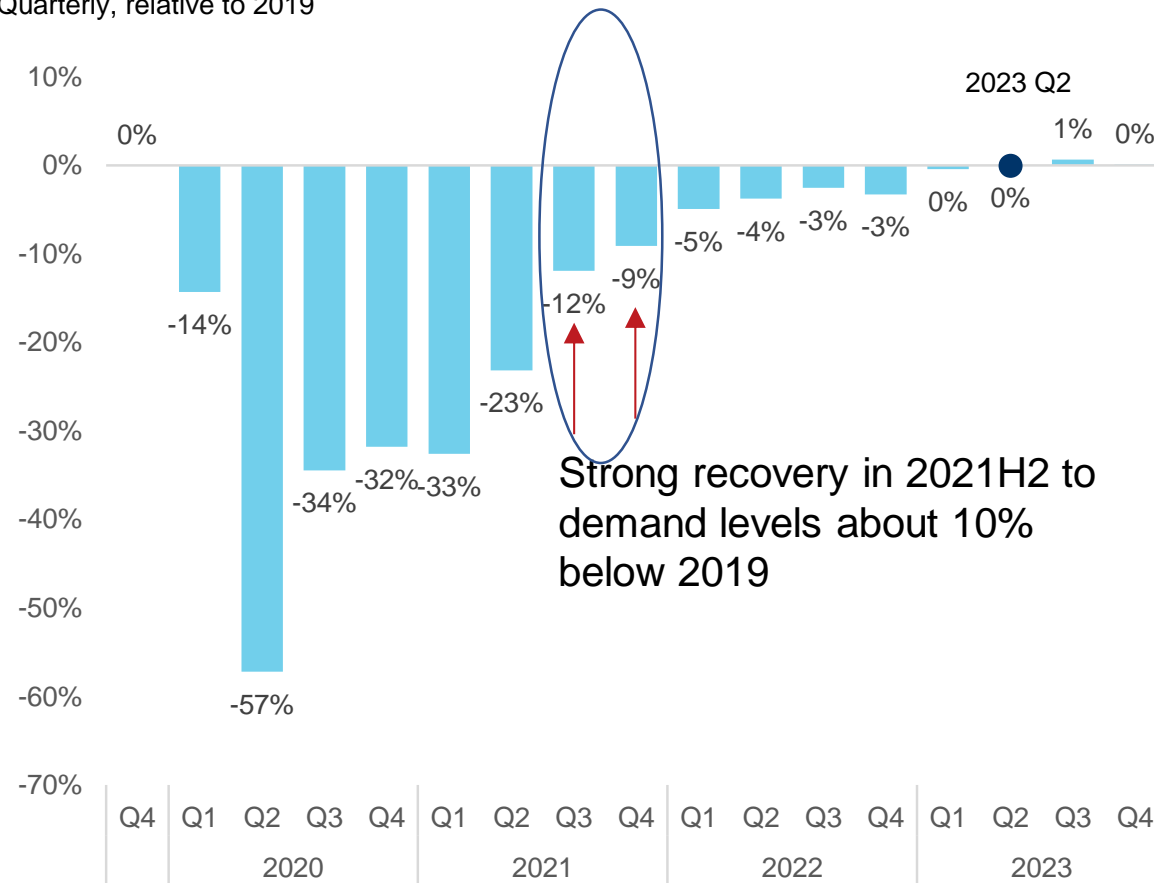
Source: STR; Tourism Economics



...but the second half of next year will look very different

Room demand

Quarterly, relative to 2019



Source: STR; Tourism Economics

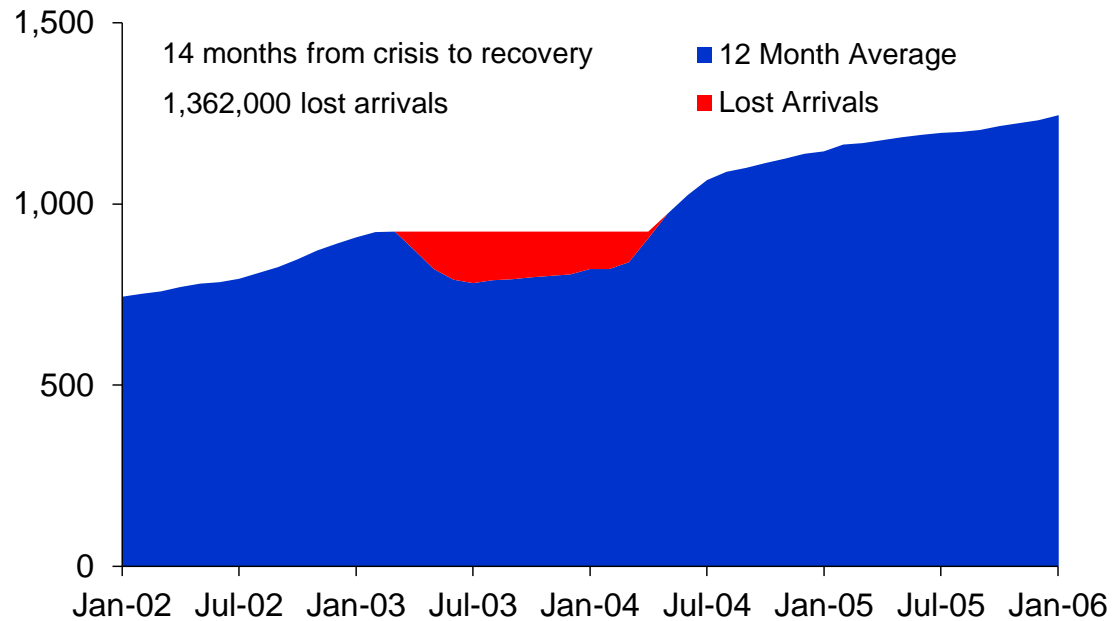
* Total room inventory RevPAR is calculated without removing temporarily closed hotels. On a standard RevPAR basis, growth is forecasted as -47.0% in 2020 and 25.0% in 2021.



Recovery after a pandemic: 14-17 months

2003 SARS outbreak in Hong Kong

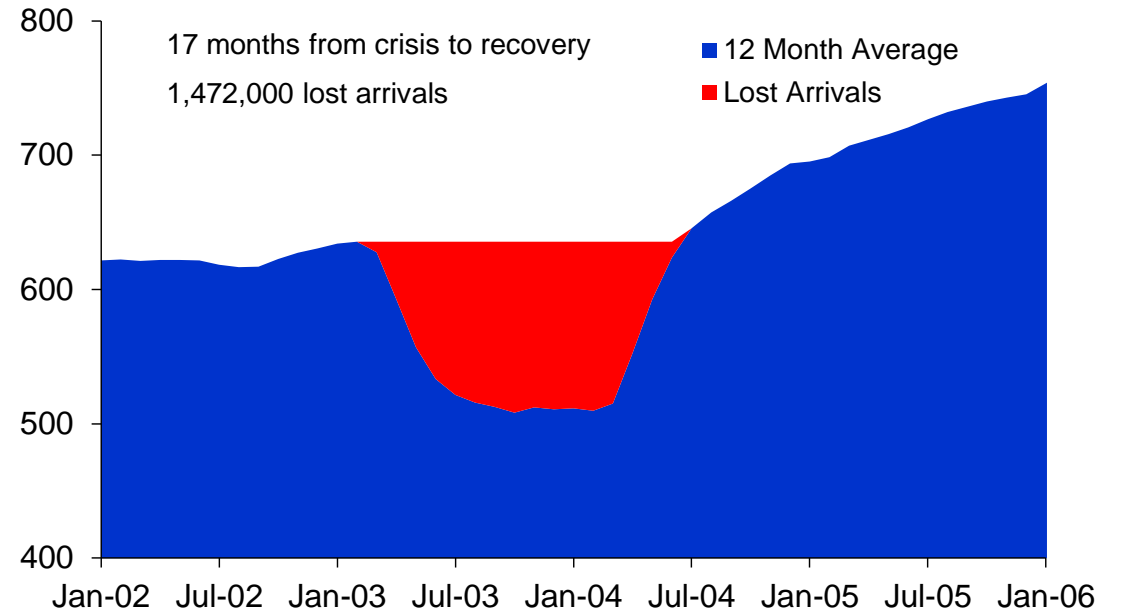
International arrivals (thousands)



Source: Tourism Economics

2003 SARS outbreak in Singapore

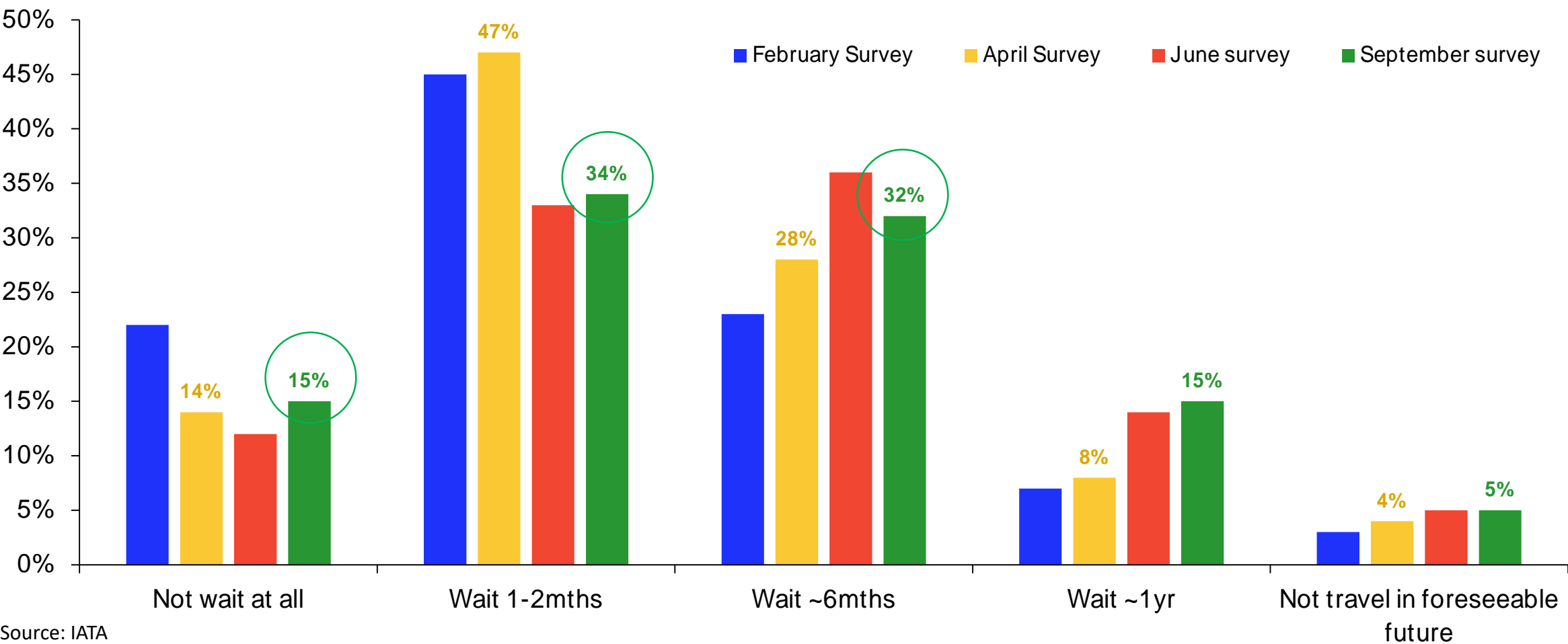
International arrivals (thousands)



Source: Tourism Economics

80% of travellers indicate return within six months of virus containment

How long to return to travel 'as usual' after the pandemic has subsided?



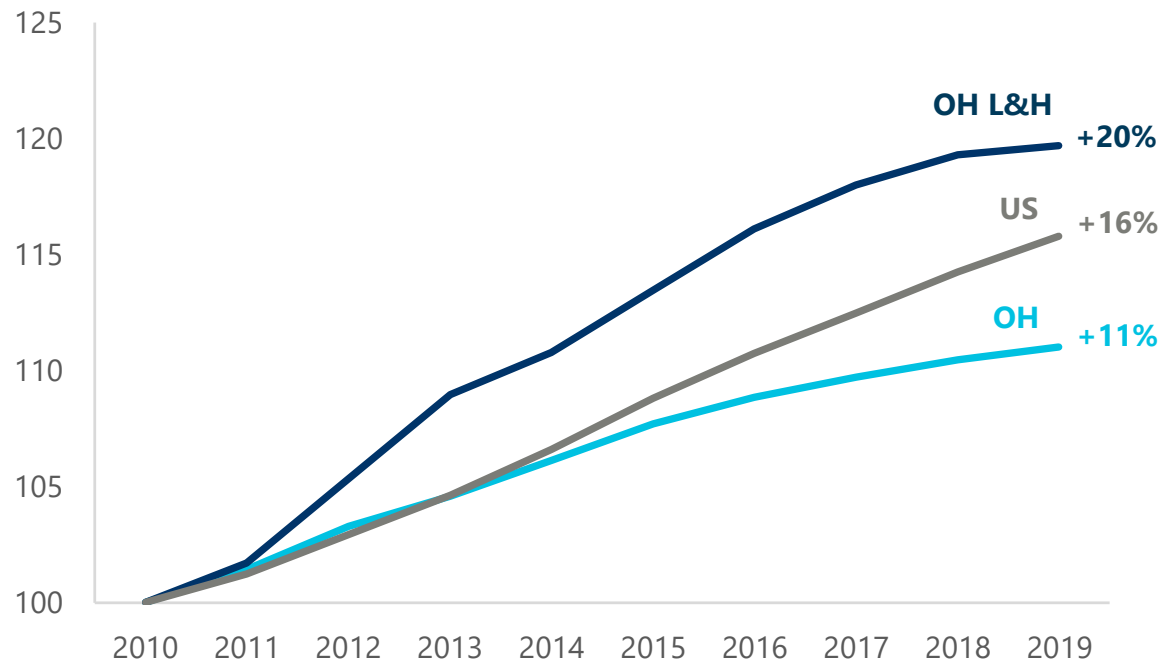
Source: IATA

**How do we advocate for
the industry during this
crisis?**

Reminder: the travel sector was a leader of OH job growth

L&H employment in Ohio

Index (2010=100)

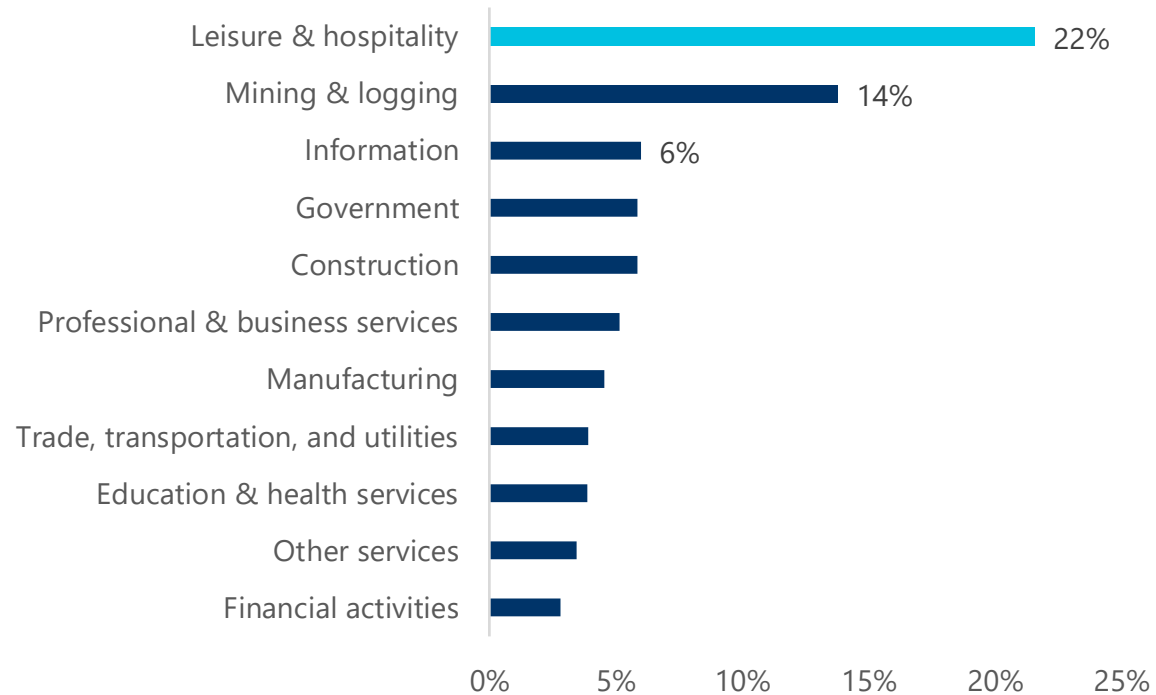


Source: BLS

Industry in crisis: no sector has been hit as hard at travel

Ohio employment loss by industry

% of industry lost since February

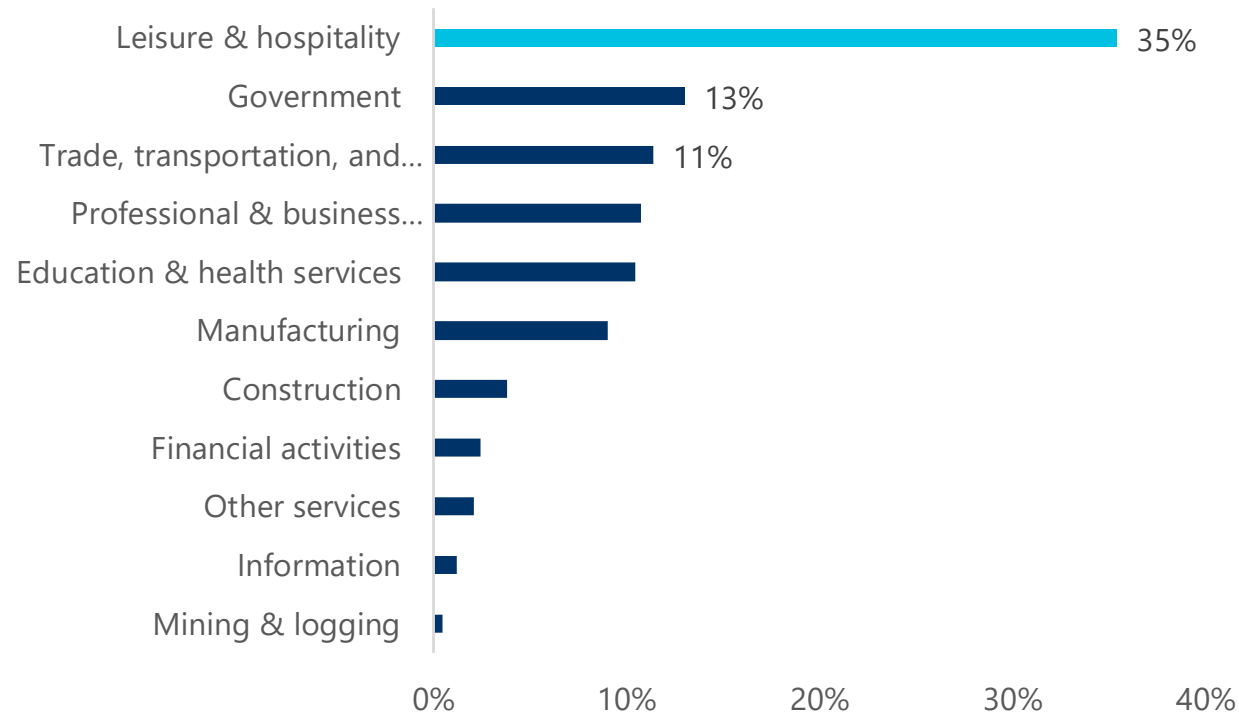


Source: BLS

Travel must be our focus for an economic recovery

Share of total OH employment loss by industry

% of all jobs lost since February



Source: BLS

This should not be controversial



Adam Sacks

President, Tourism Economics

1mo • Edited •



All our forecasts and scenarios are moored to the non-negotiable assumption that travel will fully recover. The pandemic will end. The drivers of travel – income growth, demographic shifts, the importance of meetings and the intrinsic value of a vacation – will still be intact on the other side. History supports the premise; recovery is inevitable.

402 • 58 Comments

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35,985 views of your post in the feed

**Will there be an enduring
legacy of this crisis?**

Gratitude.

THANK YOU!

Adam Sacks
President
Tourism Economics
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January 2021

QUESTIONS?

PLEASE USE THE 'CHAT' OR 'Q&A'
FUNCTION AT THE BOTTOM OF YOUR
SCREEN TO SUBMIT QUESTIONS.

