



# Navigating an Economic Adventure

**Chuck Davison**

**Vice President of Attribution Solutions**

**Tourism Economics**

# Standard-Setting Analysis



**40+ Years of  
Experience**



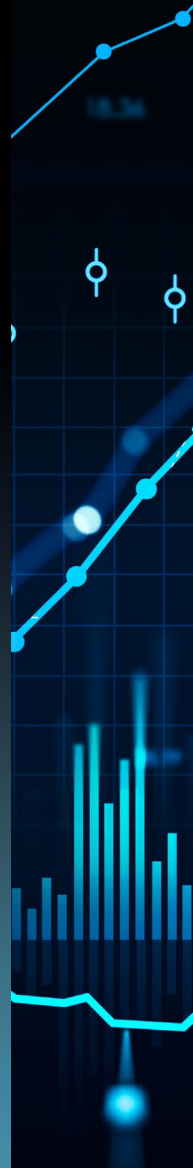
**850+ Staff,  
20 Global Offices**



**Over 4,000 Clients  
Worldwide**



**Unique Macroeconomic  
Modelling**





ANALYST FORECAST AWARDS 2025



Oxford Economics is the proud recipient of **103 awards** in the 2025 FocusEconomics Analyst Forecast Awards—an achievement that underscores our position as **the world's foremost provider** of economic forecasts and analysis.



## Award-Winning, Global Forecasting Accuracy

 **Oxford Economics**

EIU

Fitch Solutions

Capital Economics

**Citigroup Global Mkts**

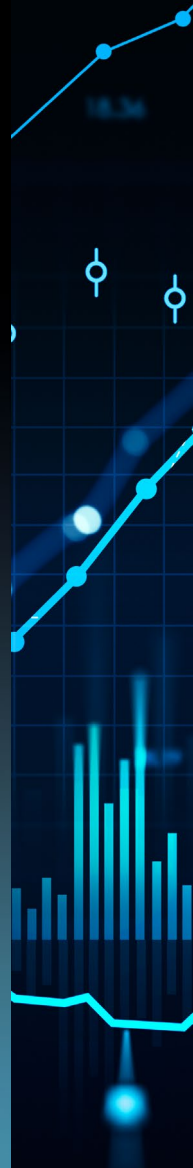
JPMorgan

**Moody's Analytics**

HSBC

**Euromonitor International**

Standard Chartered



# Trusted by Clients Worldwide



## Client Reach

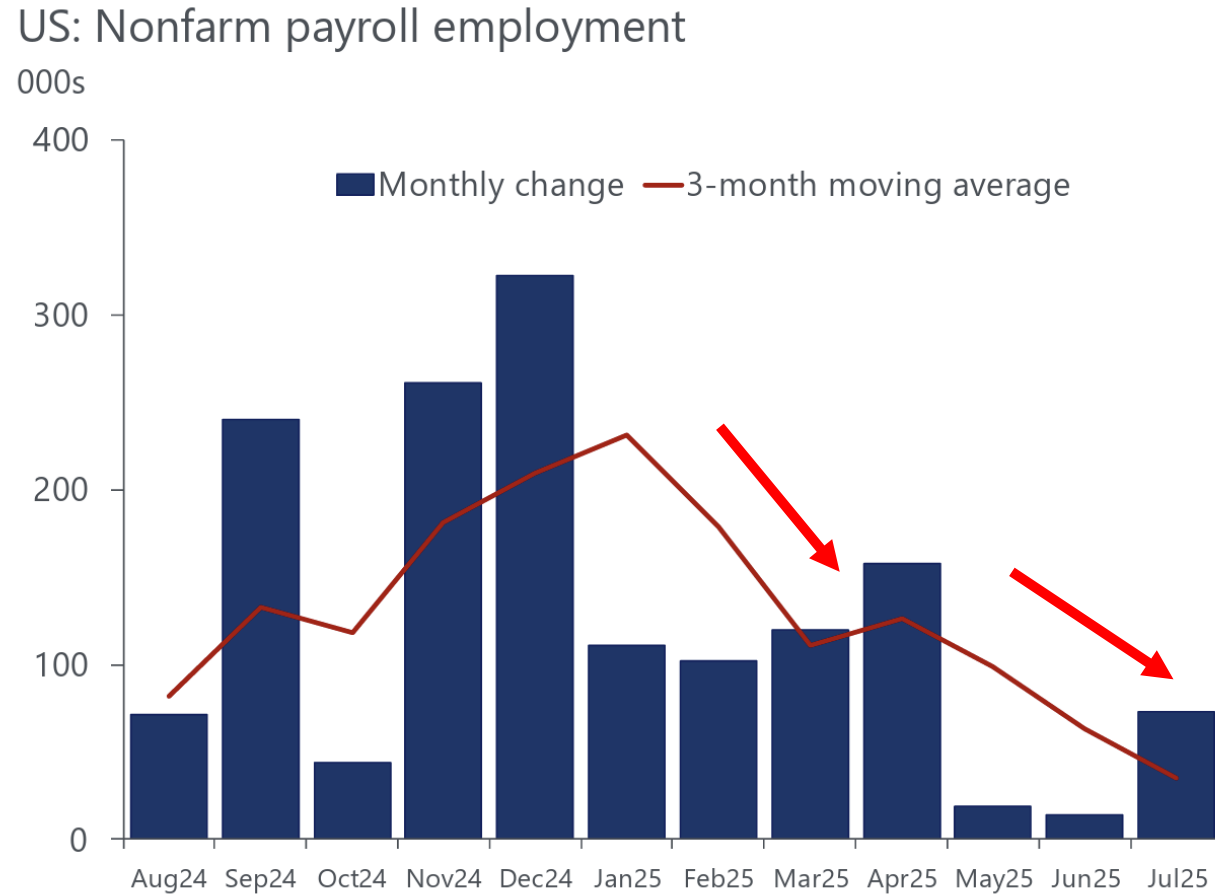
48 States

500+ US and Canada Destinations

30+ Countries

140+ Destinations Using Attribution

# Last three months averaged just 35,000 jobs

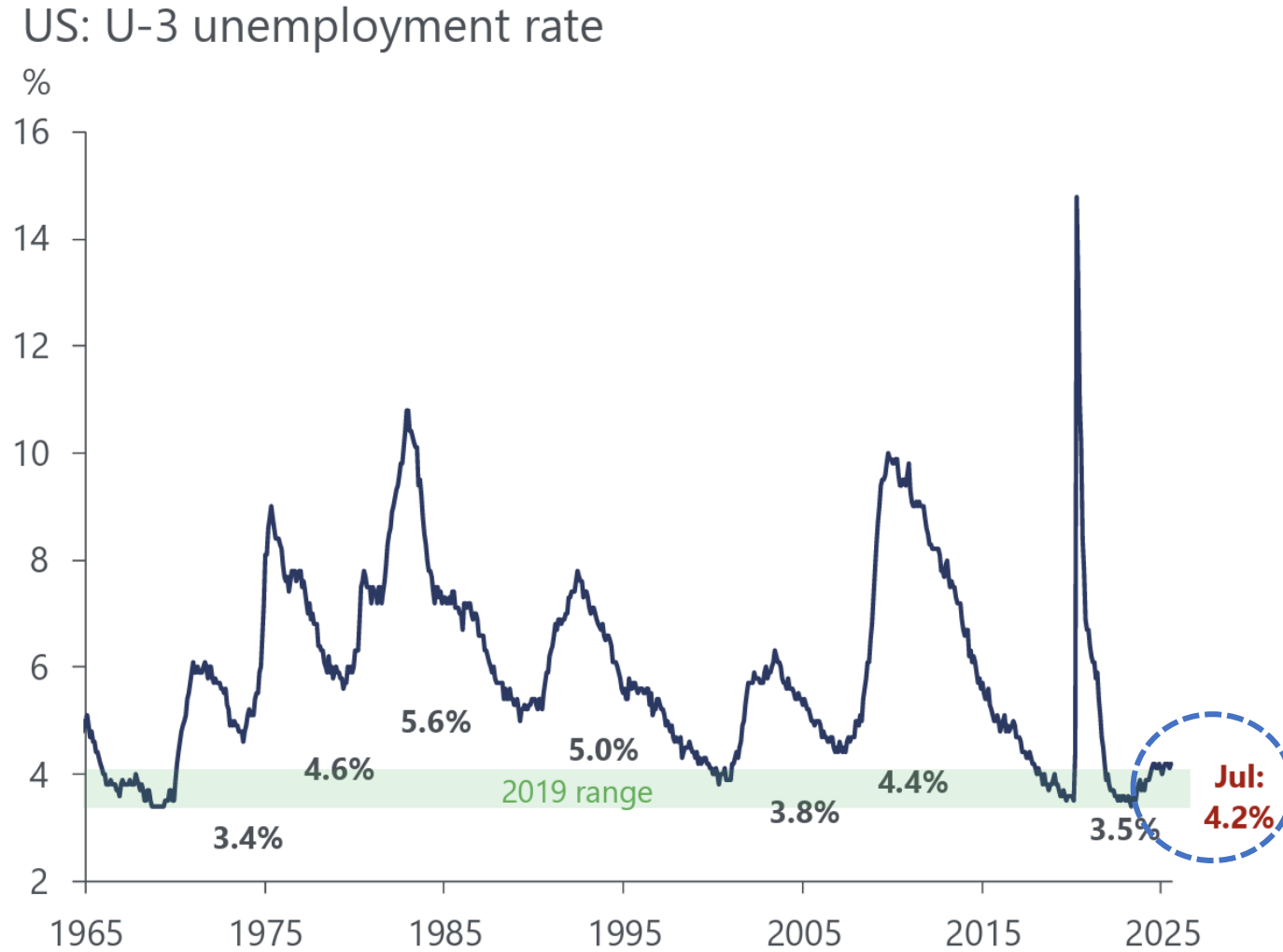


Source: Oxford Economics/Haver Analytics

**Weakest since the pandemic.**

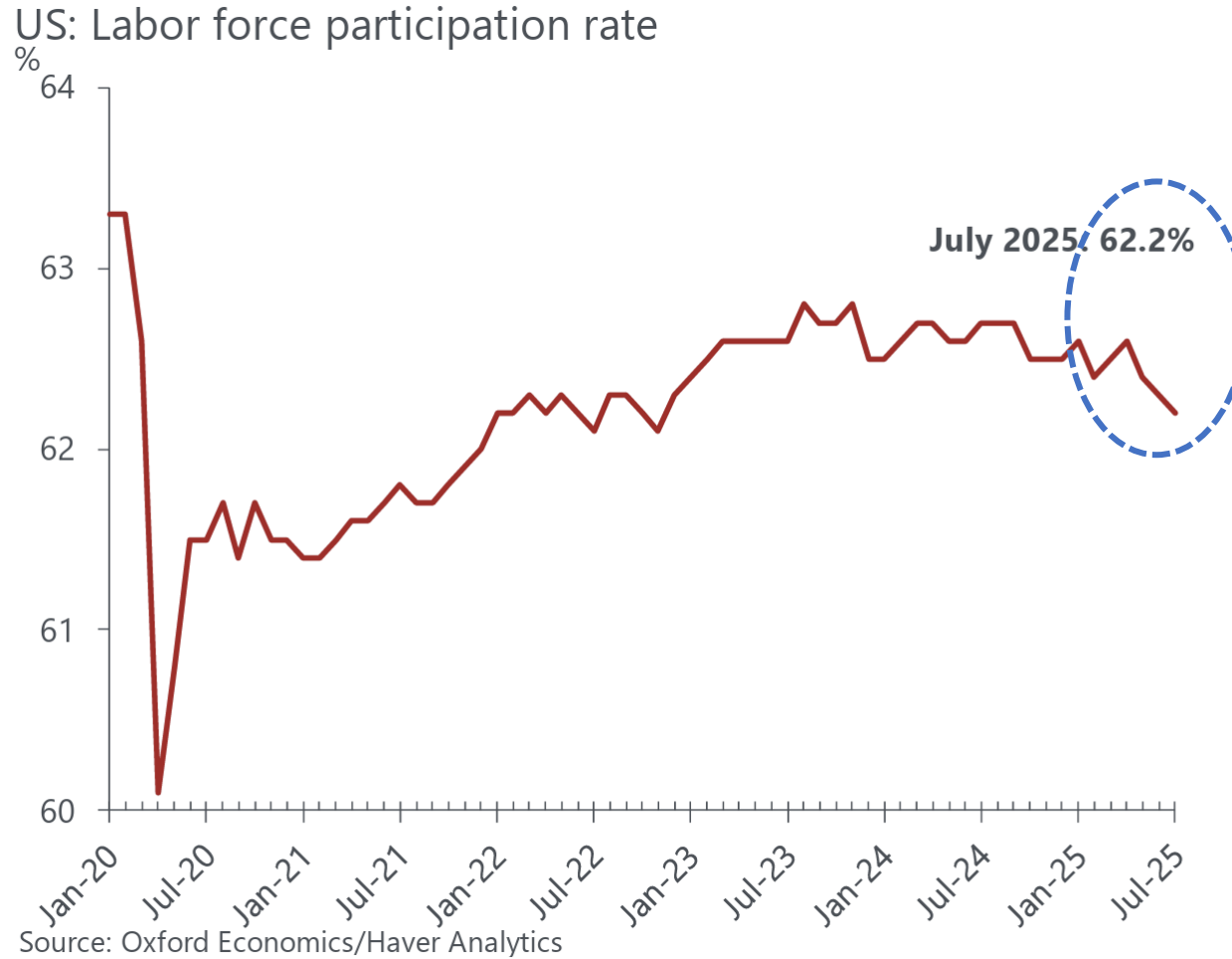
**If not for the health and social services sector, employment would have declined over past three months.**

# Unemployment stands at 4.2%



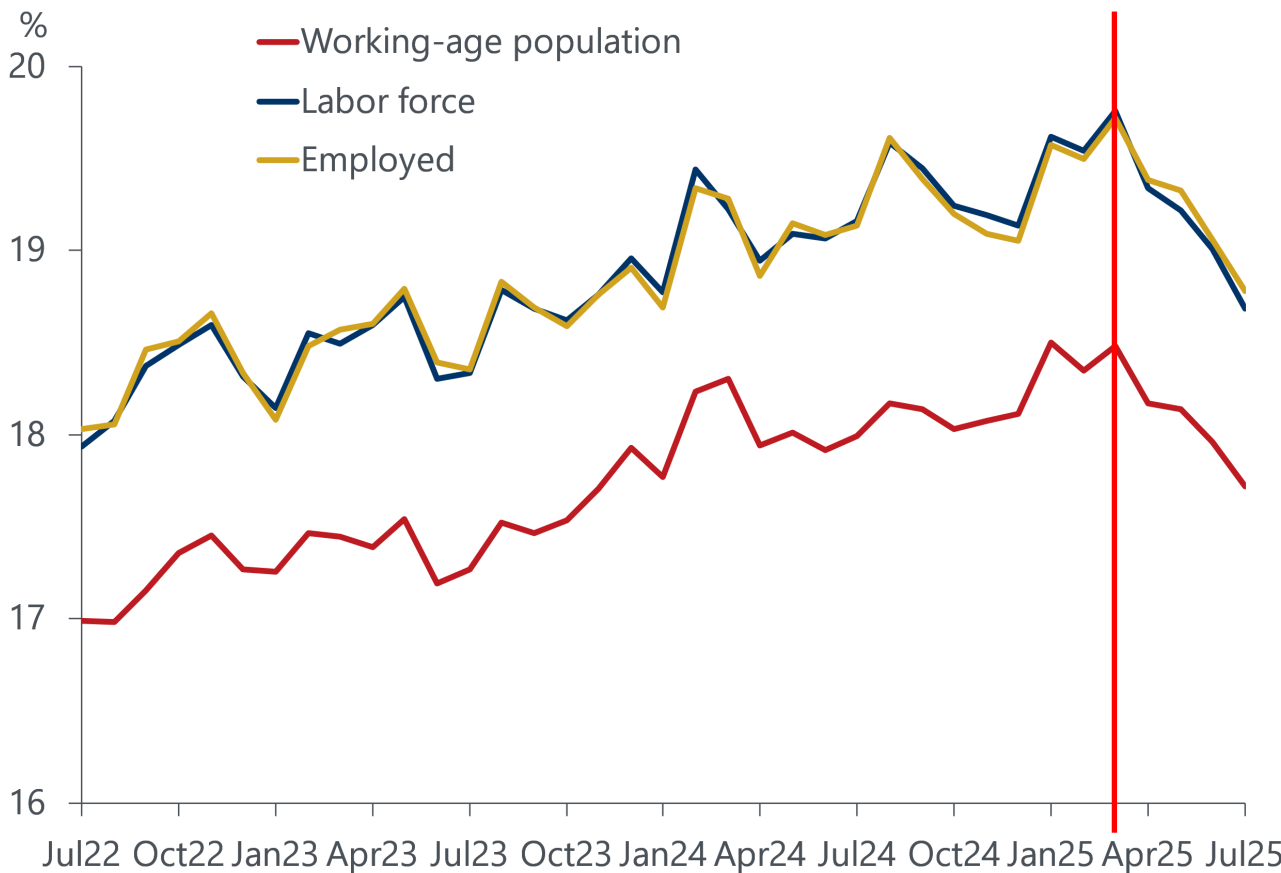
Source: Oxford Economics/Haver Analytics

# ...it would be 4.9% except for drop in participation

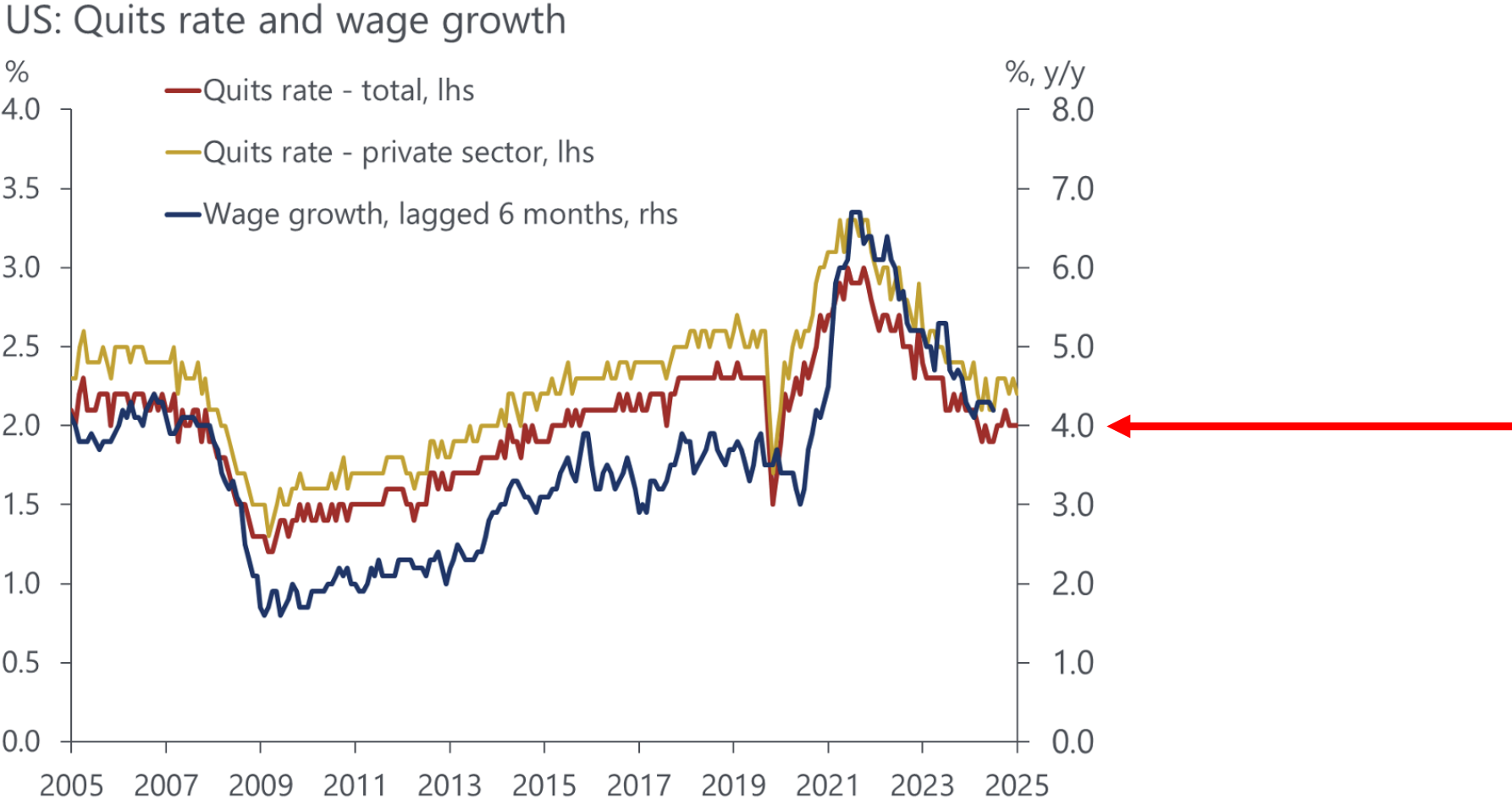


# Also, 1.2 million have left the labor market

US: Foreign-born shares of the labor market



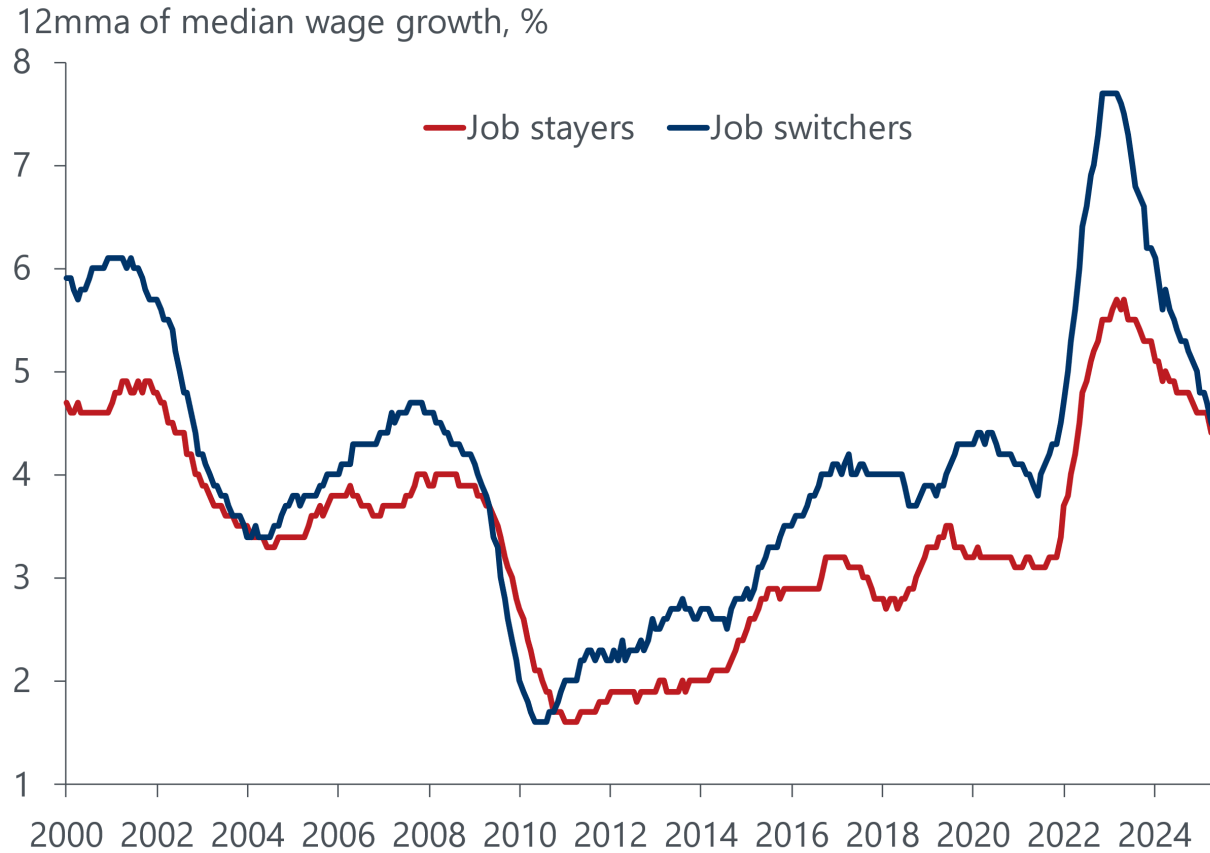
# Jobs are becoming more precious



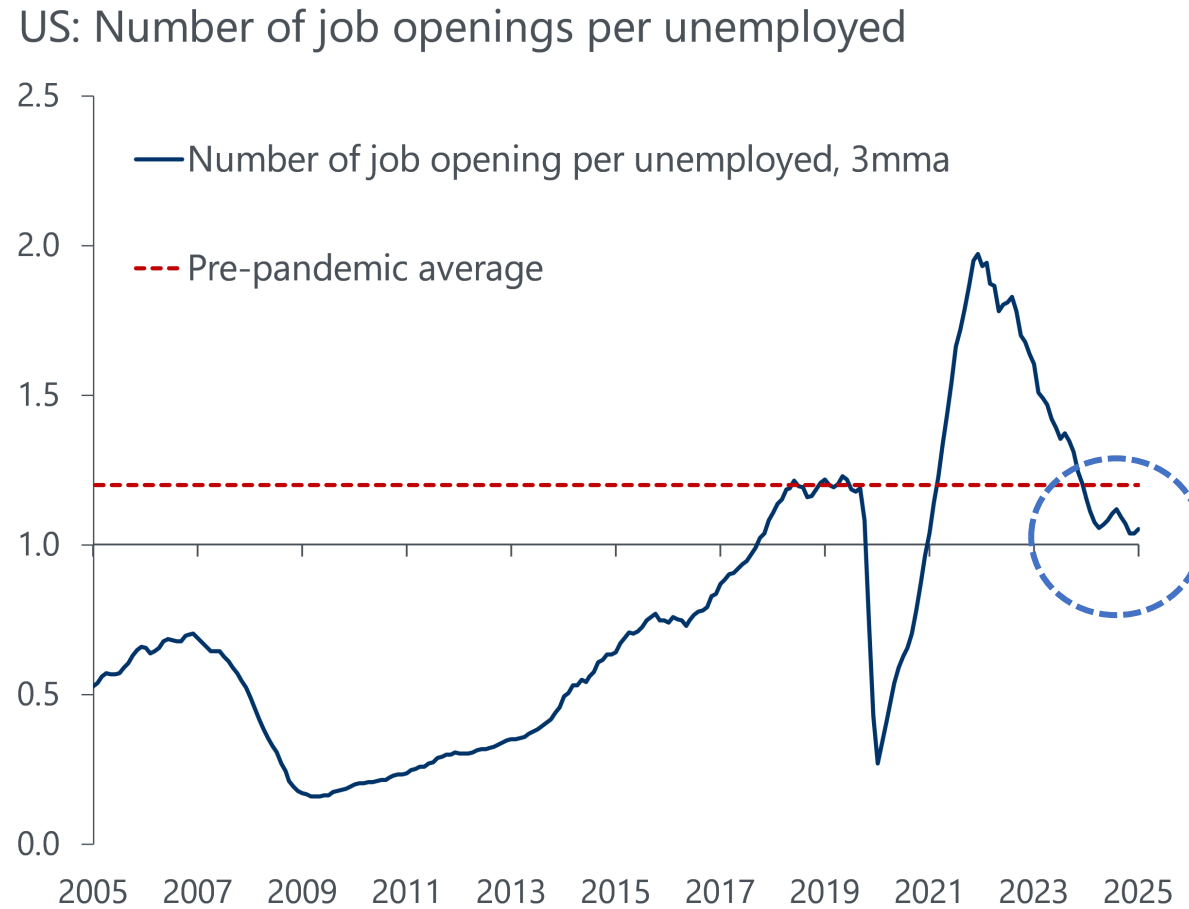
Source: Oxford Economics/Haver Analytics

# Evidence of a tight labor market

US: Wage growth tracker of job switchers and stayers

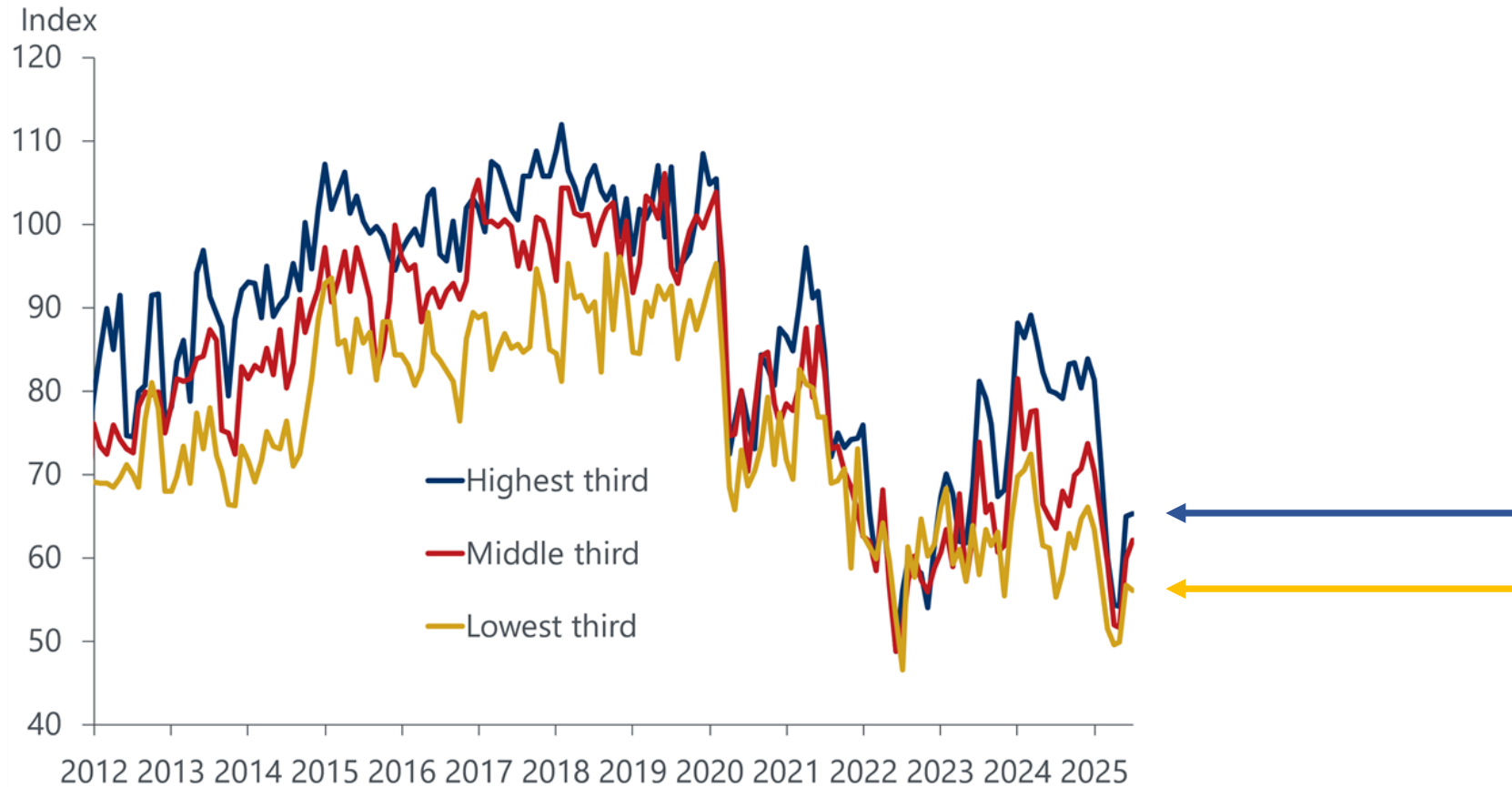


# But the labor supply-demand balance is still ok



# Consumer are worried

US: Consumer sentiment by income bracket



Source: University of Michigan

# ...and spending is on hold

US: Real consumption  
Percent change



**YEAH, STAGNATION**

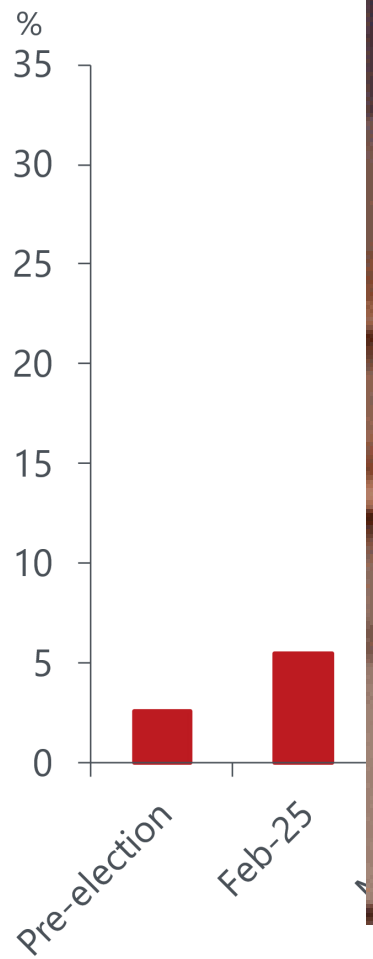
**GOTTA WATCH OUT FOR THAT...**

nation is rare  
recession  
e: 2020  
fore that: Great  
n

# Why?

# Trade-weighted tariff rate highest in since 1930s

US: Effective tariff

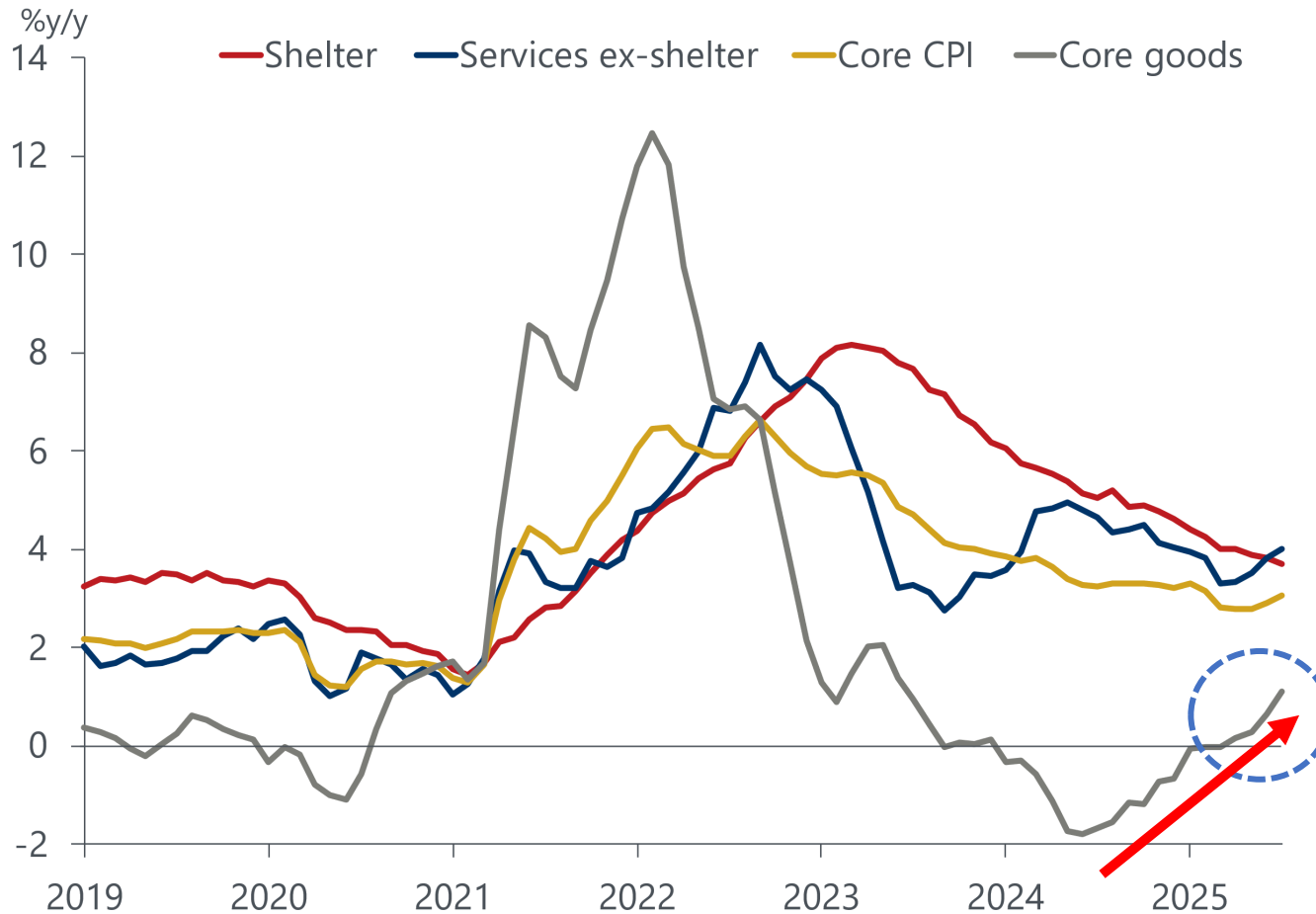


# Observable effects of tariffs so far

- Higher prices
- Weaker dollar
- Manufacturing stress
- High interest rates
- Reduced CAPEX
- Government revenue

# Core inflation will rise to 3.8% this year

US: Components of core inflation

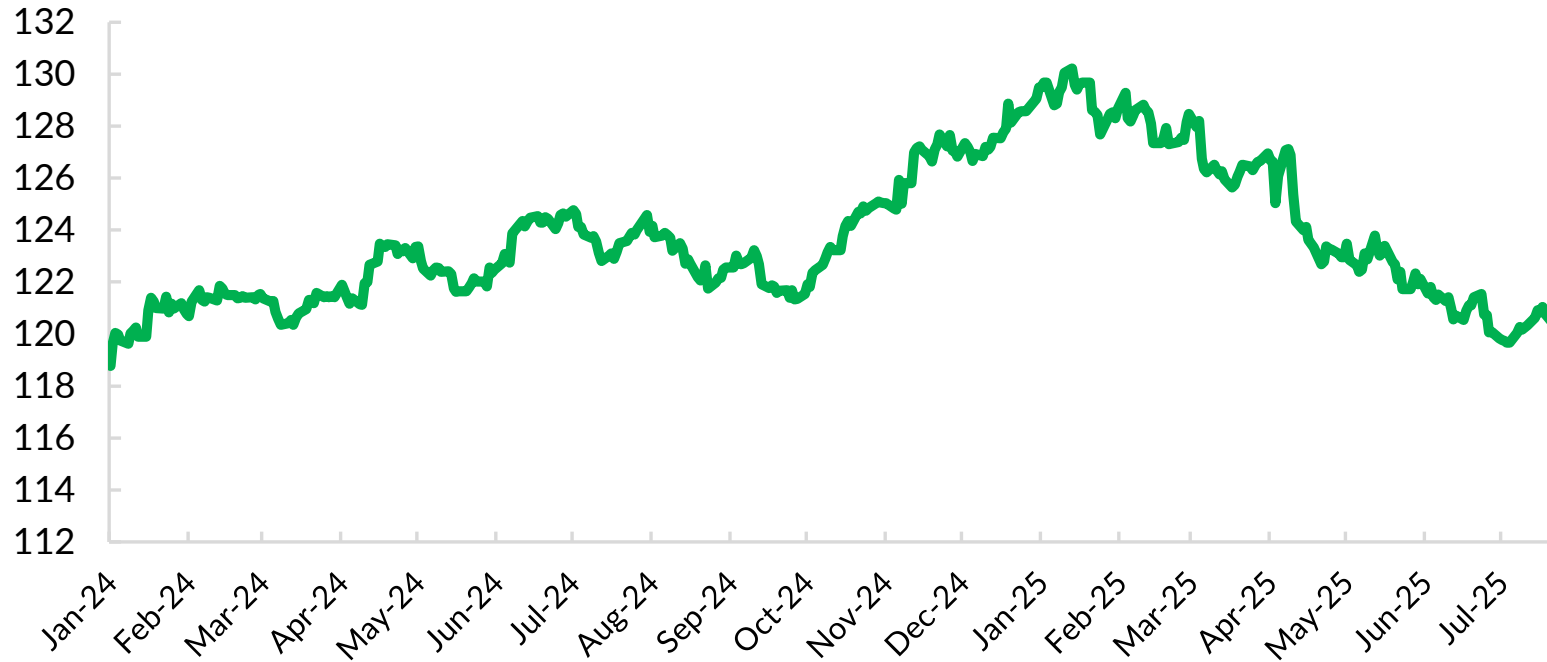


**Core inflation rose to 3.1% in July, and we anticipate a peak at 3.8% by year-end due to tariff impacts**

# Dollar depreciation will fuel inflation

## Nominal Trade-Weighted Dollar Index

Jan 2006 = 100

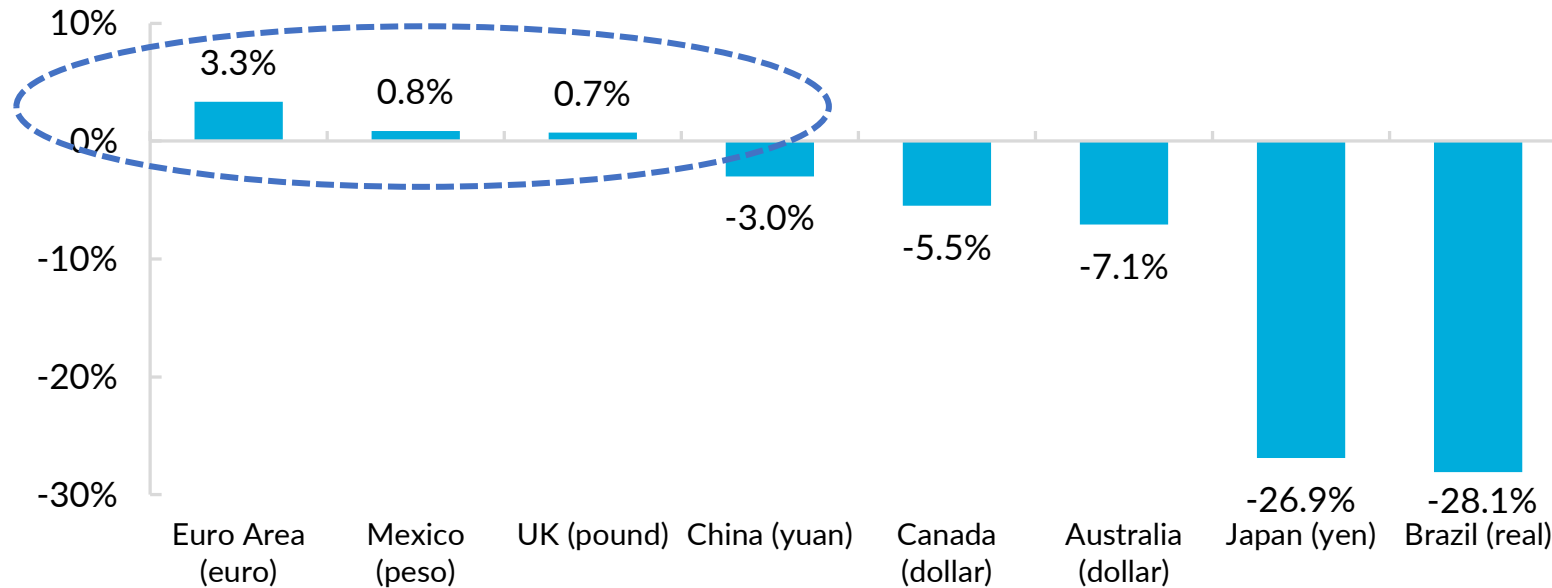


Sources: Federal Reserve Board

# But dollar weakness has made the US more affordable

## Change in USD exchange rates versus 2019

% change from end-2019 spot rate, as of July 28 2025 (USD/local currency)

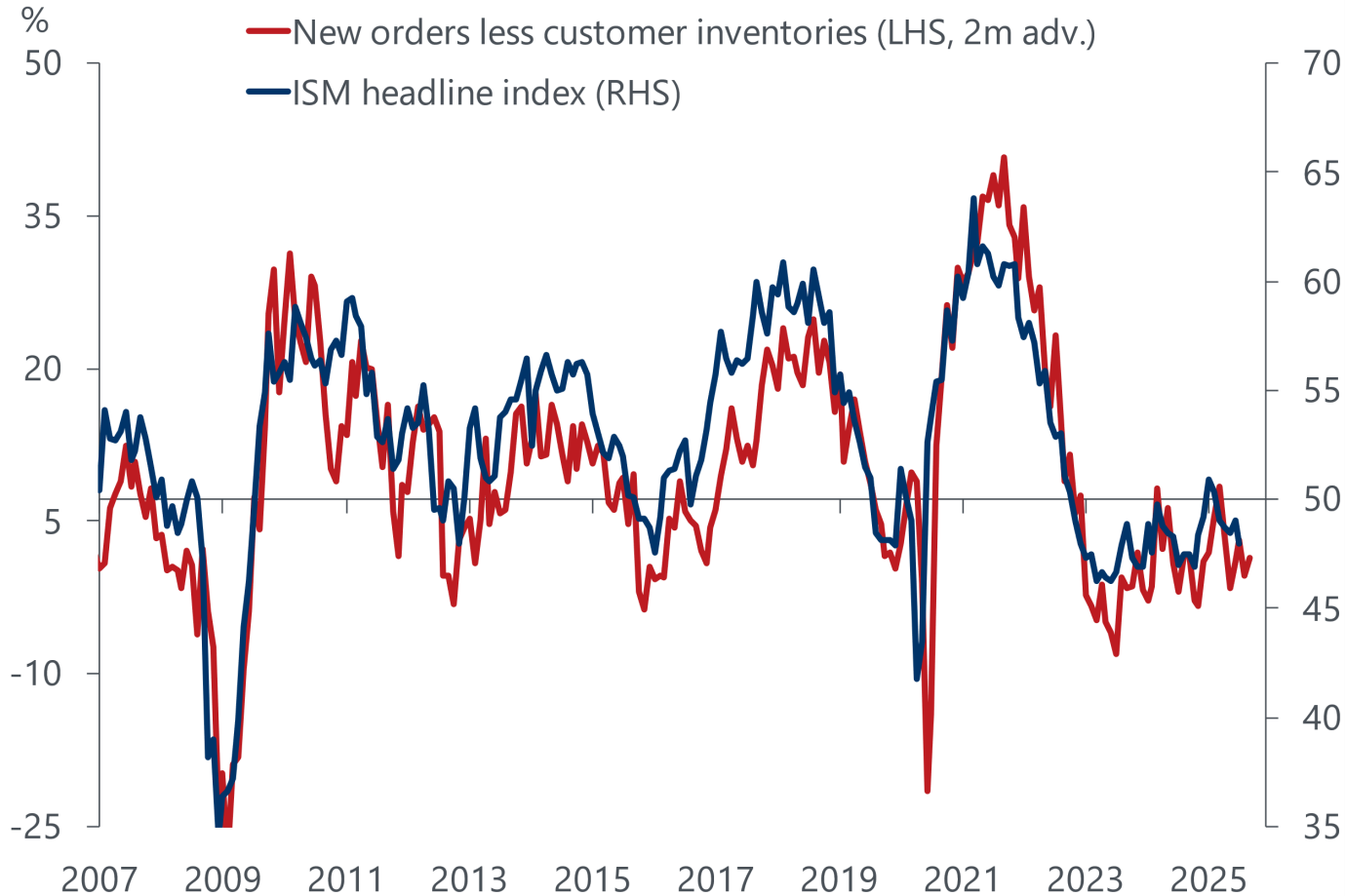


Sources: Tourism Economics

Note: Negative change implies depreciation of local currency versus USD.

# Tariffs are proving a hurdle for manufacturers

US: ISM manufacturing measures



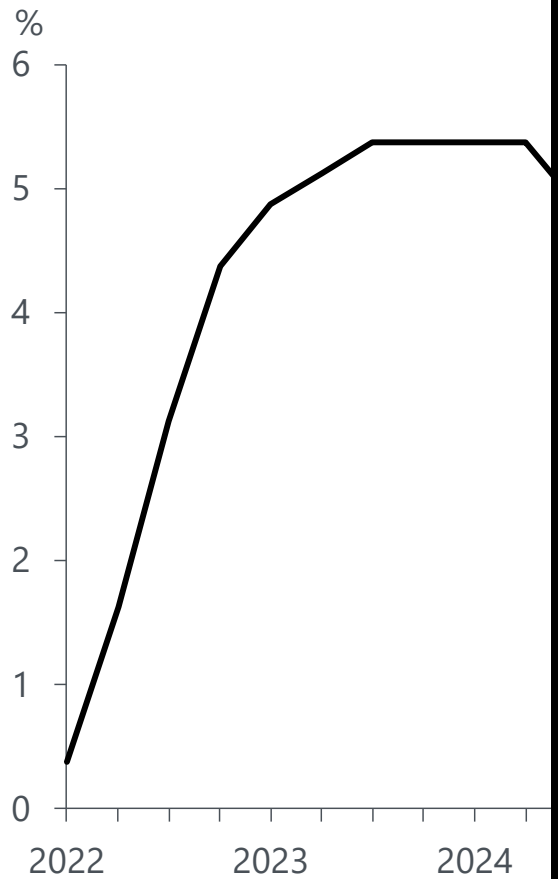
Employment declines for three straight months.

Reasons:

- higher input costs
- supply disruptions
- customers wary of committing to new orders

# Interest rates: high

US: Fed funds rate by fore

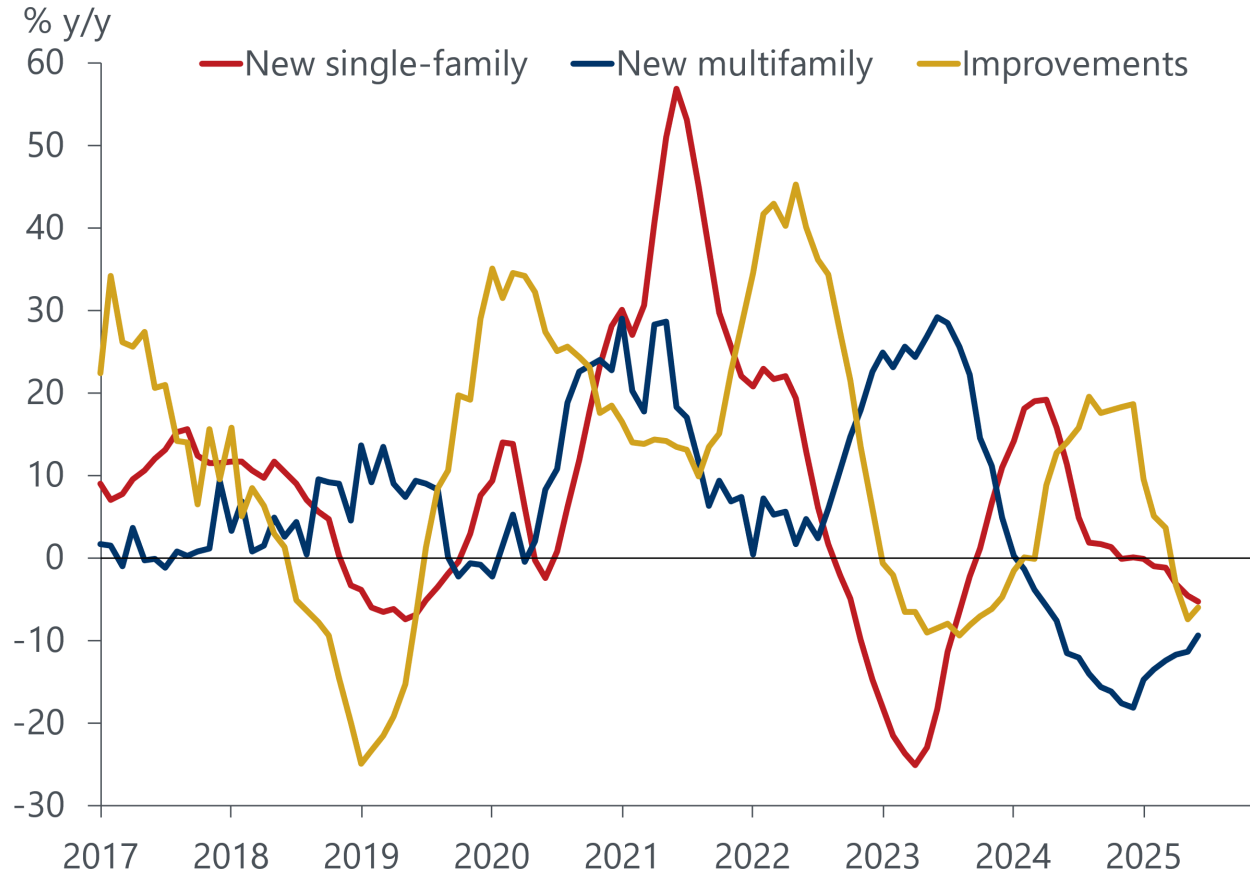


Source: Oxford Economics/Haver Analy



# Construction is sliding

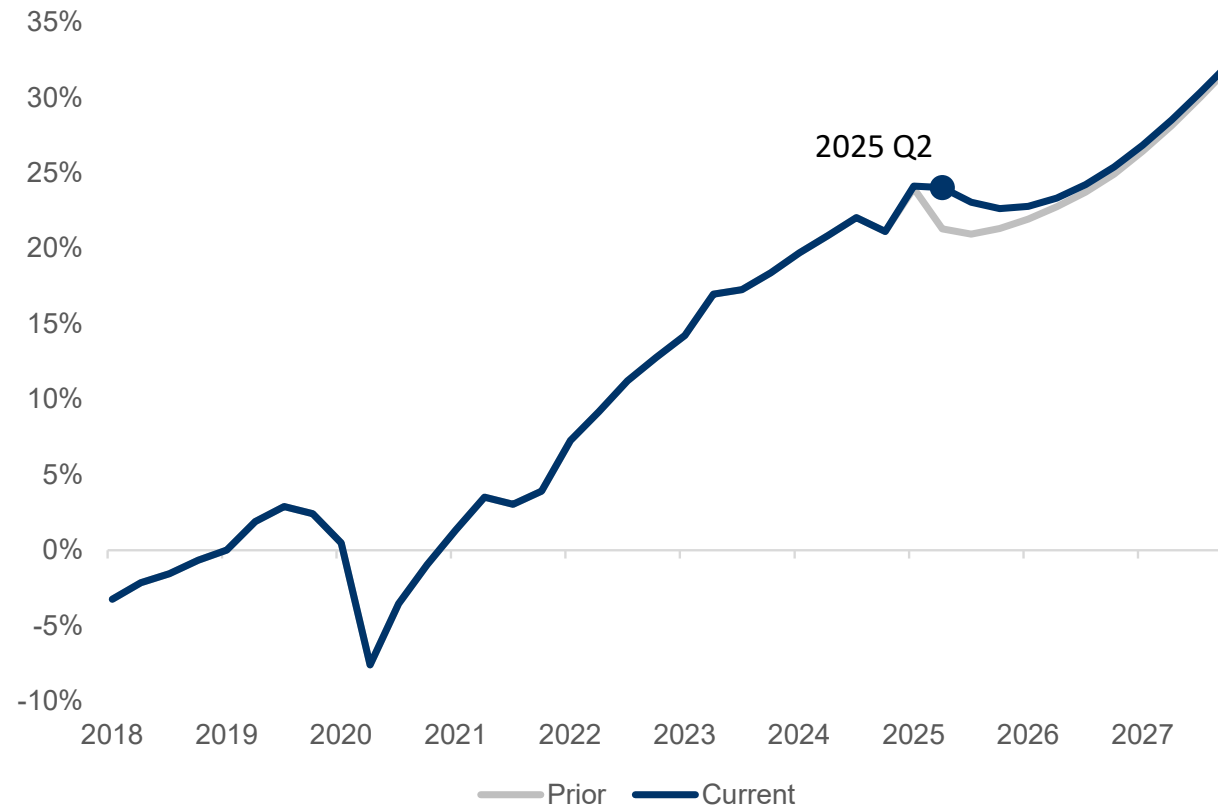
US: Private residential construction



# Businesses are pausing investment

## Business investment

Nonresidential fixed investment, real, growth since 2019 Q1

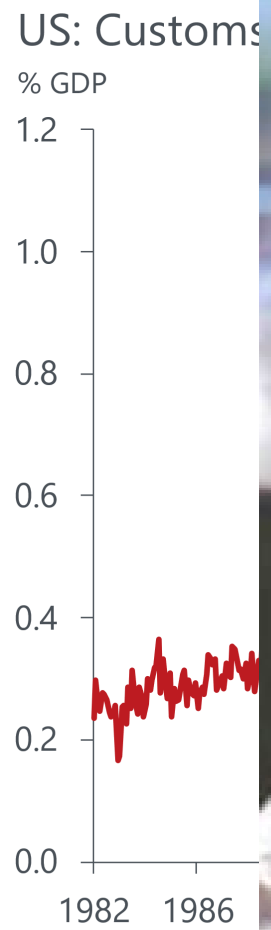


“Second quarter U.S. and Canada select service and extended stay RevPAR declined around 1.5% year over year, primarily due to a decline in government demand ... as well as weaker demand from smaller business customers.”

Marriott, Aug 5, 2025

Source: BEA, Oxford Economics

# But... tariffs are raising revenues



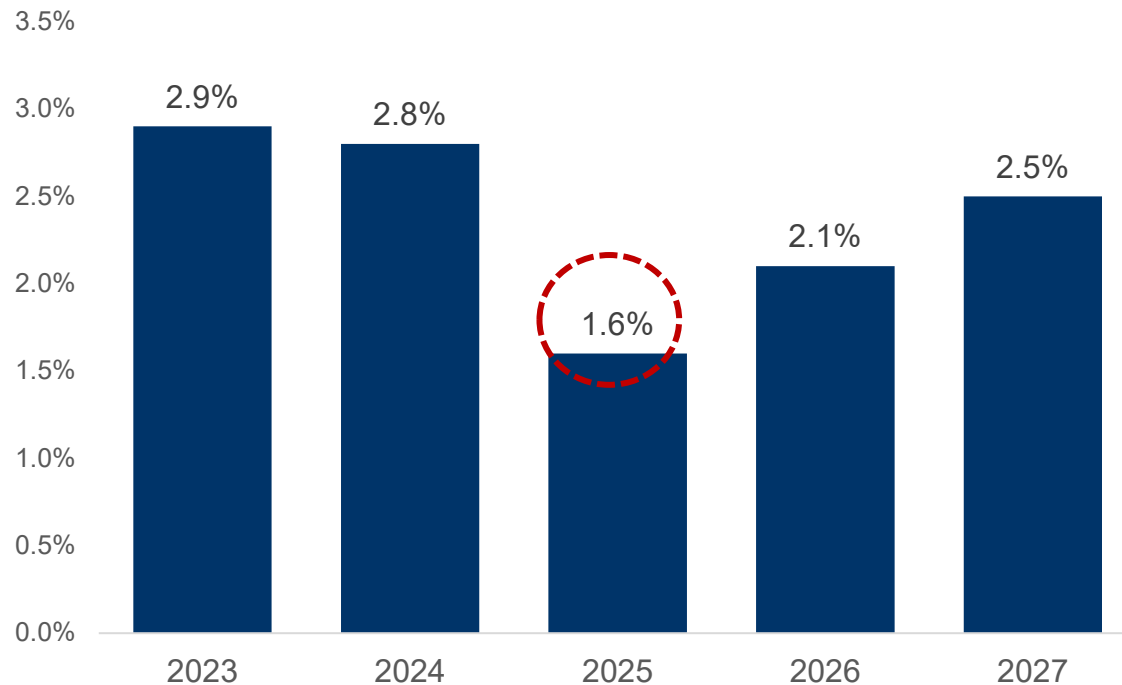
of

Source: Oxford Economics

# Economic growth will slow markedly in 2025

## US Real GDP

Annual growth



Source: Oxford Economics

## Unemployment will rise to 4.4% this year

The economy will improve next year, supported by tax cuts/extensions and the fading effects of tariffs on inflation.

~ 35% odds of recession in the next 12 months (compared to 15% normal odds)

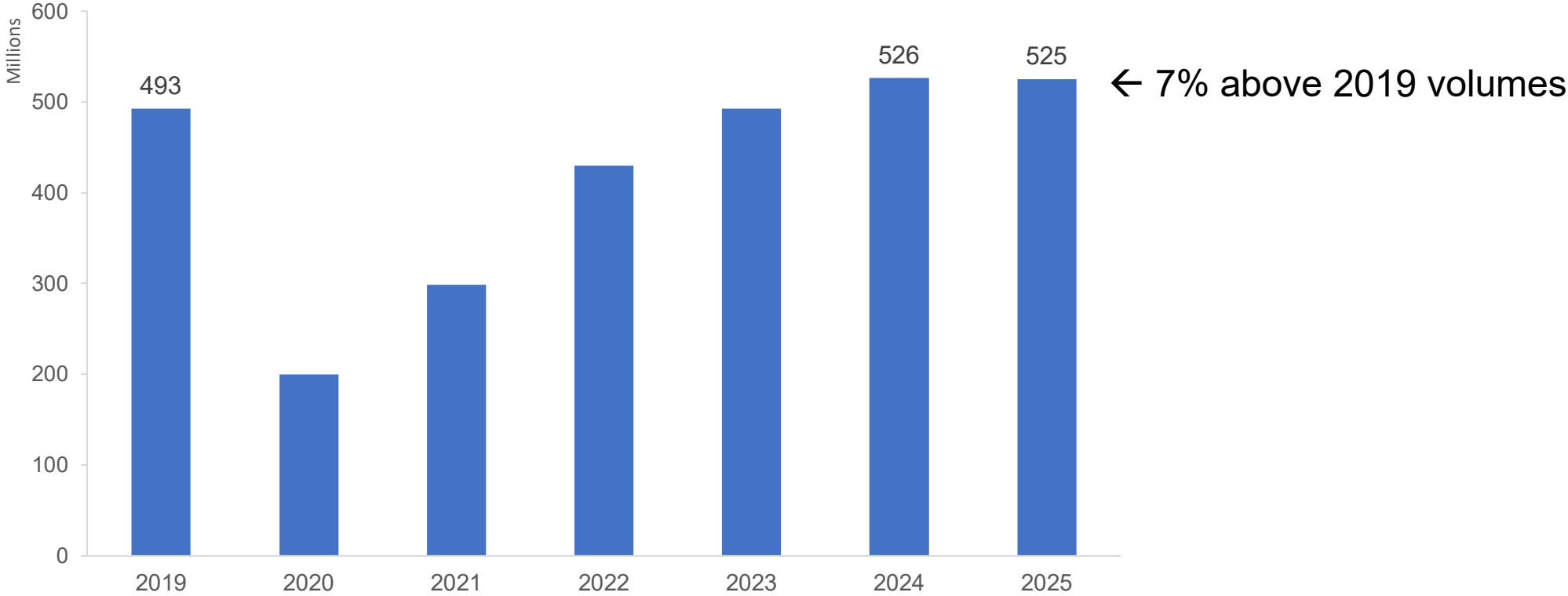
The economy is vulnerable and has little margin for error.

**I HATE TO BE THE BEAR OF BAD  
NEWS**



# Air travel is flat compared to last year

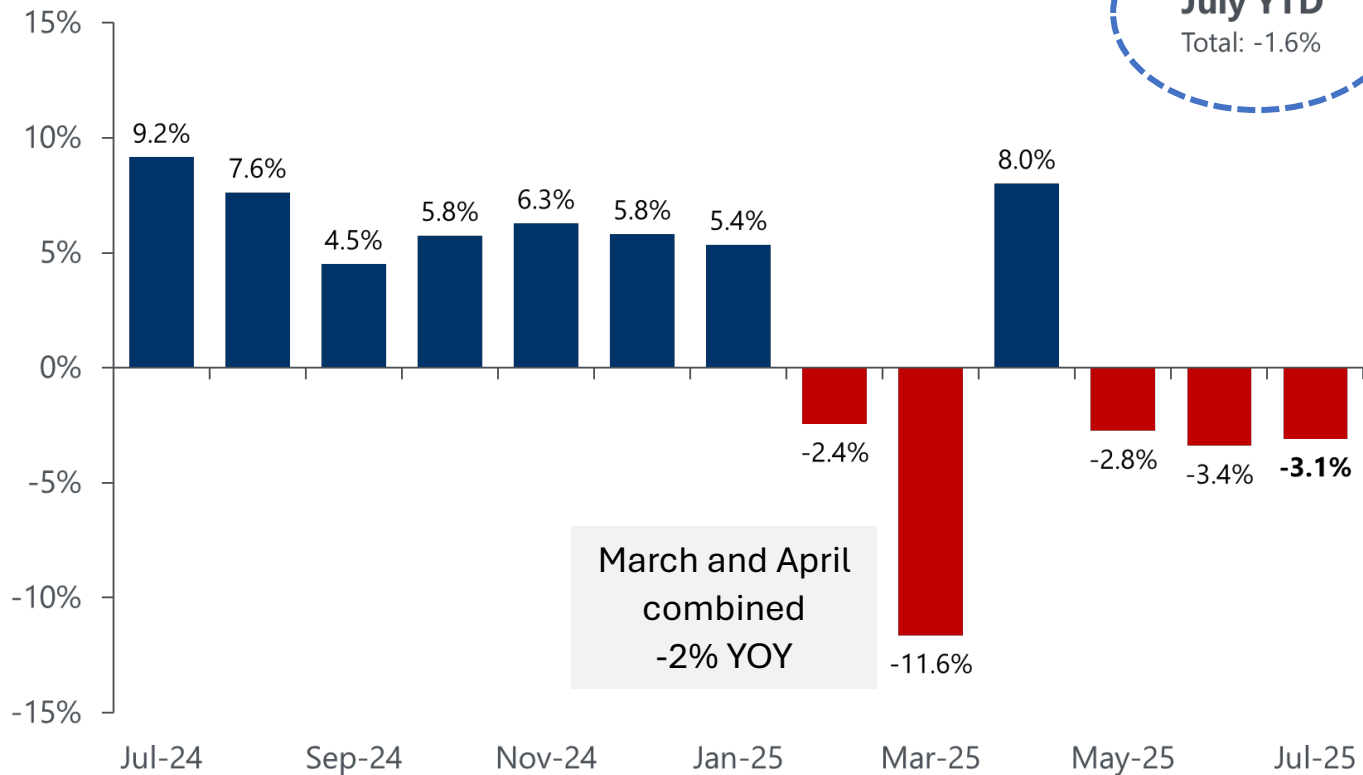
US Airport Volume  
Jan-July



Source: TSA

# Overseas markets continuing to decline

Overseas visitor arrivals to the US  
Year-over-year change



Source: National Travel and Tourism Office

# Not exactly rolling out the welcome mat

## DOUBLING ESTA FEE TO \$40 'A SELF-IMPOSED TARIFF', WARNS US TOURISM CHIEF

07 JUL 2025 BY JAMES CHAFFIN

 > News > UK & World > Travel

## UK holidaymakers face doubling of 'waiver' fee in new ESTA change

The price of an appl  
'about your travel p

CNBC TRAVEL

## Travelers to the U.S. must pay a new \$250 'visa integrity fee' — what to know

PUBLISHED FRI, JUL 18 2025-12:27 AM



Monica Pitrelli  
@IN/MONICAPITRELLI/  
@MONICAPITRELLI

GOVERNMENT AFFAIRS

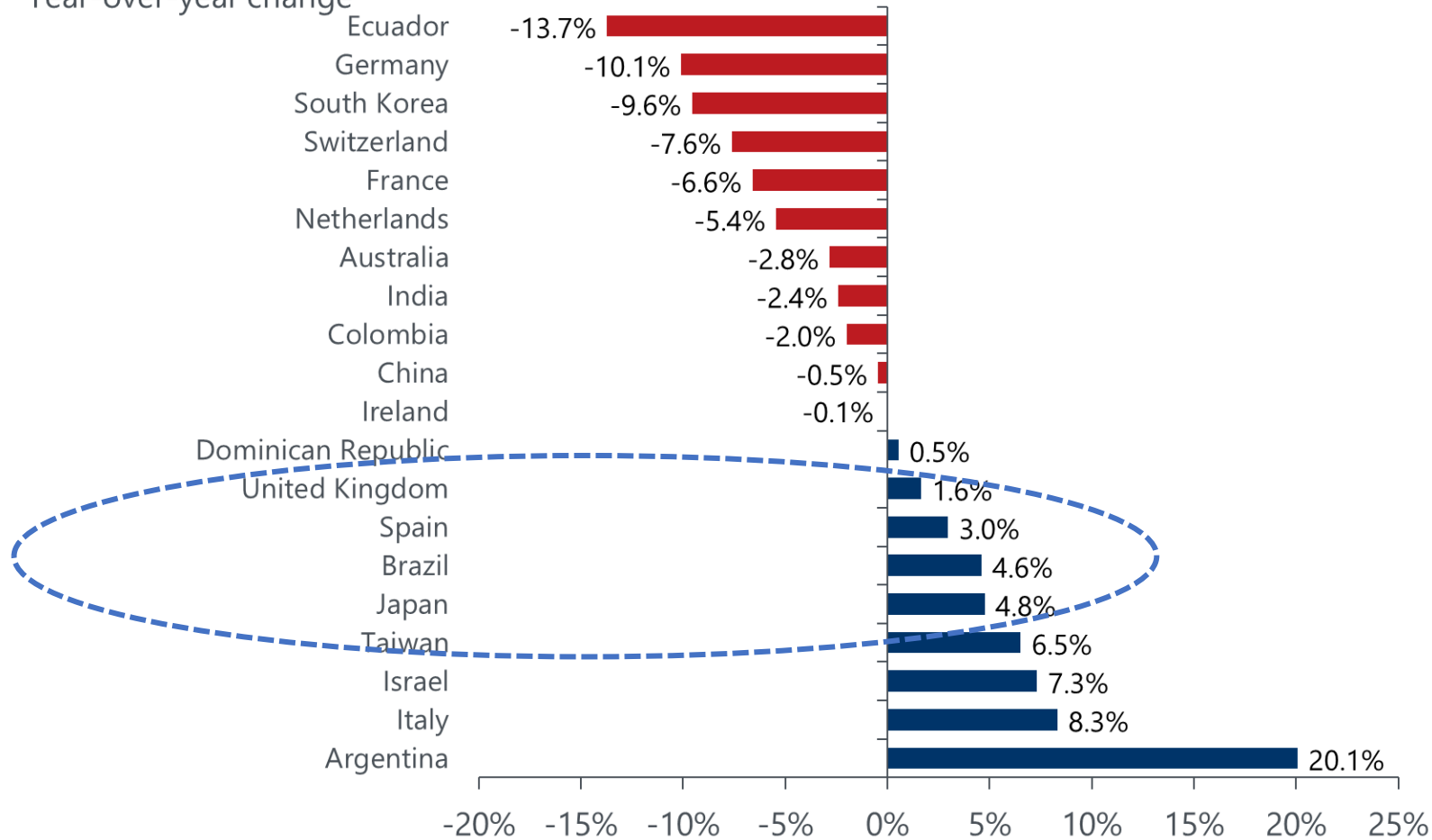
## Senate proposal to slash Brand USA's budget sparks industry concerns

By Johanna Jainchill   | Jun 09, 2025

# Disparate performance by market!

Overseas visitor arrivals to the US by top 20 markets (July 2025 YTD)

Year-over-year change



# Canada land travel continues to plummet



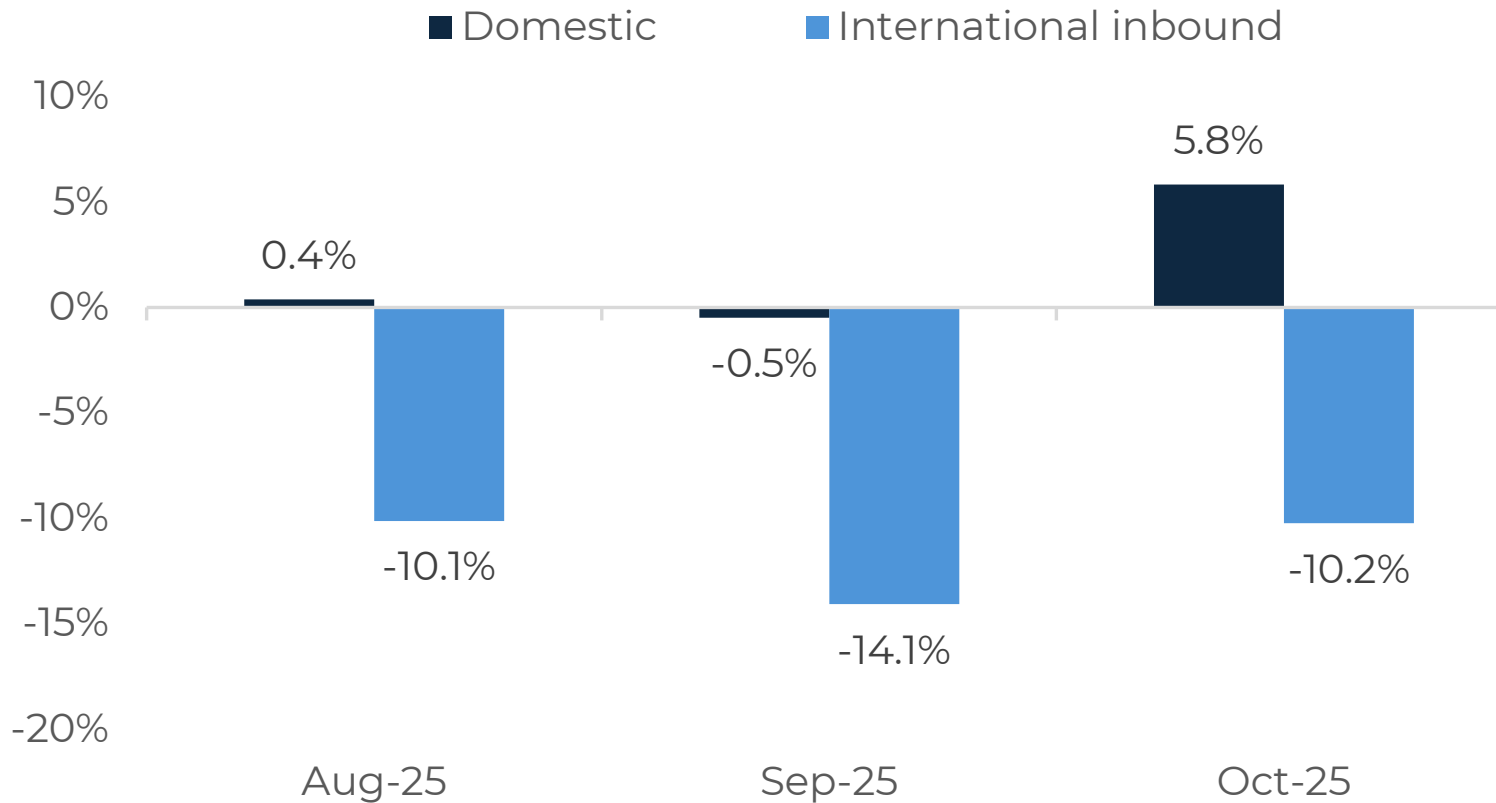
Note: Estimates show the year-over-year change in Canadian visits to the US.

June and July 2025 are based on leading indicator data measuring Canadian-resident US return trips.

# Forward bookings tell an interesting story

## US Air Travel Booking Pace

Year-over-year % change (as of July 2025)

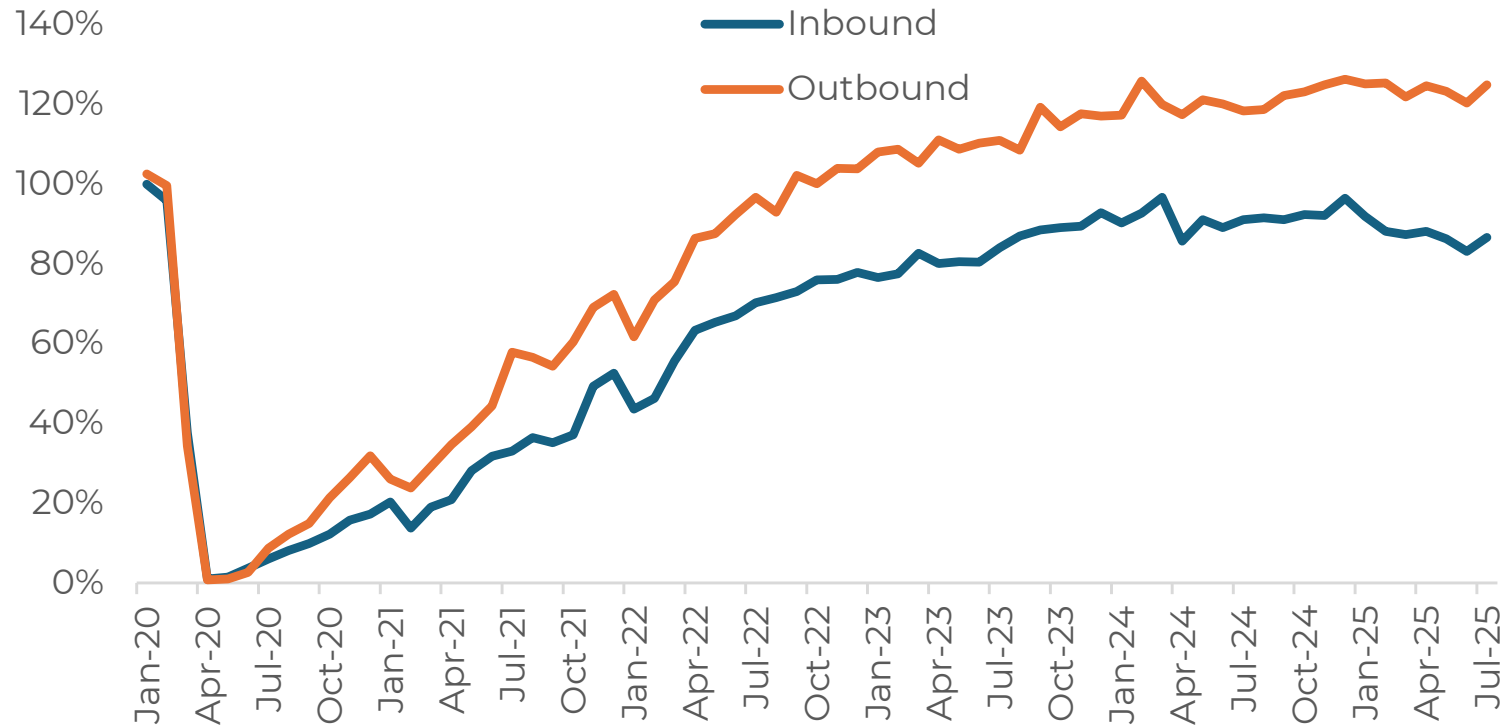


Source: OAG

# Outbound continues to outpace inbound

## US inbound and outbound air travel

Share of same month in 2019

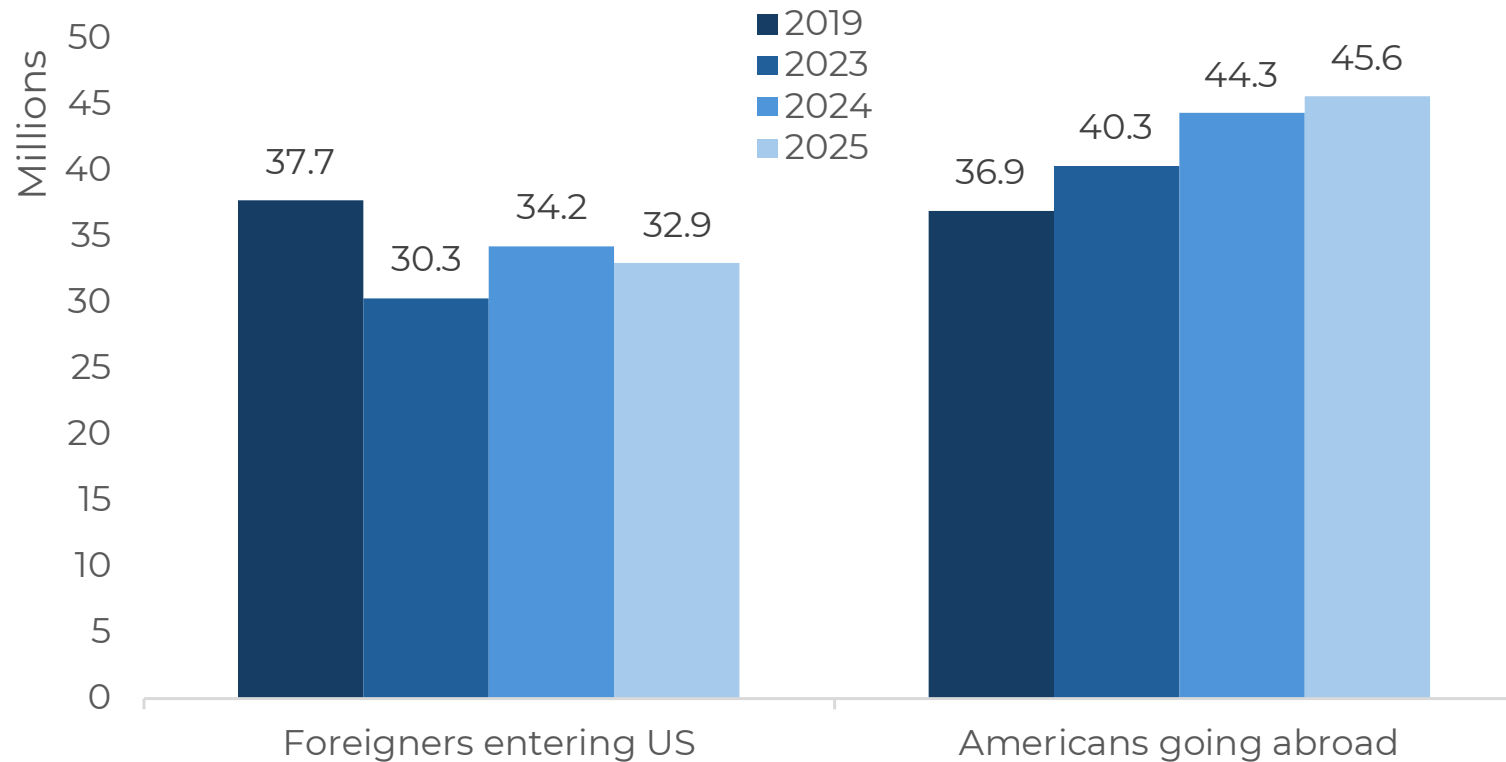


Source: APIS I-92

# ...representing a 13 million trip gap

## US inbound and outbound air travel (Jan-Jul YTD)

International passenger flows, in millions



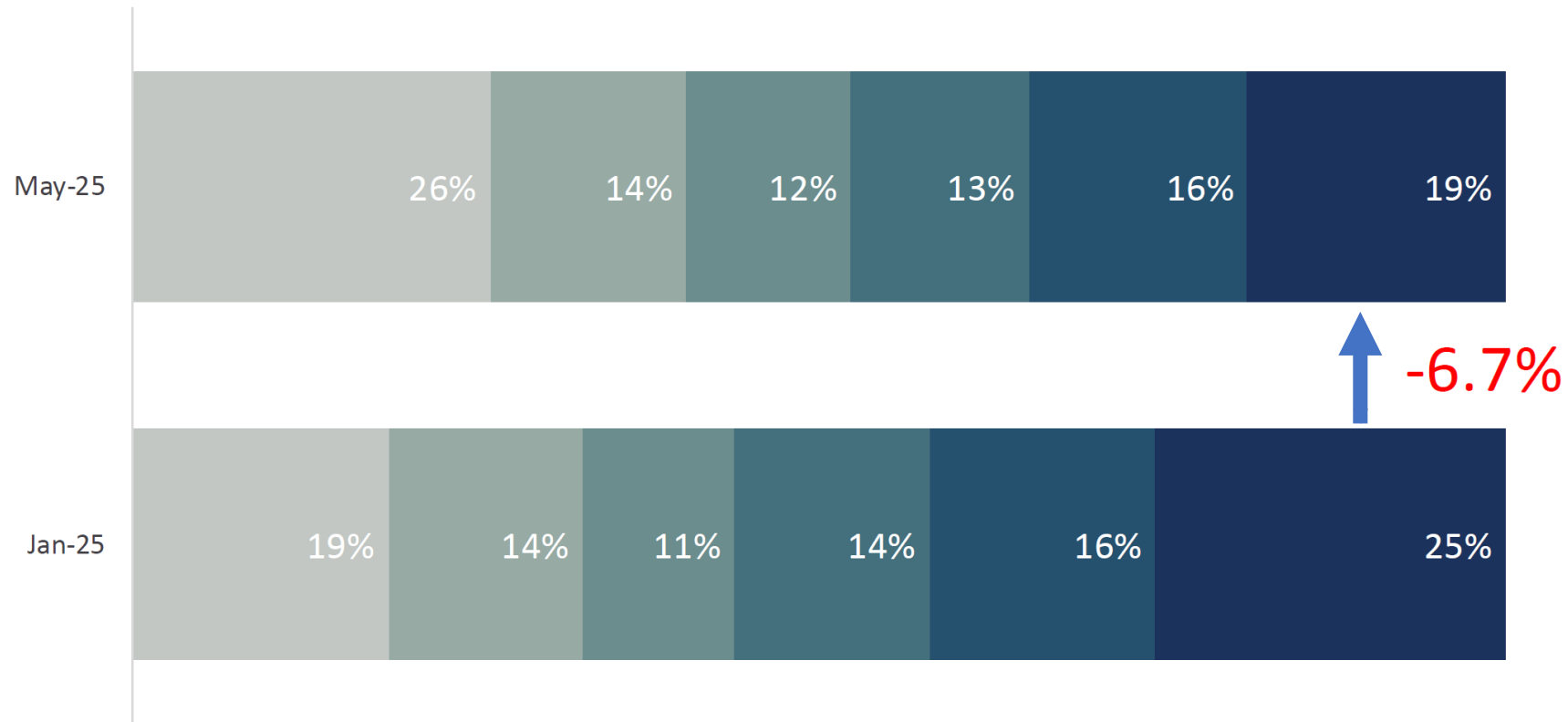
Source: APIS I-92



# Expected reductions in outbound travel will help

How likely are you to travel for an international leisure trip in the next 12 months?

■ Won't travel internationally ■ Very unlikely ■ Somewhat unlikely ■ Neither likely nor unlikely ■ Somewhat likely ■ Very likely



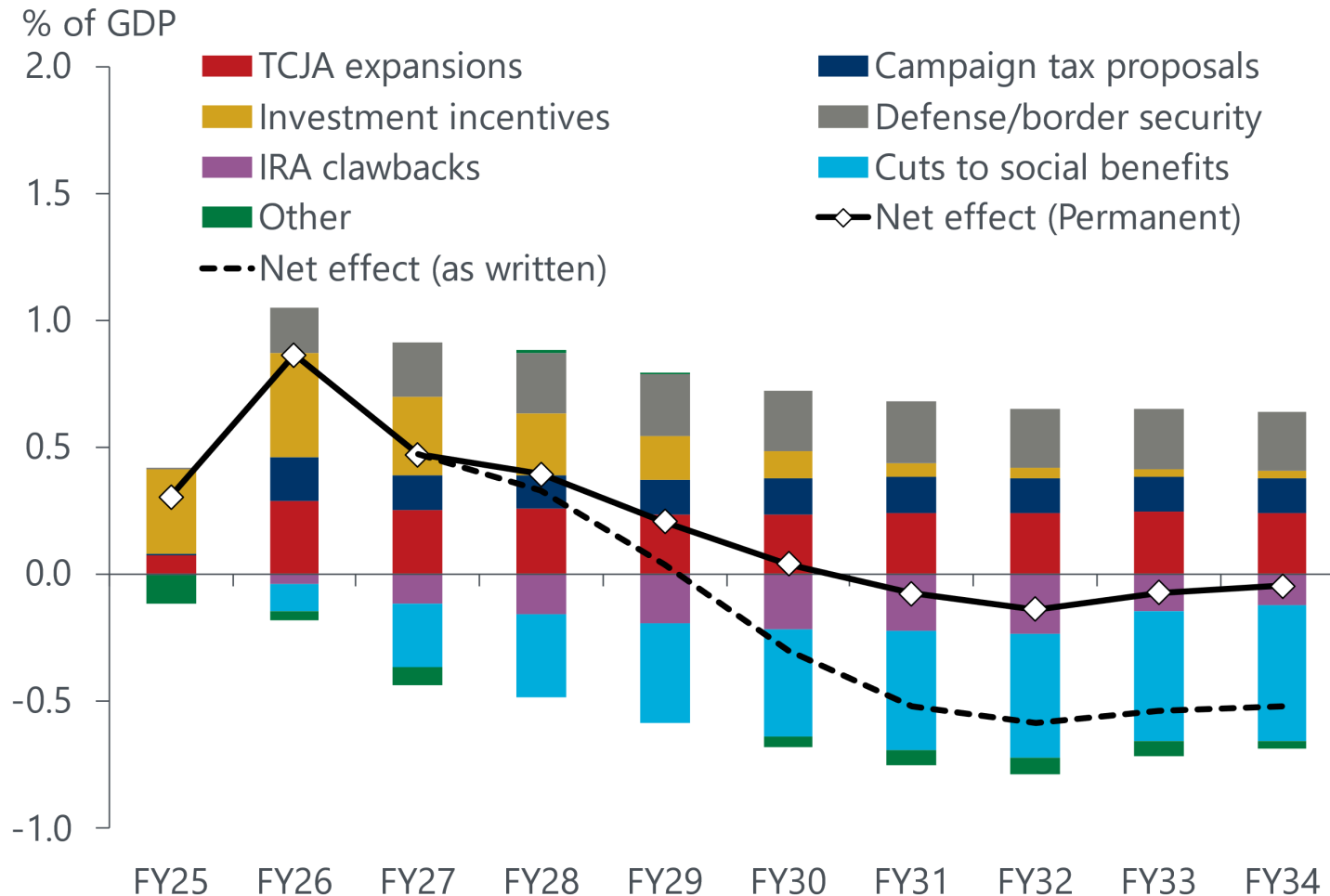
# Tempered optimism from airlines

“The market and most businesses have a much better read on how they'll manage in a narrower range of outcomes. And encouragingly, that higher level of certainty has translated into a meaningful inflection point in demand.” - **United (7-17-2025)**

“So this year, obviously, a really tough first half. We think we're going to get some nice tailwinds as we head on into the second half and expect expansion as we head into 2026.” - **American Airlines (7-24-2025)**

# Senate bill will boost growth next year

US: Fiscal effect of Senate OBBB versus current policy



## Positive fiscal stimulus

- tax cut extensions
- tax cuts on tips, overtime, and car loan interest
- more generous state and local tax deduction

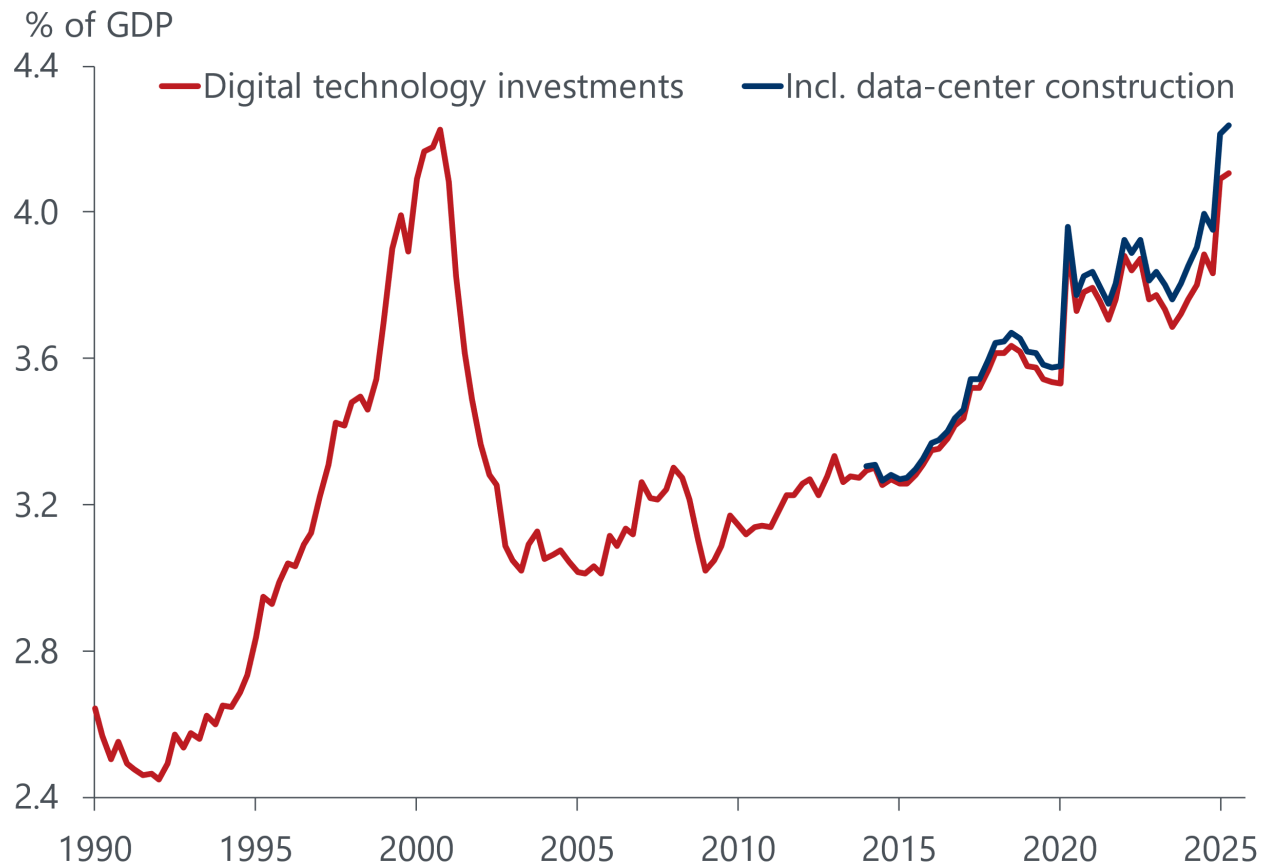
"For '26 to '28, we had messaged last time that, that group pace was in the higher single digits. That actually improved slightly from the last quarter.

So yes, we see groups continuing to book out into the future."

Host, July 31

# One area of investment is thriving

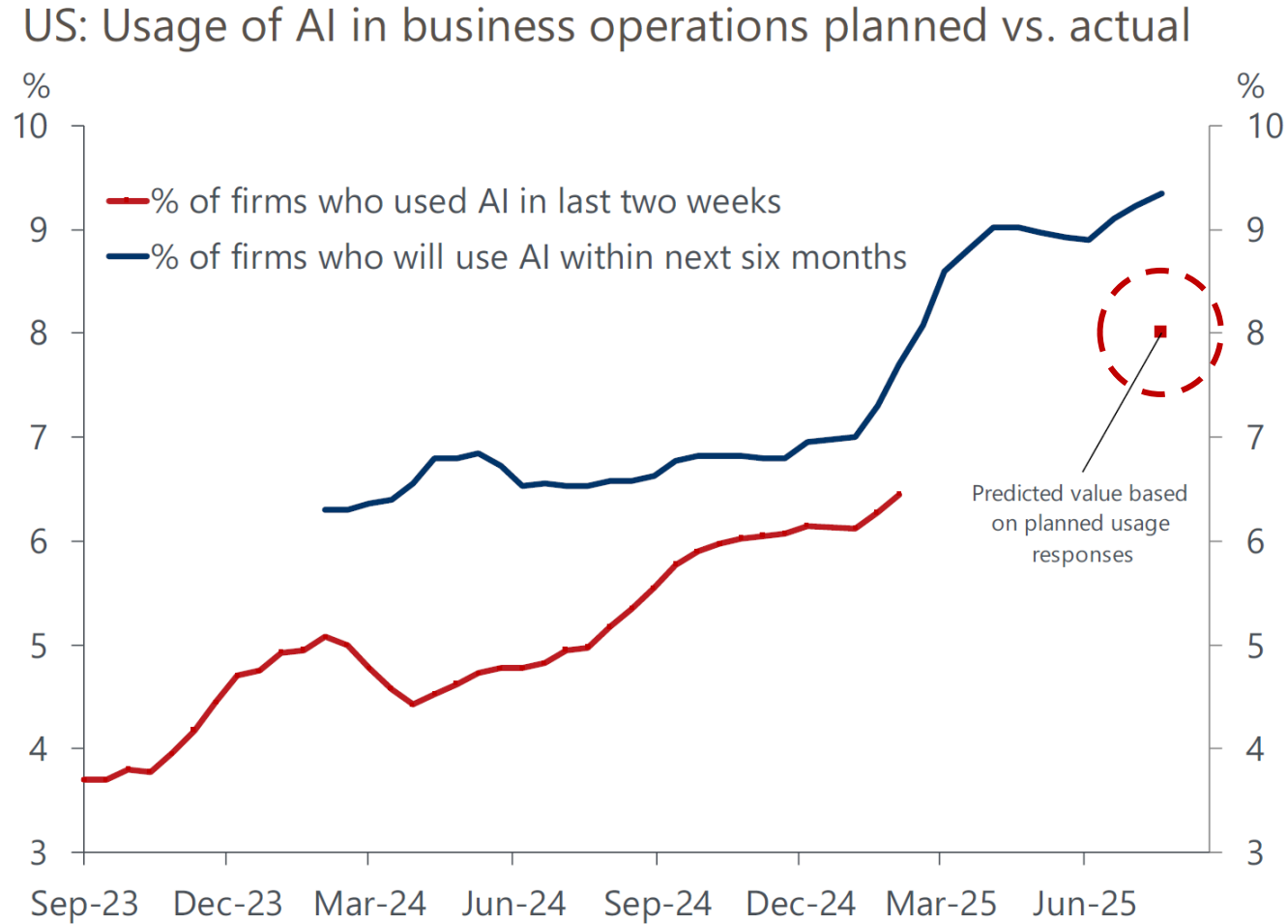
US: Business spending on the digital economy



“Fourth quarter RevPAR growth is anticipated to accelerate from the third quarter ... group revenues for the third quarter pacing down 2% and **pacing up 6% for the fourth quarter.**”

Marriott, Aug 5

# Usage rates of AI are rising briskly

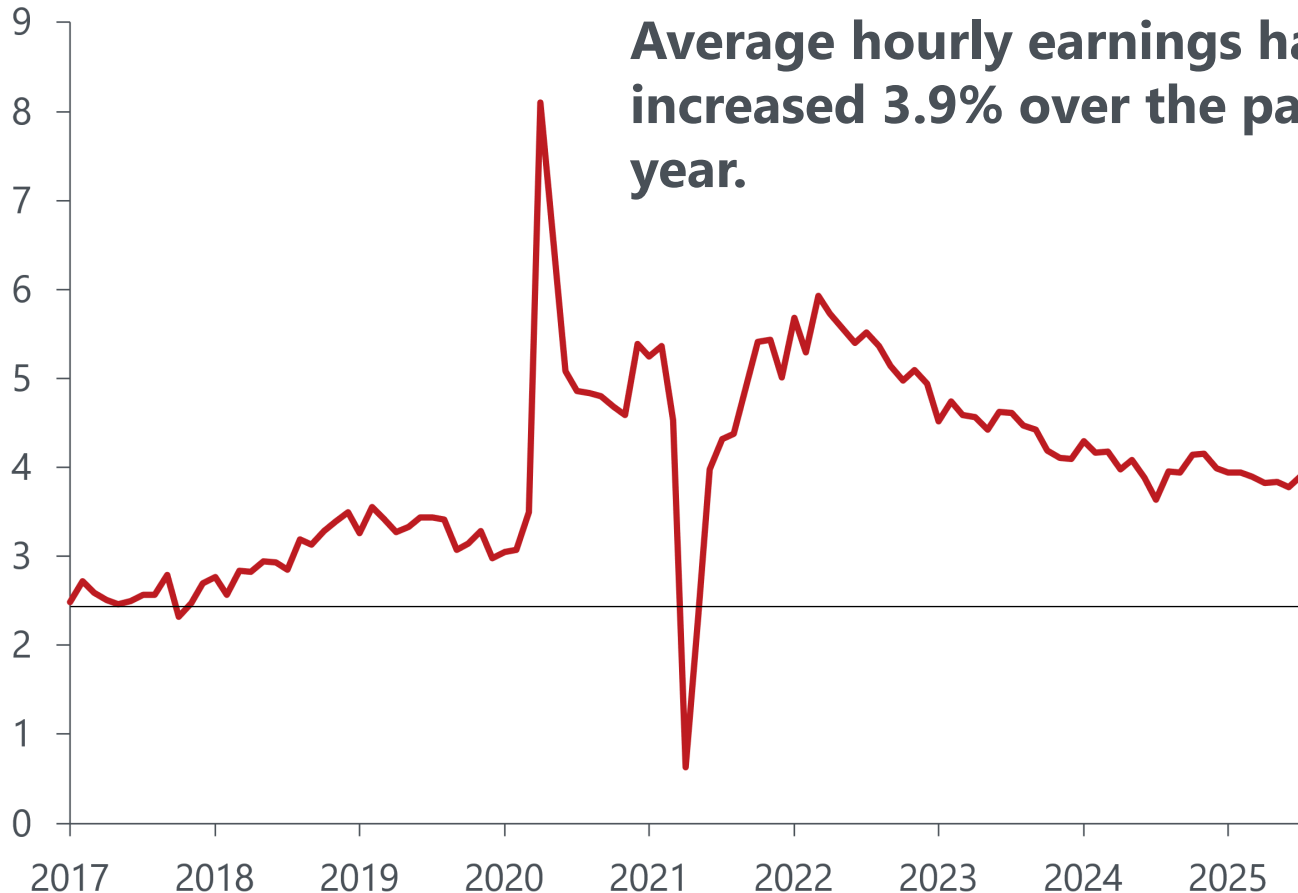


Source: Oxford Economics/Census BTOS

# Income still supports spending growth

US: Average hourly earnings

Y/Y % change



**Average hourly earnings have increased 3.9% over the past year.**

“Leisure transient has probably been the surprise outperformer for us. And again, I will point to the **luxury and certain parts of the premium segment**. ...This desire for experiences over goods continues and the underlying trends that we see are excellent.”

Marriott, Aug 5

← 2.7% CPI in July (over 12 months)

# Budget for domestic travel remains high

**Question:**

How much IN TOTAL is the maximum you will spend on leisure travel (including airfare, accommodations and all other trip related spending) during the NEXT 12 MONTHS?

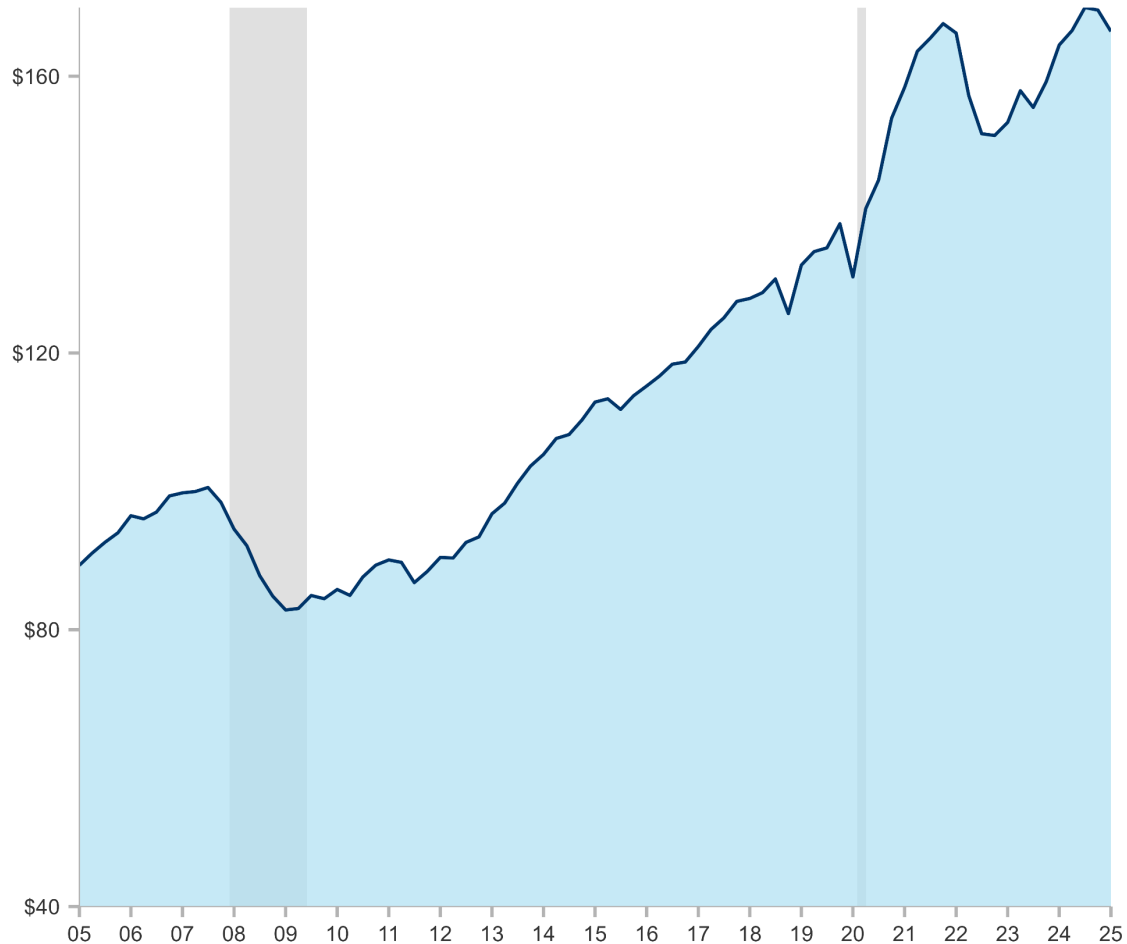
Maximum I would spend on leisure travel (next 12 months): \_\_\_\_\_



# Strong gains to household balance sheets

## Household net worth

In trillions, real



Note: 2024 dollars. Quarterly data through 2025Q1. Net worth of households and nonprofit organizations. Measures housing and financial assets, minus liabilities. Source: Federal Reserve, NBER

**"High-end resort properties continue to show resilience, no resistance to rate."**

Host, July 31

# Signs of leisure market acceleration

“As we look to Q3, we're encouraged by current demand trends, specifically the acceleration of nights booked from April through July.”

- Airbnb (08/06/2025)

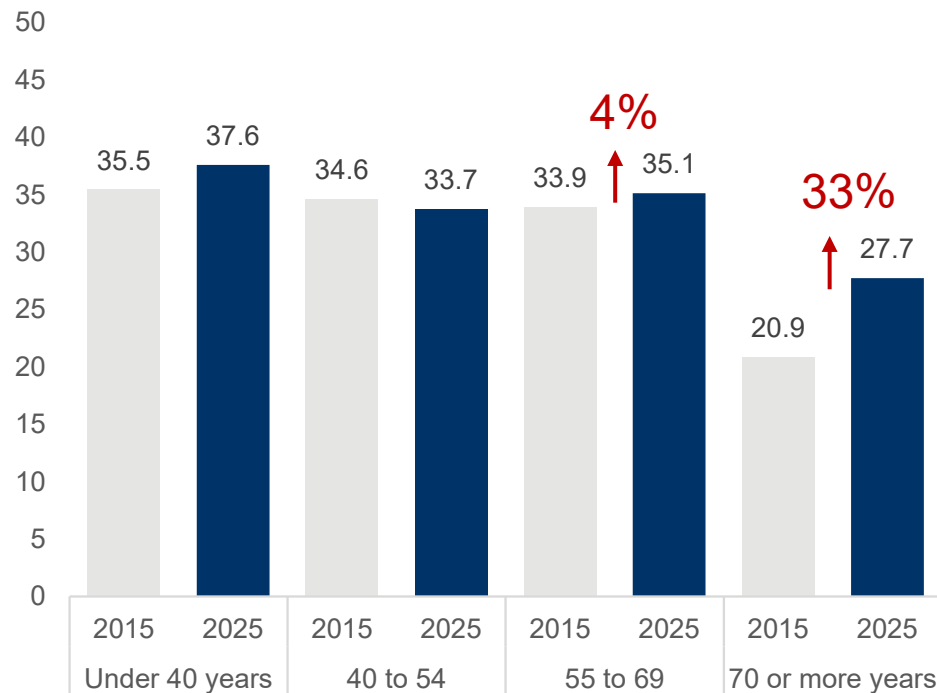
“Since the beginning of July, we've seen an uptick in overall travel demand, particularly in the U.S.”

- Expedia (08/07/2025)

# Older US households (55+) now have \$114 trillion

## Number of Households by Age Group

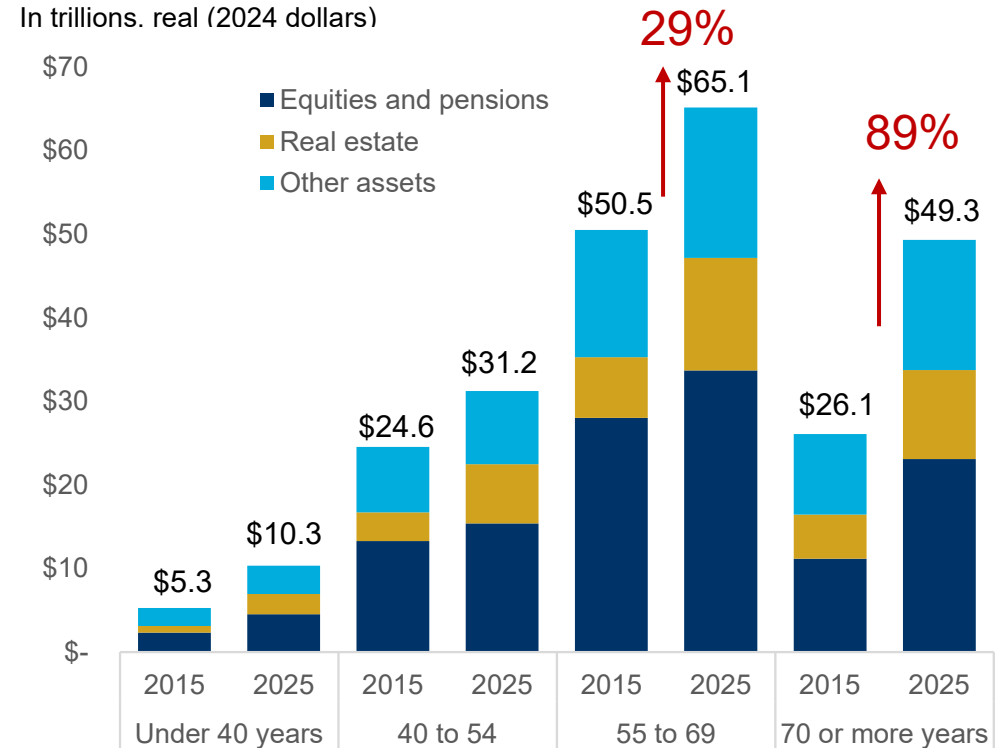
In millions of households



Source: Federal Reserve

## Household Net Worth by Age Group

In trillions, real (2024 dollars)



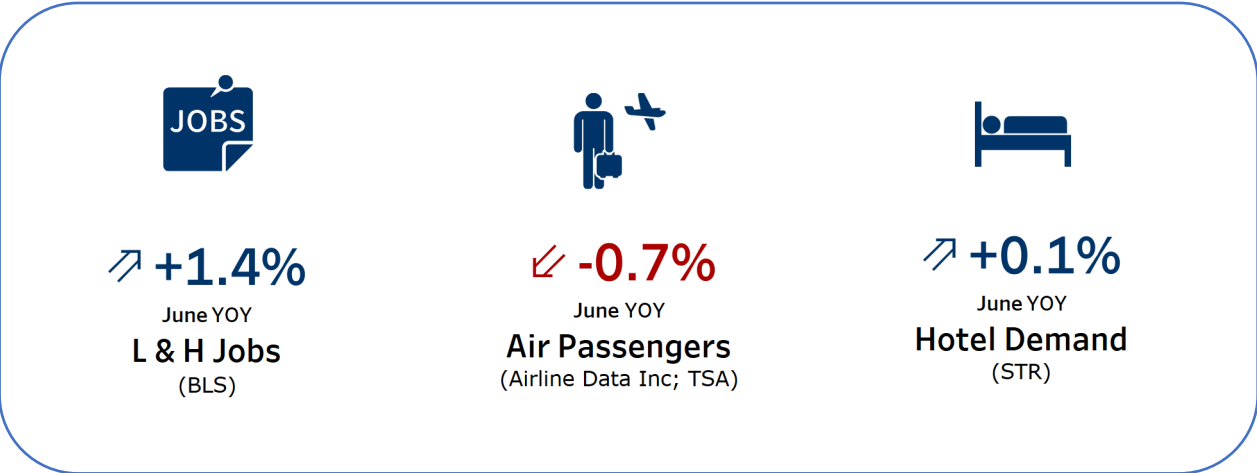
Note: Real estate is shown net of mortgages. Other assets include private businesses, consumer goods and other assets, net of other liabilities.

Source: Federal Reserve



**Let's talk Colorado  
and most importantly  
Denver**

# Colorado exceeded the national average in demand growth



Colorado Travel Indicators  
June 2025 YTD

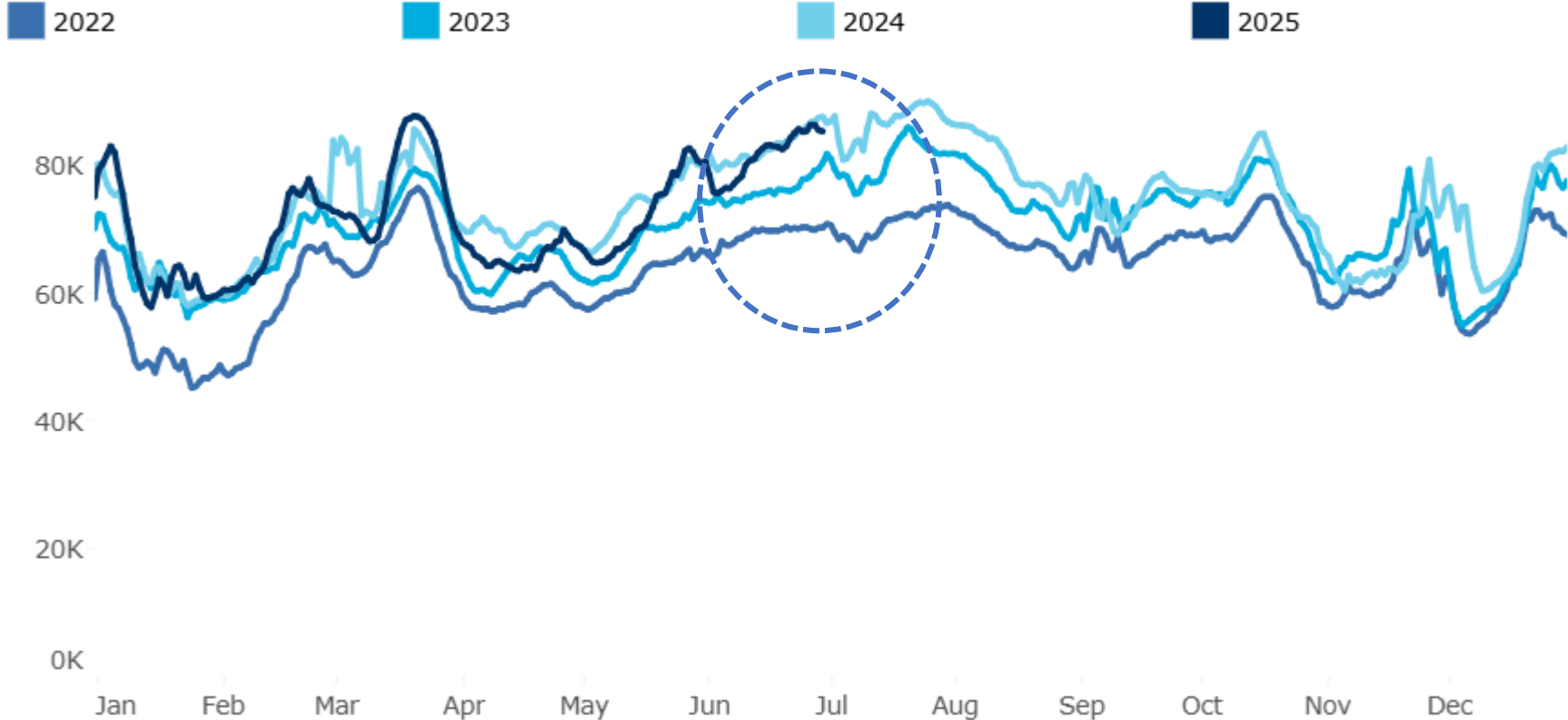


Source: Tourism Economics

# Colorado TSA throughput is trending with 2024

## Throughput: Colorado

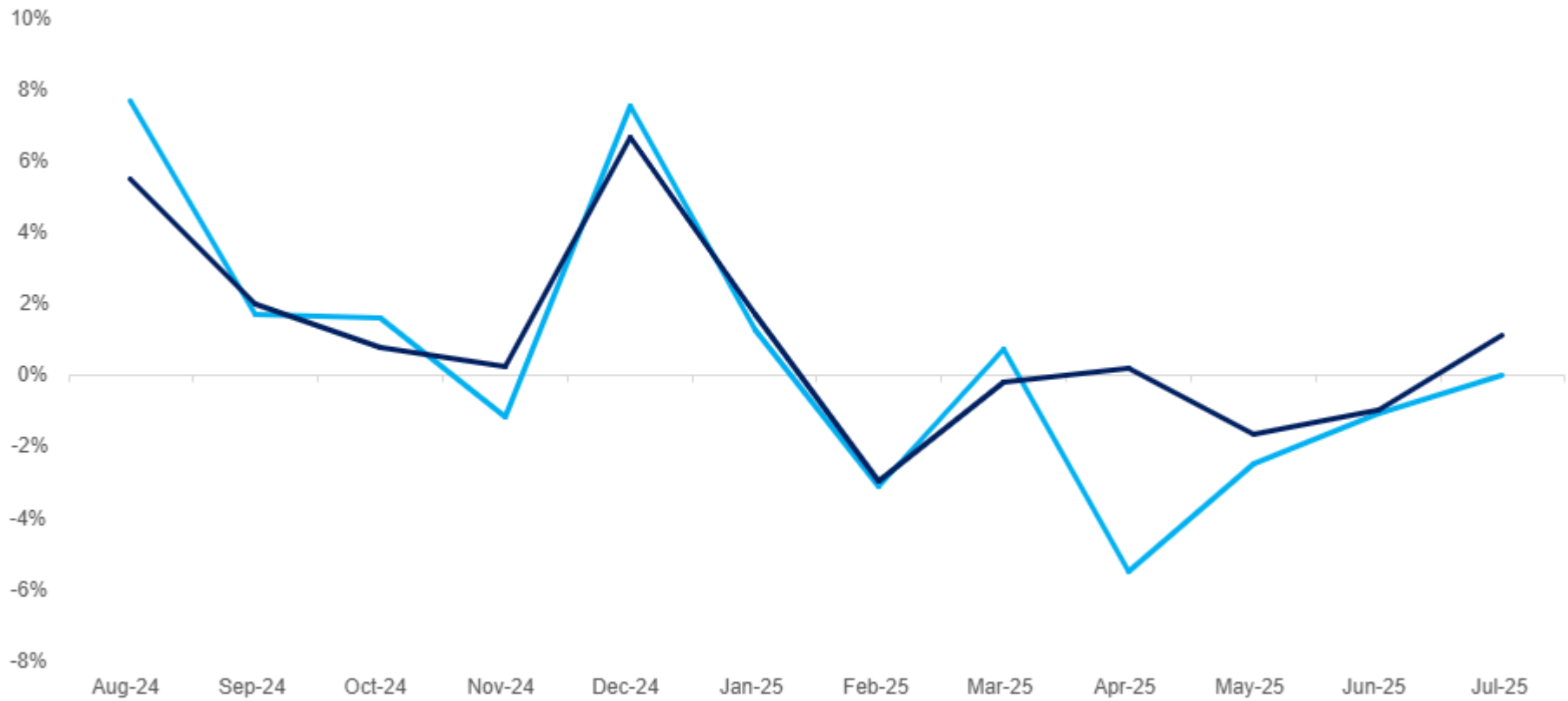
7 day moving average trend



Source: TSA

# While showing faster downturn than US trends recently

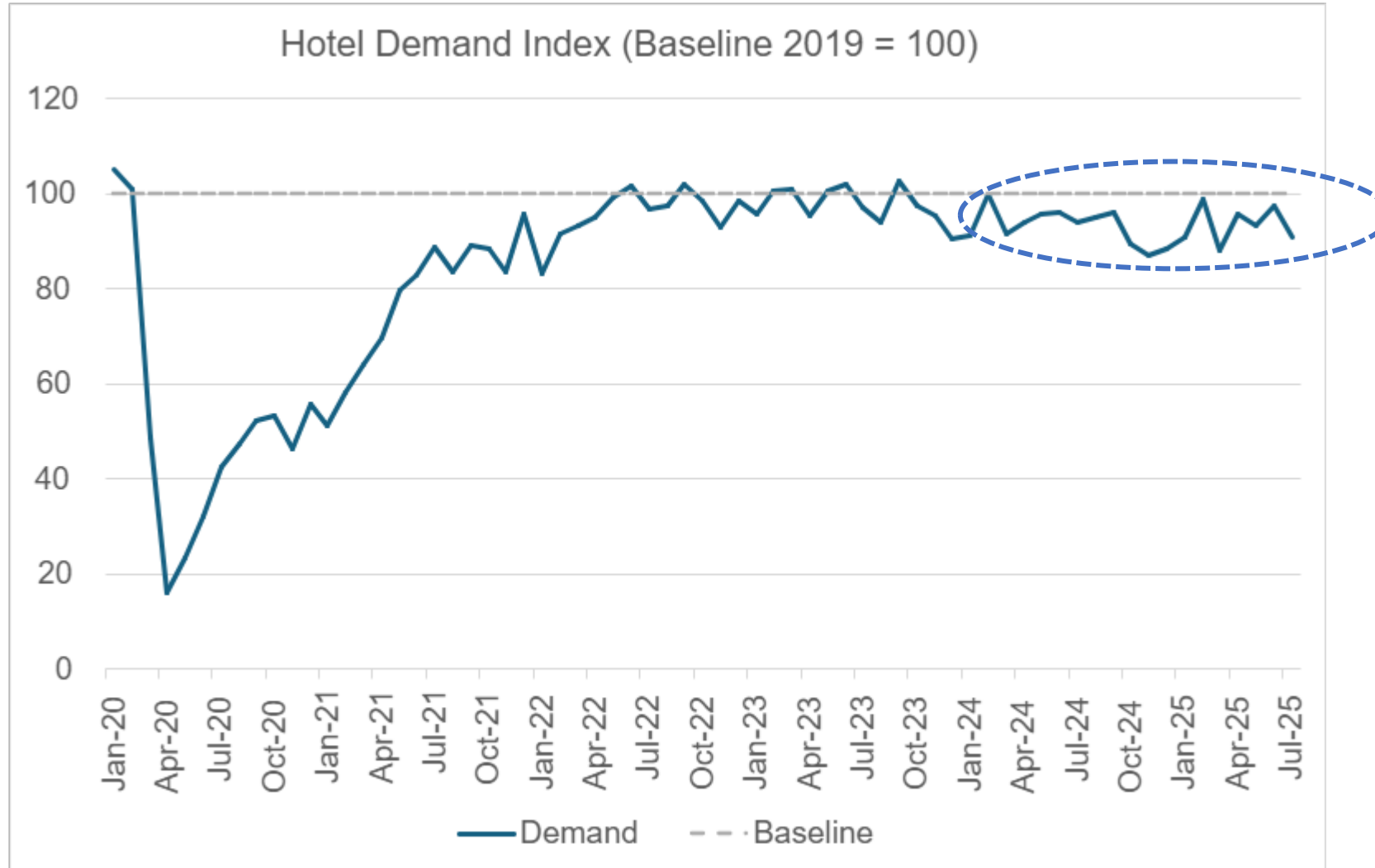
Airport TSA Throughput  
% Change vs. Previous Year



Source: TSA

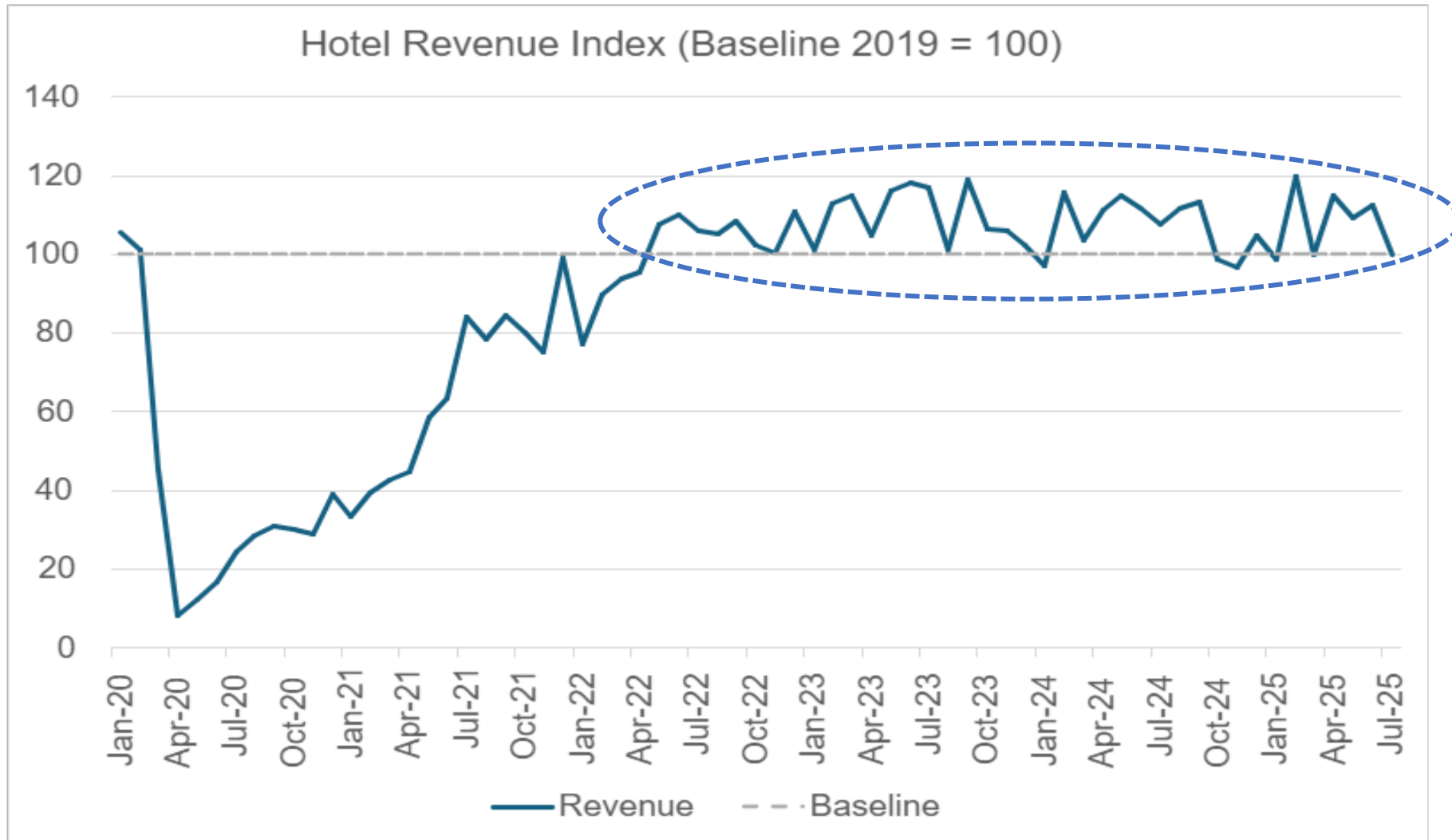
Colorado United States

# Denver demand is slowing behind 2019 levels



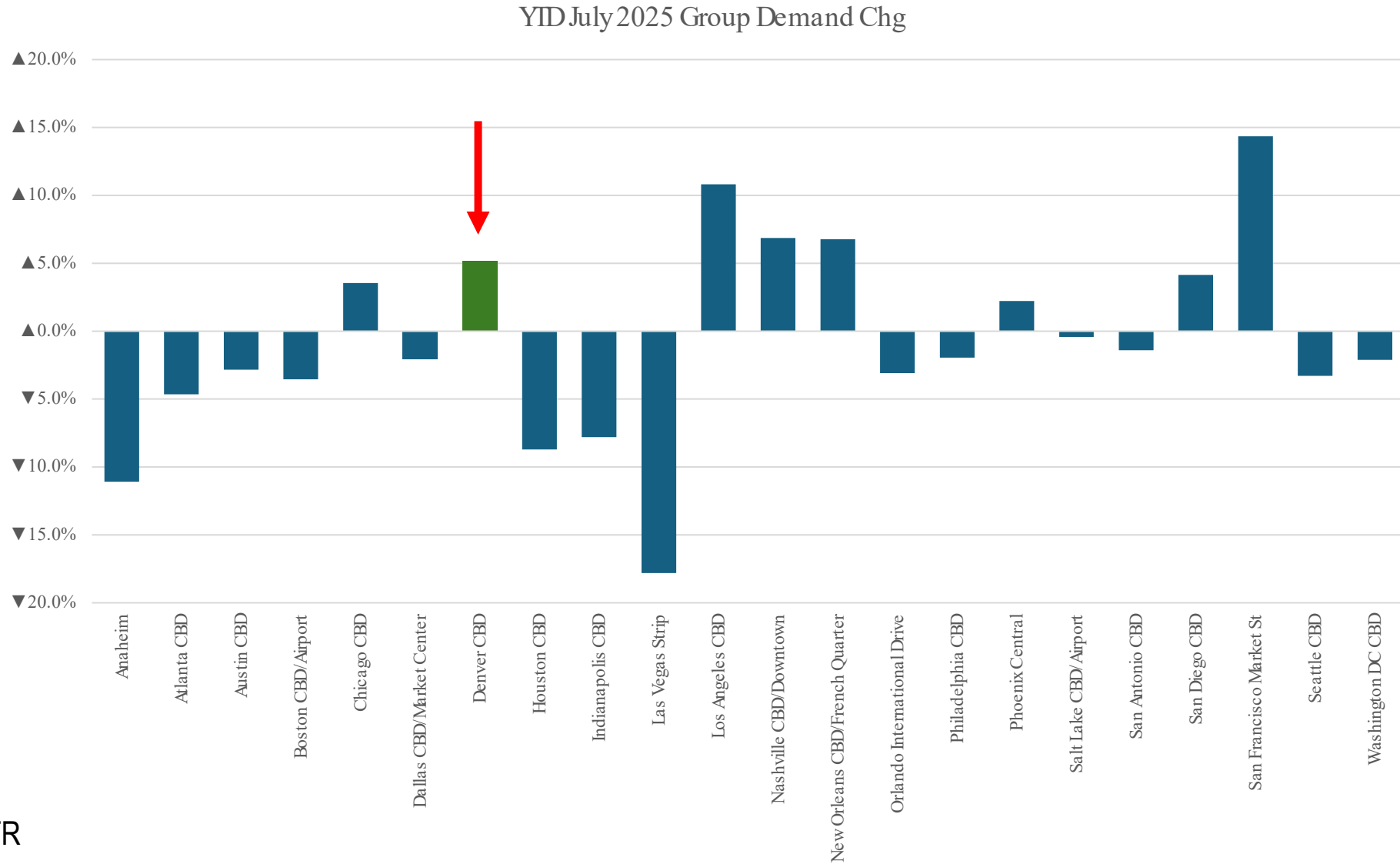
Source: STR

# Rates have helped drive revenues upward



Source: STR

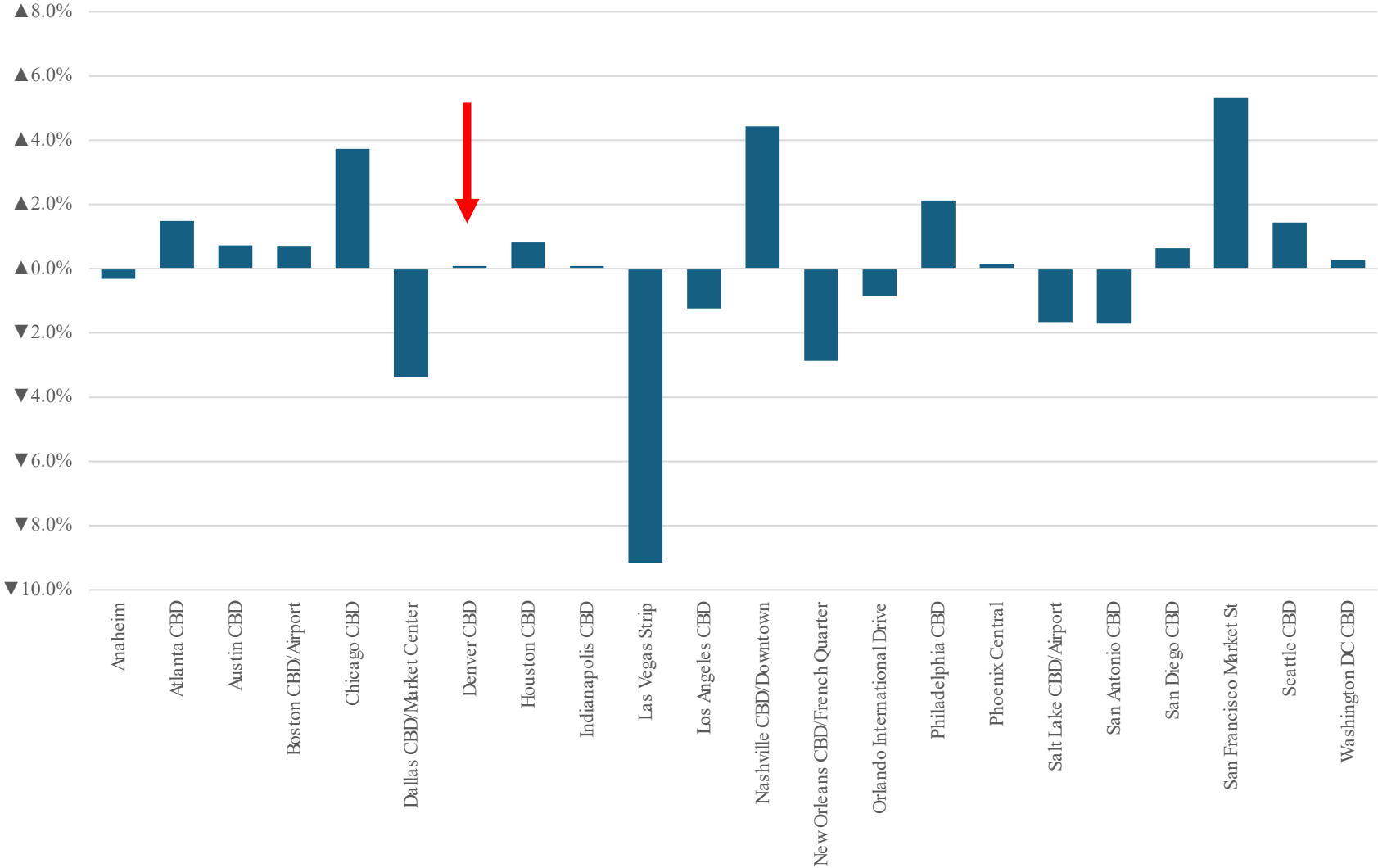
# Denver CBD is better than the US trends in **group demand**



Source: STR

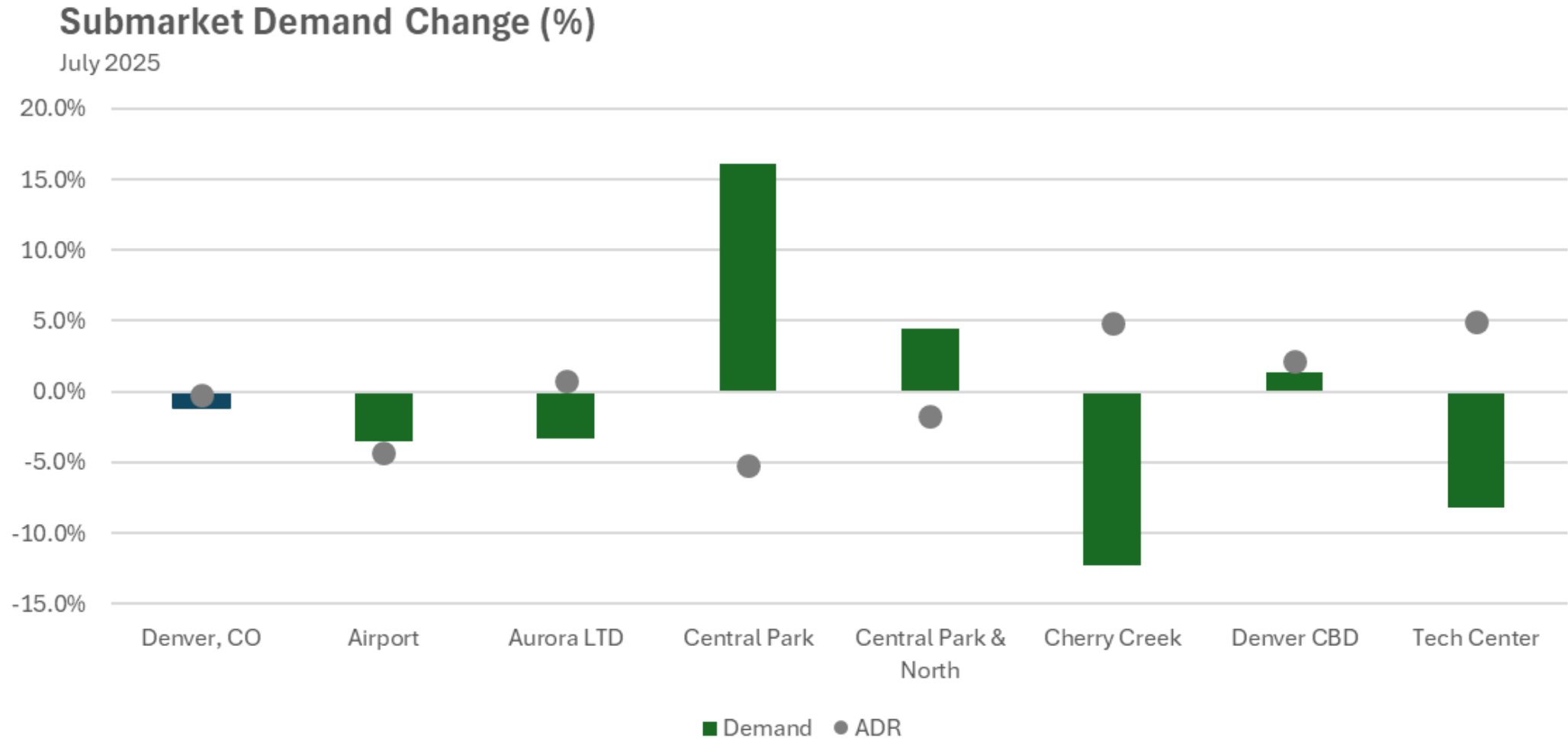
# Market demand is shifting in some competitive markets

YTD July 2025 Market Demand Chg



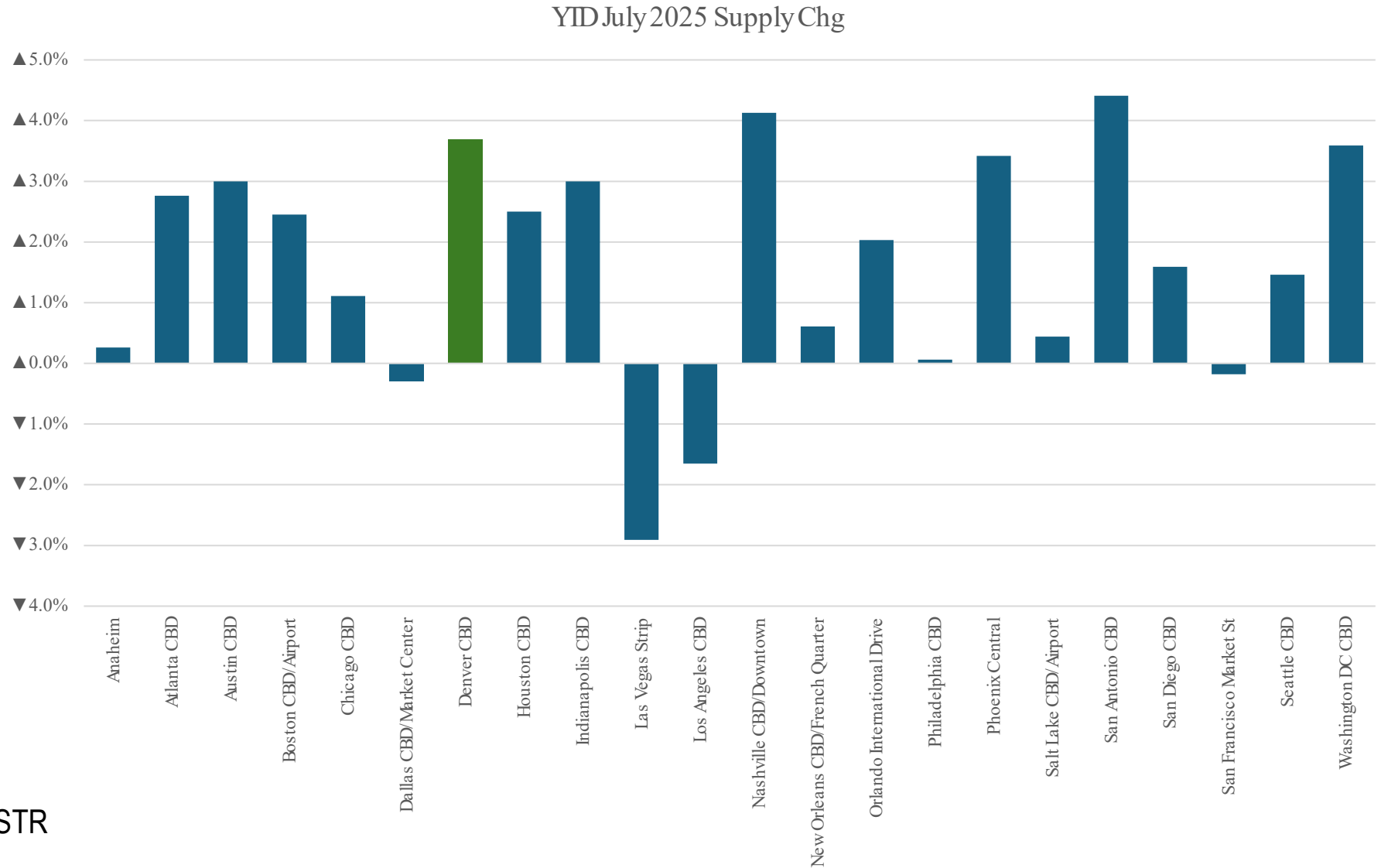
Source: STR

# The CBD & Central Park Submarkets holding the market up



Source: STR

# Denver CBD is one of the higher supply growth markets

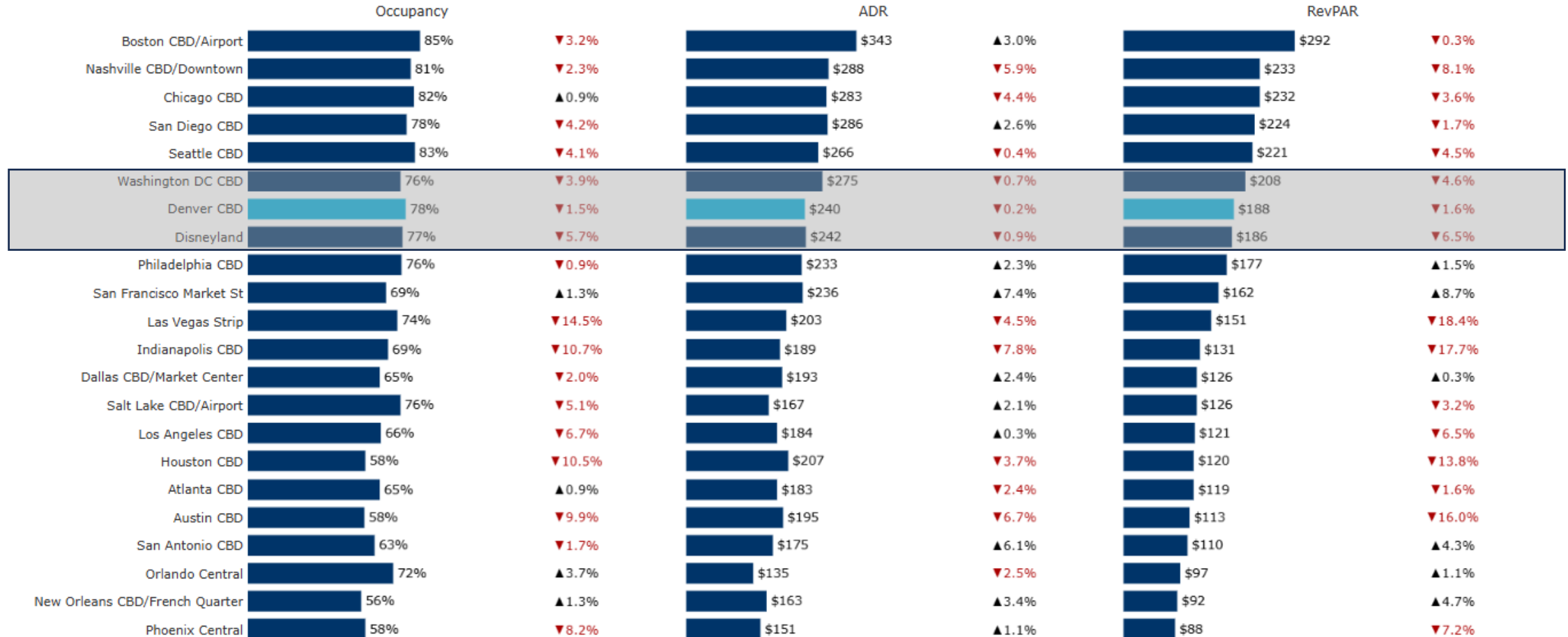


Source: STR

# Denver CBD is still ranking high in RevPAR

## Top 22 Markets Hotel Performance

June 2025 - Monthly | Segment: Total | Ranked by RevPAR



Source: STR

# As a short story

## **The near-term outlook is soft and risky**

- US economy is on a tight rope. Expect higher inflation, slower economic growth, weaker labor markets
- International markets will continue as a drag on performance

## **The outlook is more promising, if you look out a little farther**

- Domestic travel is resilient
- Higher income households will play an outsized role
- International imbalances will improve
- The economy is very likely to strengthen into 2026 and 2027

# **Travel is Resilient.... Denver is proving that!**

Chuck Davison

[Cdavison@oxfordeconomics.com](mailto:Cdavison@oxfordeconomics.com)