

TRAVEL FORECAST

Spring/Summer 2021

HIGHLIGHTS

The spring/summer 2021 forecast highlights the divergent paths of recovery among key travel sectors. This latest forecast presents a rosier picture of domestic leisure travel than both our spring 2020 and fall 2020 forecasts. On the other hand, it presents a bleaker picture of business travel than our earlier forecast, and a still-gloomy picture of international inbound travel.

The forecast projects the following:

- **Domestic Leisure Travel:** This segment, which typically accounts for more than 60% of total travel spending, has already nearly recovered: Domestic leisure travel spending is estimated to have reached 92% of 2019 levels in Q2 of this year. The latest forecast projects that it will be 99% recovered (relative to 2019 levels) next year and 102% in 2023.
- **Domestic Business Travel:** Business travel spending is still lagging far behind leisure and is expected to reach just 43% of 2019 levels in 2021 and 71% of 2019 levels in 2022 before fully recovering in 2024.
 - Both transient (general business) and group (conferences/conventions/trade shows) domestic business travel are expected to fully recover in 2024, but group travel will follow an initially slower path to get there.
 - While transient business travel spending is projected to reach 79% of 2019 levels in 2022 and 95% in 2023, group travel spending is projected to reach just 61% of 2019 levels in 2022 and 76% in 2023, before catching up faster in 2024.
- **International Inbound Travel:** Like domestic business travel, international inbound travel is not expected to fully recover until 2024; it is projected to reach just 67% of 2019 levels in 2022 and 87% in 2023. International leisure travel is expected to recover slightly faster than international business travel.

While nearly every sector of the economy has suffered as a result of the COVID-19 pandemic, travel has suffered disproportionately and is expected to continue to endure unprecedented losses.

The Macro Economy

The U.S. Economy

After experiencing its longest economic expansion on record—128 consecutive months from June 2009 through February 2020—the COVID-19 pandemic brought the U.S. economy to a sudden halt and the U.S. experienced its first economic recession in more than a decade. Real GDP contracted by 10.1% peak-to-trough in the early months of the pandemic—significantly worse than the global financial crisis in 2008-09 (-4%), though not nearly as severe as the Great Depression of 1929 (-33%).

With significant (and historic) stimulus packages offered at the onset of the crisis, the debt-to-GDP ratio in 2020 (more than 120%) rose to levels not seen since World War II. While the entire economy has been affected, the Leisure & Hospitality (L&H) sector has been the epicenter of the economic fallout.

The recovery of the overall economy—with the notable exception of L&H—came faster than expected. While the sudden onset of recession caused by the pandemic saw a dramatic, near-20% plunge in business investment and consumer spending activity in March and April 2020, both experienced a faster-than-expected rebound in later months. In 2020 overall, the economy contracted by “only” 3.5%, which is significantly better than the 7% drop in real GDP that was projected in June 2020 or even the 4.2% decline that was projected last summer. Nevertheless, this was still the largest reduction in GDP in the past 70 years.

After a relatively strong performance in the latter months of 2020, improving health conditions and rapid vaccinations further bolstered the U.S. economy in early 2021. While real GDP remained 0.9% below its pre-pandemic level in Q1, it has now largely recouped all of its recession output loss.

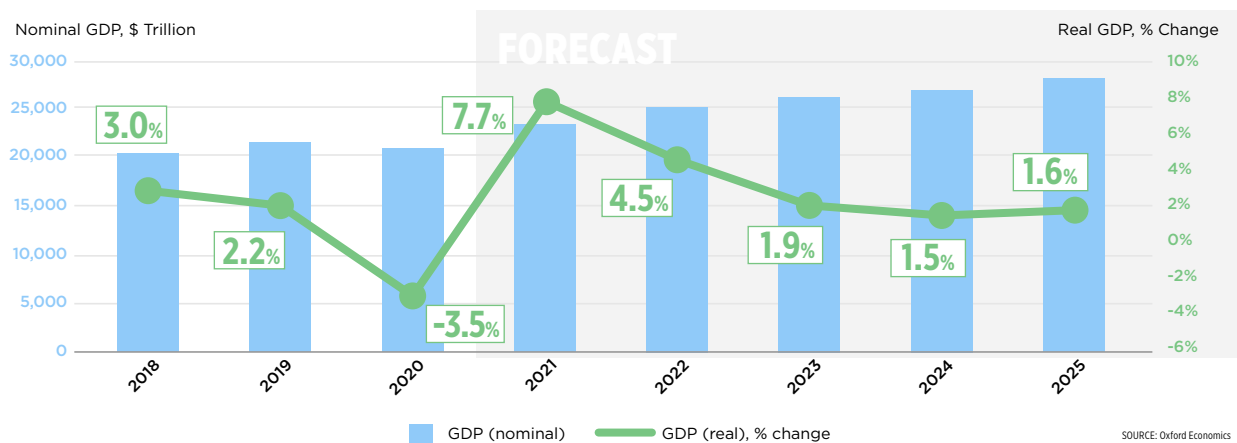
Forecast: The strong consumer showing at the end of Q1 sets the tone for a summer boom.

As health conditions improve and the economy reopens, generous fiscal stimulus, rebounding employment and rising optimism will continue to unleash pent-up demand. Real consumption is expected to grow by 9.5% this year—the strongest growth since 1946—and real business investment is expected to grow by 8.1%. Rising business investment, rebounding global demand and fiscal stimulus will all continue to drive healthy business activity as the recovery gathers steam.

Following a 10.1% peak-to-trough GDP contraction and a 3.5% overall GDP contraction in 2020, the economy is expected to recoup all of its losses this year and real GDP is projected to grow by 7.7% in 2021 and 4.5% in 2022, according to Oxford Economics (Figure 1).

This is significantly better than Oxford's projection this past fall of GDP growth of 3.7% in 2021 and 2.8% in 2022.

FIGURE 1 – U.S. GDP



The U.S. Labor Market

Overall Labor Market

After reaching a 50-year low at the end of 2019 (3.5%), the U.S. unemployment rate has climbed steeply this year, reaching 14.8% in April and 13.3% in May. The pandemic and the resulting mass closures of many sectors of the economy resulted in the highest unemployment rate since the Great Depression in 1933. The loss of jobs was severe both in its scope and its speed. During the financial crisis of 2008-09, nine million jobs were lost over a period of two years. During the COVID-19 pandemic, 22 million jobs were lost in just two months.

The unemployment situation has gradually improved since its April 2020 peak and reached just 6.7% by the end of 2020. The overall unemployment rate in 2020 was 8.1%, slightly better than the 8.3% anticipated in the fall.

The unemployment rate continued to decline in 2021, hitting 5.8% in May.

Leisure & Hospitality

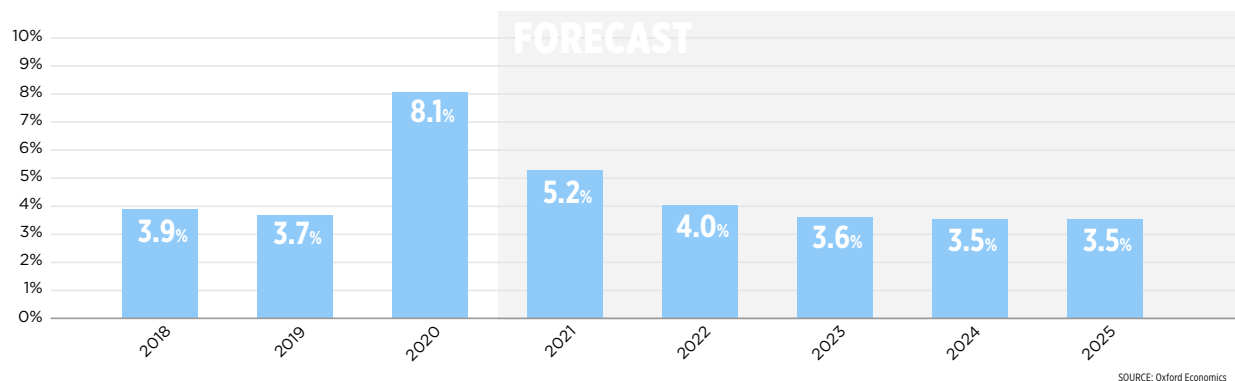
The travel-dependent Leisure & Hospitality (L&H) industry suffered significantly more than the overall economy, and job losses for the industry far exceeded overall losses. L&H unemployment reached a staggering 39.3% in April 2020. It has declined slowly through the rest of 2020 and ended the year at 16.7% (significantly higher than the 6.7% for overall unemployment). It has improved through the first months of 2021 and fell to 10.1% in May. While this is considerably better than earlier months, it is still stubbornly high.

Even after months of improvement, L&H remained 15% below its pre-pandemic employment level in May—four percentage points more than the next most hard-hit industry—while many other industries have fully recovered.

Forecast: With an expected hiring spree this summer, the unemployment rate is projected to fall to just 4.4% by year-end. While marking significant progress from the lows experienced during the pandemic, the labor market is not anticipated to recover to its pre-recession level until mid-2022.

Nevertheless, the economic recovery is progressing faster than previously expected and the unemployment rate is now projected to fall to 5.2%, on average, in 2021 and 4.0% in 2022. This is markedly better than the fall forecast of a 6.7% unemployment rate in 2021 and 5.5% in 2022 (Figure 2).

FIGURE 2 – UNEMPLOYMENT RATE



U.S. Inflation

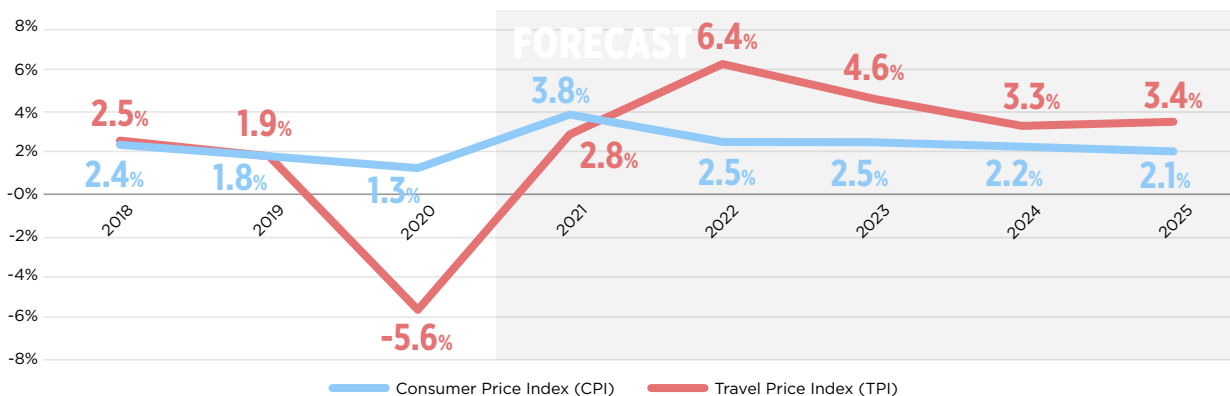
Overall U.S. inflation—as measured by the Consumer Price Index (CPI)—remained fairly flat, despite rising food costs, through the earlier months of the pandemic and throughout 2020. However, the CPI has risen rapidly in recent months. May 2021 registered the fastest core CPI inflation pace since May 1992. The latest NFIB survey showed that the share of firms raising prices surged to a four-decade high.

The Travel Price Index (TPI), on the other hand, which had similar growth as the CPI in 2019 (1.9%), performed markedly different in 2020. While the CPI grew by 1.2%, the TPI *declined* by 5.6%.

Strong declines occurred in all TPI components except Food Away from Home (+3.4%). Prices in Public Transportation (including airfare) (-21%), Motor Fuel (-16%) and Lodging Away from Home (-21%) all declined by double digits in 2020.

Forecast: Underlying price pressures are heating up throughout the economy. After a slower couple of years, the CPI is now estimated to grow by 3.8% in 2021 and 2.5% in 2022. The TPI is projected to make up for much of its decline last year, and to grow by 2.8% in 2021 and 6.4% in 2022 (Figure 3). The strongest travel-related price growth in 2021 is expected in Motor Fuel (+20%) and Lodging Away from Home (6.3%) while Public Transportation is projected to decline slightly (-1.1%) in 2021 before picking up in 2022 (+5.1%).

**FIGURE 3 – CONSUMER PRICE INDEX & TRAVEL PRICE INDEX
(% CHANGE YOY)**



SOURCE: Oxford Economics and U.S. Travel Association

Global GDP

The COVID-19 pandemic has caused the sharpest global economic contraction in modern history and a collapse in international trade. Global GDP fell by 3.6% in 2020 (according to the IMF), a 7-percentage point loss relative to the 3.4% growth forecast back in October 2019. Nevertheless, the decline was less than the 4.2% that was projected last fall.

Global goods trade dropped 6.1% in 2020 but has rebounded much faster than after the global financial crisis, even with many coronavirus restrictions still in place. It has now returned to its pre-pandemic trend. Global *services* trade—and international travel in particular—continues to lag behind considerably.

Forecast: While the pandemic continues to plague the globe—and is strongly affecting many emerging markets— hastened vaccination rollouts in advanced economies have increased optimism and mid-year growth prospects globally. The most recent economic data has exceeded expectations and suggests a broadening recovery. Although Q1 remained weak, strong growth in the U.S. and China have lifted global

growth prospects for 2021 and 2022. Economic growth is bolstered by the sizable excess savings in most advanced economies, and specifically in the United States. These savings are creating pent-up demand for spending into 2022. World goods trade has now returned to its pre-pandemic trend and is forecast to expand by 10.5% in 2021.

Although pandemic-related risks remain even in advanced economies, they are balanced by extensive fiscal and monetary support and an unwinding of an estimated \$4.7 trillion in excess household savings. Emerging markets are also benefitting from faster global growth, but the associated tightening of financial conditions and more limited vaccine access are significant risks.

Global GDP is projected by the IMF to grow by 6.3% in 2021 and 4.6% in 2022, but the speed and path of the economic recovery hinges on the continued vaccination rollout and consumers' excess savings.

It is noteworthy that the IMF's latest projections for 2021 and 2022 are stronger than in their October 2020 release. The upward revision reflects additional fiscal support in a number of large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. But high uncertainty surrounds this outlook, related to the path of the pandemic and the evolution of financial conditions as well as some concern over market disruption from higher inflation, though that is expected to be temporary.

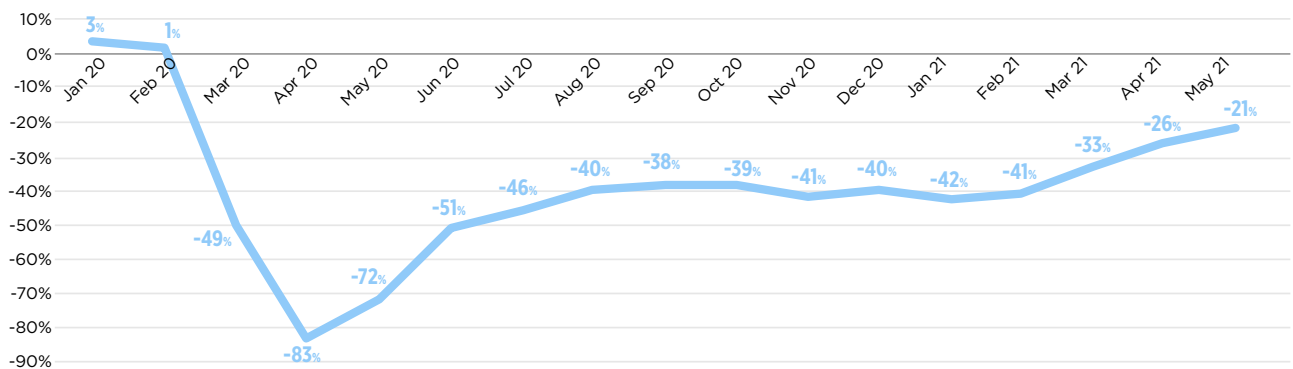
THE U.S. TRAVEL INDUSTRY

The pandemic hit the travel industry particularly hard: cumulative losses between March 2020 and May 2021 totaled nearly \$650 billion.

After surpassing \$1.1 trillion in 2019, total travel spending was just \$680 billion in 2020, a decline of 42%. But that includes the largely pre-pandemic first quarter. If Q1 is excluded, the decline in total travel spending was 50% in 2020.

The steepest travel spending losses occurred in April (-83% YOY) and May (-72%). The industry, spurred by domestic leisure travel, has recovered roughly half of its losses over the summer of 2020. It remained approximately 40% below last year's levels in the fall and through the winter. The recovery gathered steam in the spring of 2021, with total travel spending "only" 21% below 2019 levels in May 2021 (Figure 4). In other words, spending was 79% recovered compared to 2019 levels.

**FIGURE 4 – TOTAL TRAVEL SPENDING
% CHANGE COMPARED TO SAME MONTH IN 2019**



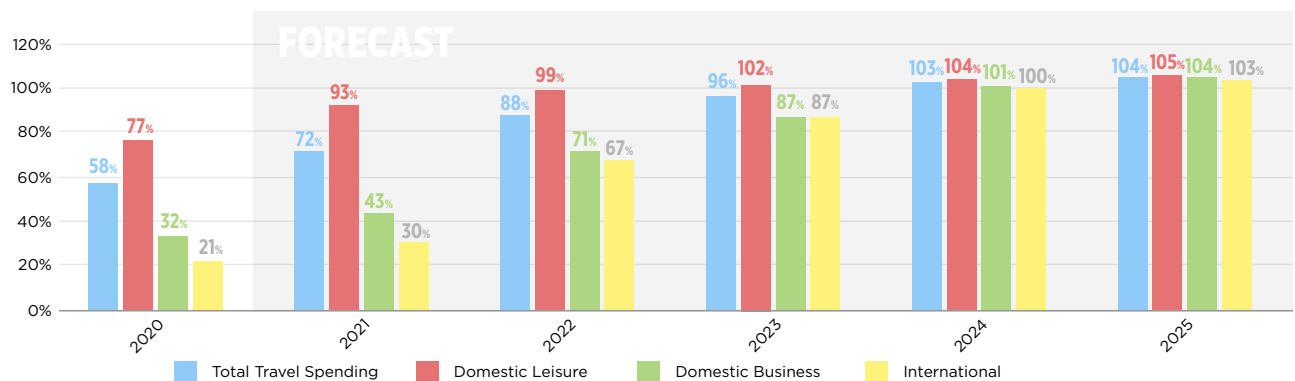
Overall losses in spending since the start of the pandemic are projected to reach \$824 billion by the end of this year and \$1 trillion by the end of 2023 (10 times the impact of 9/11).

This is the story of *total* travel spending, which includes domestic business and leisure as well as international inbound travel. As illustrated further below, however, both the decline and the recovery in spending has hit the different segments of travel unevenly. For example, while overall domestic travel spending was 77% recovered at the end of Q1 this year, domestic leisure spending was 90% recovered and domestic business spending was just 35% recovered.

Travel's recovery is expected to continue to be led by domestic leisure travel. In fact, this segment has been performing even better than what we expected back in the fall.

But a full recovery in travel requires a three-pronged approach that includes domestic leisure as well as domestic business and international. While domestic leisure travel is largely expected to recover by next year, total travel spending—which relies on business as well as international travel—is projected to take until 2024 to reach full recovery to pre-pandemic levels (Figure 5).

**FIGURE 5 – RECOVERY FORECAST FOR DOMESTIC AND INTERNATIONAL TRAVEL SPENDING
% RECOVERED COMPARED TO 2019**



What has changed since our last two pandemic-era forecasts (spring and fall 2020)?

This is our third U.S. Travel Forecast since the start of the pandemic, but the first since the quicker-than-anticipated vaccine rollout. While much has remained similar, there have been several key revisions to our prior forecasts:

- Domestic Leisure Travel:** Following stronger-than-expected leisure travel growth since summer of 2020, the latest data reflects a decline of “only” 23% in domestic leisure travel spending in 2020, compared to the 34% decline projected in the fall. The stronger leisure performance in 2020, coupled with the widespread vaccine availability in 2021, has hastened our expectation for a return to pre-pandemic levels. The spring 2021 forecast projects a return to near-pre-pandemic (2019) levels in domestic leisure travel spending as early as next year, rather than 2023 or 2024, as projected in the fall.
- Domestic Business Travel:** The latest forecast is significantly more *pessimistic* on business trips and spending in 2020 and over the next couple of years. Business travel spending ended 2020 worse than previously anticipated. While the spring/summer 2020 forecast projected a decline of 46% in domestic business travel spending in 2020 and the fall forecast reflected a decline of 55%, the spring

forecast reflects a staggering decline of 68%. Likewise, business spending is projected to be less recovered compared to pre-pandemic levels in 2022 (just 71% instead of 81% in the previous forecast). Nevertheless, the *full* recovery trajectory has shortened. While domestic business travel spending was not previously projected to recover by 2024 (the range of the last forecast), it is now projected to fully recover in 2024. Although the perceived value of business travel has shortened the full recovery window to 2024, the lingering adjustment period from virtual back to in-person, such as the continuation of hybrid meetings, is expected to limit the volume of business travel in the near-term.

- **International Arrivals:** The decline in international arrivals in 2020 (-76%) remained exactly as projected in the fall, but the recovery in 2021 is expected to be significantly slower. While the fall 2020 forecast projected 73% growth in international arrivals in 2021 and 75% growth in international travel spending, the spring 2021 forecast now projects growth of just 36% in arrivals and 41% in spending. This can be explained by the continued stagnation in international arrivals (overseas visitations were still 81% down in May 2021 compared to May 2019 and those from Canada, the U.K. and E.U. were down by 96-98%), due in large part to ongoing border closures that have remained in place far longer than expected and the spread of highly infectious variant strains globally. Nevertheless, despite the slower-than-anticipated recovery in 2021, international arrivals and spending are now expected to fully recover slightly faster—by 2024—than in the previous forecast.

Domestic Travel

Domestic travel in 2019 was supported by solid macroeconomic fundamentals, including healthy wage growth and consumer confidence, coupled with strong corporate investment. As a result, domestic person-trips in the U.S. marked their tenth successive year of growth in 2019 with a 1.9% expansion. Gains were realized in both the leisure and business travel segments, with leisure leading the charge.

The first half—and particularly the second quarter—of 2020 saw the rapid collapse of travel due to the COVID-19 pandemic. Domestic leisure travel has proved more resilient than domestic business travel, though both have experienced gut-wrenching contractions.

While domestic leisure trips declined by 41% in the second quarter of 2020 (compared to the same quarter in 2019), domestic business trips declined by 74%. Air travel suffered disproportionately worse and fell by 87% in the second quarter of 2020, while auto (and other) travel declined by 44% over the same period.

The third quarter of 2020 saw some improvement in leisure travel (-20% compared to the third quarter of 2019) but business travel fared even worse (-82%) than in the second quarter. Air travel improved but remained deep in negative territory (-67%) while auto (and other) travel was at -29%.

Spending by leisure travelers (estimated at -45% in 2020 Q2) and business travelers (-90%) declined even more than volume. The difference (trips vs spending) is likely a result of the changed nature of many trips and vacations since the start of the pandemic. Among those who traveled over the course of the pandemic, many tended to maximize time outdoors in nature away from crowds and largely avoided attractions, theme parks and dine-in restaurants. Whether due to personal health concerns among travelers or to the fact that local regulations restricted capacity at many attractions and establishments, opportunities to spend while on vacation were greatly reduced.

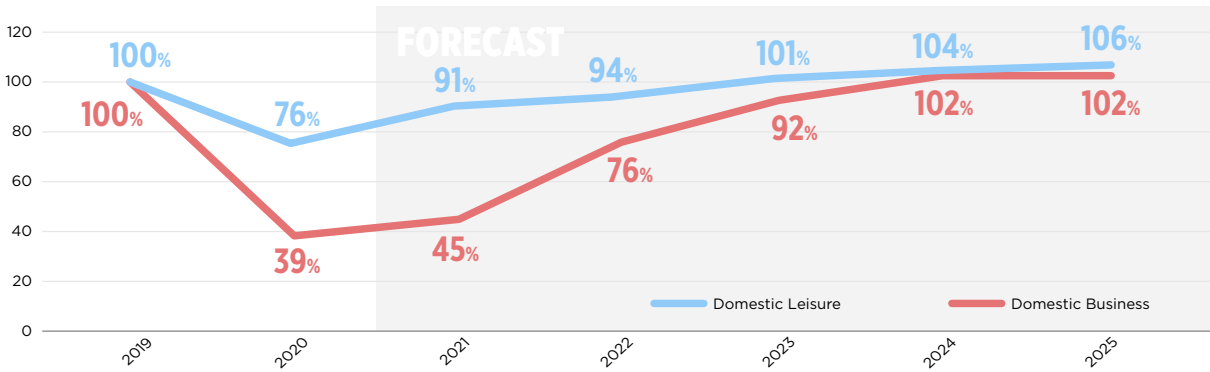
Leisure travel performed better than expected in 2020 and business travel performed worse. Business travel has remained depressed as virtual meetings/conferences continue to dominate. On the other hand, the decline in travel pricing in 2020, the resiliency of trips to visit friends and family and the unshakeable desire to travel helped buoy leisure travel from falling worse than expected. In 2020 as a whole, domestic leisure spending was at 77% of 2019 levels and domestic business spending was at just 32%.

The recovery in domestic leisure travel picked up strongly in early 2021 when both volume and spending returned to 90% of 2019 levels. Domestic business travel, on the other hand, still remains at less than half of pre-pandemic levels.

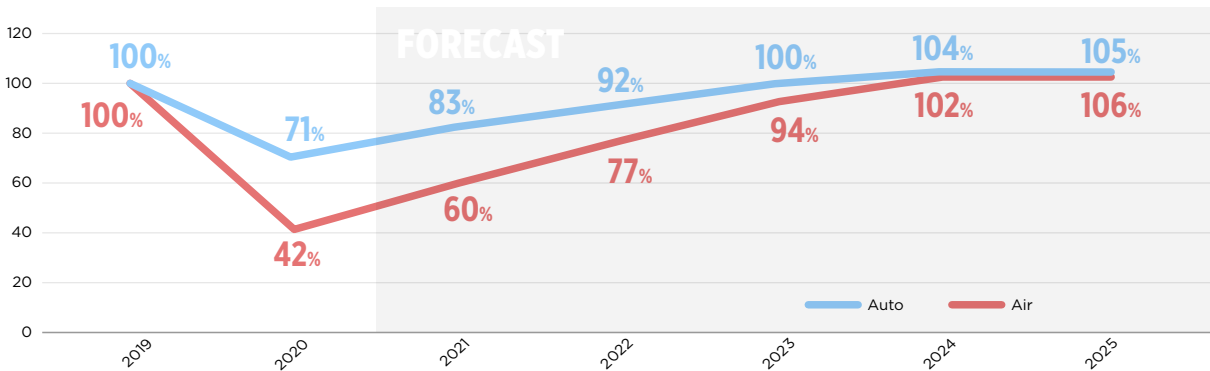
Forecast: The near-term forecast for all segments of domestic travel will largely reflect their performance in the last couple of months and is projected to follow the following trends:

- **Leisure versus business:** Domestic leisure travel is expected to continue to perform significantly better than business travel. Leisure volume is projected to average 91% of 2019 levels in 2021 and 94% in 2022, while business volume is projected to average just 45% of 2019 levels in 2021 and 76% in 2022 (Figure 6).
- **Auto versus air:** Auto travel is projected to continue to perform much better than air. Air volume is projected to average 60% of 2019 levels in 2021 and 77% in 2022, while auto (and other) volume is projected to average just 83% of 2019 levels in 2021 and 92% in 2022 (Figure 7)
- **Day trips versus overnight:** While day trips performed better than overnight trips in 2020, overnight trips are expected to recover faster due to pent-up demand and available savings, both factors that favor overnight travel. Overnight trips are projected to average 86% of 2019 levels in 2021 and 98% in 2022, while day trips are projected to average just 76% of 2019 levels in 2021 and 82% in 2022.

**FIGURE 6 – DOMESTIC LEISURE VERSUS BUSINESS VOLUME
% RECOVERED COMPARED TO 2019**



**FIGURE 7 – DOMESTIC AUTO VERSUS AIR VOLUME
% RECOVERED COMPARED TO 2019**



Domestic Leisure Travel

Domestic leisure travel has already been, and will continue to be, the driving force behind travel's recovery. While it was always expected to recover faster, its pace of recovery has far exceeded any of our earlier projections.

A number of factors have been pulling together to support this rapid domestic leisure comeback, and they are expected to continue to support this recovery through 2021 and into 2022:

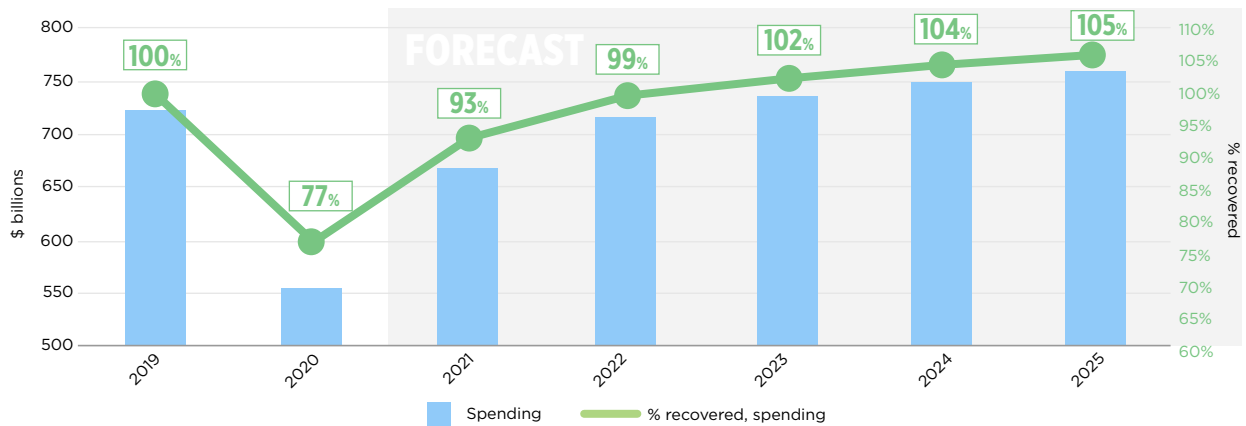
- **Easing virus fears, and nearly eliminated restrictions, as vaccinations ramp up:** The situation has improved markedly in recent months and, as the number of people suffering from the virus has dwindled and restrictions have eased, people are finally able to travel domestically almost as freely as they were in 2019.
- **Pent-up domestic travel demand:** After spending more than a year largely at home, Americans are eager to get out and create meaningful memories with families and friends. Travel has been constantly mentioned as one of the things most missed during the pandemic and people are now excited to finally have an opportunity to safely travel.
- **Excess savings among many Americans:** Whether due to lower expenses on travel, entertainment and recreation throughout the pandemic or due to the stimulus funds from the government, many consumers have saved a lot of money and have earmarked it for travel. In fact, each successive stimulus check has seen its share that was spent dwindle and the percentage that was saved increase, leading to a new spike in the savings rate. U.S. households are expected to unwind these built-up savings from the pandemic over a multi-year period and this will continue to create a pivotal opportunity for growth in leisure travel.
- **Increased consumer sentiment and rising optimism:** Consumer sentiment has been more upbeat lately and people have been more optimistic. This naturally makes consumers less stressed about spending money on travel, and more excited to do so.
- **The remaining complications with international travel:** International travel restrictions remain confusing and, in many cases, extremely restrictive. As a result, many Americans who would otherwise have traveled abroad will continue to favor domestic destinations for now.

Domestic leisure travel is expected to perform particularly well this summer. While leisure spending recovered to 71% of 2019 levels last summer (2020), it is expected to reach 93% of 2019 levels this summer (2021).

After recovering to 90%+ of 2019 levels in recent months, domestic leisure travel *volume* is expected to fully recover in 2023. Domestic leisure travel *spending* will likely recover slightly faster, and is projected to be just shy of its pre-pandemic peak in 2022 (Figure 8). The slightly faster projected recovery for spending compared to volume is largely a factor of the increased expected cost of travel in 2021-2023 compared to 2019.

As mentioned above, the recovery timeline for domestic leisure travel (volume as well as spending) is shorter in this latest forecast than what was projected in the spring or fall 2020 forecast; this is largely due to the vaccine situation being significantly better than anticipated. Eight months ago, there was very little evidence that we would already have over half of the population receiving at least one dose of an effective vaccine. We are currently in what we considered the best-case scenario. Also, the previous forecast coincided with the presidential election, which presented policy volatility in that estimate. Furthermore, the combined \$2.8 trillion in additional stimulus spending from the December COVID relief bill and the February American Rescue Plan assisted in pushing excess savings to more than \$2.5 trillion since the start of 2020. Many of these savings are being used—and will continue to be used—for leisure travel.

FIGURE 8 – DOMESTIC LEISURE TRAVEL SPENDING (\$ BILLIONS) AND % RECOVERED COMPARED TO 2019



Domestic Business Travel

After it was already weakened by trade tensions and a strong dollar in 2019, domestic business travel has seen a drastic pullback as a result of the pandemic. It suffered much more—and has so far recovered more slowly—than leisure travel.

Nevertheless, domestic business travel, too, is on a path of recovery. Rising business investment (projected to grow 8.1% in 2021), rebounding global demand and fiscal stimulus are expected to continue to drive healthy business activity as the recovery gathers steam. Small businesses are also feeling more confident, though still cautious.

At the same time, corporate travel policies are expected to continue to prevent non-essential trips, whether due to financial constraints or simply because technology has proven to be able to play a very effective role in facilitating meetings and communication since the start of the pandemic. Many individuals may also prefer to continue to take advantage of online platforms and spend less time on the road away from their families.

While there is still strong interest in resuming business travel, it will likely take time to return fully to its pre-pandemic level. The current data suggests that business is lagging leisure even more severely than we had previously anticipated. While the perceived value of business travel has shortened the full recovery window to 2024 (in the previous forecast it was expected to take even longer to fully recover), the lingering adjustment period from virtual back to in-person—such as the continuation of hybrid meetings—is expected to limit the volume of business travel in the near term. Despite forward-looking indicators pointing towards a strong desire to return to business travel, the June GBTA survey indicates that only 41% of companies are currently engaging in domestic business travel.

As a result, the path of recovery for business travel will be slow. Domestic business travel spending is expected to average less than half of pre-pandemic levels this year (43%), and still just 71% in 2022 and 87% in 2023. It is projected to fully recover only in 2024 (Figure 9).

But business travel can be split into two major categories—transient and group—and their expected paths of growth will vary greatly:

Transient business travel generally consists of individual or small group business trips for general business needs such as visiting clients, making sales calls, repairing or servicing equipment or receiving training.

Group business travel generally consists of travel to meetings, events or trade shows.

While transient business travel is projected to reach 79% of 2019 levels in 2022, group business travel is projected to reach just 61%.

The recovery of group business travel will be steady but slow. In the third quarter of 2021, a progressive resumption of larger group events—in addition to further increases in small group and hybrid events—is expected to occur (in some markets more than others) but group travel spending is still projected at just 30% of 2019 levels. In the final quarter of 2021, group demand is expected to return more strongly, though activity is still projected at just 52% of 2019 levels.

A full return to pre-crisis levels for group travel is expected to be painfully slow. In addition to the lingering effects from the economic recession—which will likely have a disproportionate effect on group travel, often seen as more discretionary—continued fears of virus resurgence (especially given the long planning timeframe for conferences), health and safety protocols as well as more risk aversion on the part of participants and organizers of large meetings are expected to slow the recovery of group travel. Some events may also find it challenging to restart following a long period of stagnation. Even in 2023, domestic *group* business travel is expected to reach only 76% of 2019 levels (Figure 10).

FIGURE 9 – DOMESTIC BUSINESS TRAVEL SPENDING (\$ BILLIONS) AND % RECOVERED COMPARED TO 2019

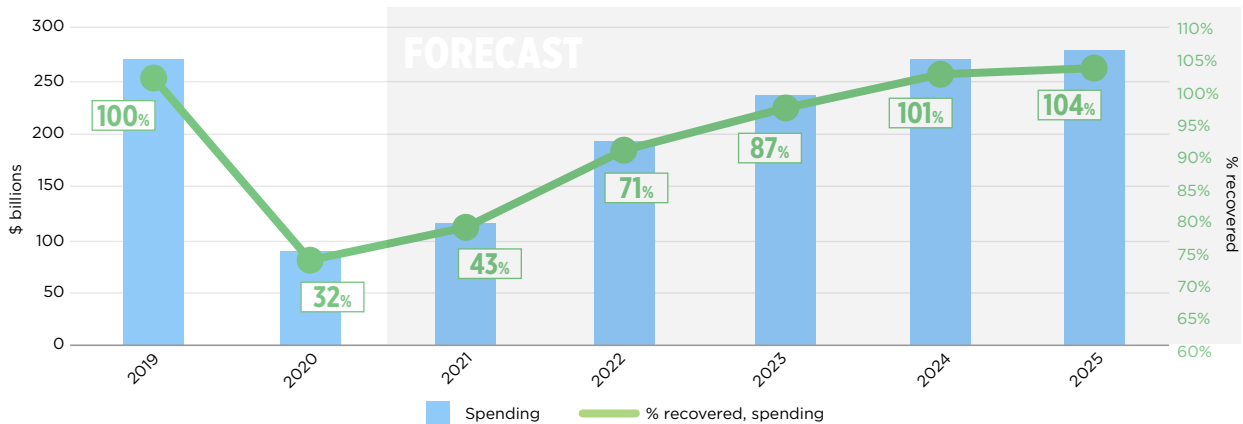
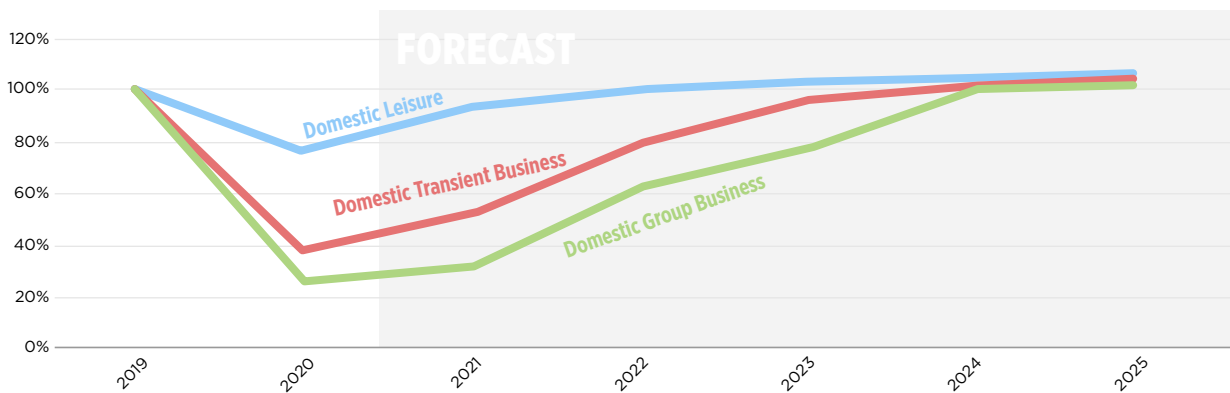


FIGURE 10 – DOMESTIC LEISURE AND BUSINESS TRAVEL % RECOVERED TO 2019 LEVELS



International Inbound Travel

International inbound travel to the U.S. had already taken a soft hit in 2019. Despite solid global economic growth in 2019, international travel contracted slightly (0.6%), due primarily to declines in visitors from Canada and Mexico; that pales in comparison to the staggering declines of the past year and a half.

There were overwhelming declines among all world regions in 2020, and the story remains the same for many regions even in June 2021.

International visitations fell by nearly 100% in April and May 2020. While visitation from some countries—particularly those in Central and South America—has dramatically improved, visitation from Europe, Asia, Australia and Canada was still nearly stagnant at -96/98% of 2019 levels in May 2021.

Forecast: While signs have emerged that global macroeconomic conditions may have already reached their trough, international travel is expected to remain depressed through much of 2021.

Although land travel from Canada and Mexico remains closed as of July 1—which will continue to hamper the recovery from those markets—air travel, which is permitted, has been growing very rapidly from Mexico and has strongly surpassed pre-pandemic levels (+60% in May 2021 compared to May 2019). Air travel from Canada is expected to grow strongly as well following an announcement that, as of July 5, returning Canadians who are vaccinated will no longer need to go into quarantine upon returning from international travel.

In terms of overseas markets, travel from most Latin American countries (except Brazil) is currently not subject to direct restrictions, but there are noticeable delays in visa processing throughout the world, which continues to affect this market. While there has been some recovery (visitation from South America in May 2021 was just 37% below May 2019 levels), future growth in this market will largely depend on the progress of the pandemic and vaccine rollout there, the opening of travel with Brazil and the hope that there will be no need for restrictions on other countries.

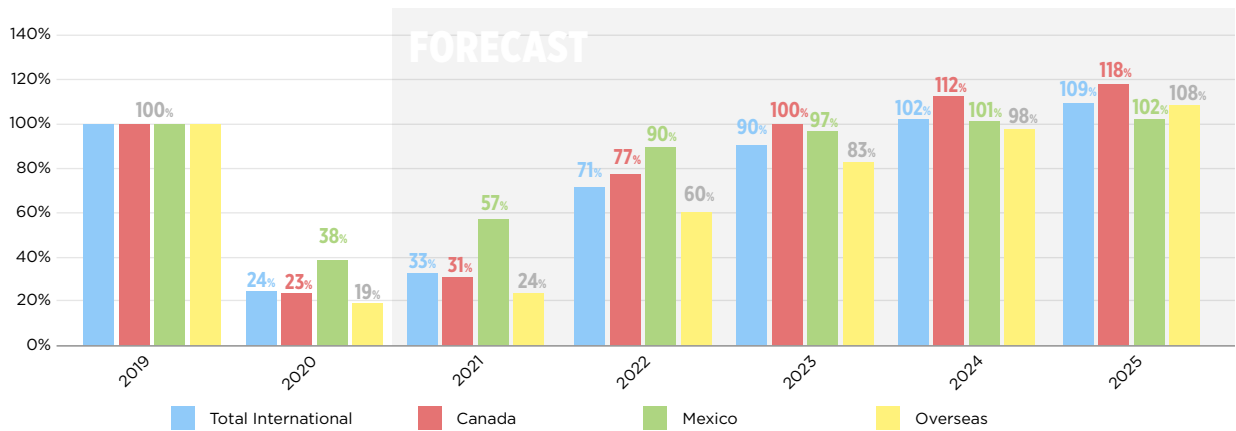
Travel from Asia and Oceania remains stalled as of June 2021, largely due to strong restrictions on any outbound travel from those markets. China and India are further subject to travel bans from the U.S. The existing regulations on international travel from Asia are not expected to change in the near term due to the ongoing risk of Covid variants as well as the fact that vaccinations in most international markets remain low.

Travel from Europe (particularly the E.U. and the U.K.) is specifically constrained by border closures that were, and remain, imposed by the U.S. With the growing population of fully vaccinated Europeans—and the recent announcements regarding opening up the E.U. to Americans—this market is expected to grow rapidly once restrictions are lifted. However, significant risks remain, including the recent surge in cases related to the Delta variant in many European countries, which some fear is more resistant to vaccines.

International visitation to the U.S. fell from 79 million in 2019 to just 19 million in 2020 and is projected to total just 57 million (29% below 2019 levels) even in 2022.

In the near and medium term, Canada and Mexico will become more critical international markets—achieving a greater market share of all inbound arrivals through 2025. They are expected to reach full, or near full, recovery by 2023. A full recovery to 2019 levels for all international inbound travel is not likely until at least 2024 (Figure 11).

**FIGURE 11 – INTERNATIONAL INBOUND TRAVEL
(% RECOVERED COMPARED TO 2019)**



Conclusion

After 10 years of continuous growth, travel to and within the U.S. has suffered dramatically—and disproportionately—as a result of the COVID-19 pandemic. But not all travel reacted the same and not all travel is recovering the same. Domestic Leisure travel is already nearly recovered while domestic business travel and international visitations still have a long way to go. The latter two segments are not projected to recover until 2024.

There is hope that targeted action can help improve the forecast. U.S. Travel is currently pursuing policies to reopen international inbound travel from the U.K., the E.U. and the Canadian land border, allow for the broad restarting of professional meetings and events and provide tax relief for travel businesses.

U.S. Travel will next update its forecast in Fall 2021.

SPENDING

U.S. TRAVEL FORECAST - SPENDING	TRAVEL FORECAST						
	2019	2020	2021	2022	2023	2024	2025
Total Travel Spending	\$1.17 T	\$680 B	\$841 B	\$1.03 T	\$1.13 T	\$1.20 T	\$1.22T
Domestic	\$994 B	\$642 B	\$787 B	\$911 B	\$972 B	\$1.02 T	\$1.04 T
Leisure	\$724 B	\$555 B	\$671 B	\$718 B	\$737 B	\$752 B	\$760 B
Business	\$270 B	\$88 B	\$116 B	\$193 B	\$235 B	\$271 B	\$280 B
Transient	\$157 B	\$59 B	\$81 B	\$124 B	\$149 B	\$159 B	\$165 B
Group	\$113 B	\$28 B	\$35 B	\$69 B	\$86 B	\$112 B	\$115 B
International	\$179 B	\$38 B	\$54 B	\$120 B	\$156 B	\$180 B	\$185 B
Leisure	\$143 B	\$31 B	\$45 B	\$96 B	\$127 B	\$145 B	\$149 B
Business	\$36 B	\$7.3 B	\$9.1 B	\$24 B	\$30 B	\$35 B	\$36 B
Transient	\$22 B	\$4.6 B	\$5.9 B	\$16 B	\$19 B	\$21 B	\$22 B
Group	\$14 B	\$2.7 B	\$3.2 B	\$7.9 B	\$11 B	\$13 B	\$14 B

U.S. TRAVEL FORECAST - % CHANGE	TRAVEL FORECAST						
	2019	2020	2021	2022	2023	2024	2025
Total Travel Spending	2.8%	-42.0%	23.6%	22.6%	9.4%	6.7%	1.8%
Domestic	4.0%	-35.4%	22.5%	15.7%	6.7%	5.3%	1.7%
Leisure		-23.4%	21.0%	7.0%	2.6%	2.1%	1.1%
Business		-67.5%	32.5%	66.1%	21.9%	15.3%	3.2%
Transient		-62.1%	36.1%	53.0%	20.4%	6.5%	3.8%
Group		-75.1%	25.0%	96.3%	24.6%	30.6%	2.3%
International	-3.2%	-78.7%	41.0%	122.9%	30.5%	15.0%	2.8%
Leisure		-78.5%	45.2%	115.4%	31.6%	14.6%	2.7%
Business		-79.7%	23.2%	160.0%	26.2%	17.1%	3.2%
Transient		-78.8%	27.6%	165.4%	21.0%	13.9%	1.9%
Group		-81.0%	15.8%	150.0%	36.4%	22.7%	5.4%

U.S. TRAVEL FORECAST - SHARE OF 2019	TRAVEL FORECAST						
	2019	2020	2021	2022	2023	2024	2025
Total Travel Spending	100%	58%	72%	88%	96%	103%	104%
Domestic	100%	65%	79%	92%	98%	103%	105%
Leisure	100%	77%	93%	99%	102%	104%	105%
Business	100%	32%	43%	71%	87%	101%	104%
Transient	100%	38%	52%	79%	95%	101%	105%
Group	100%	25%	31%	61%	76%	100%	102%
International	100%	21%	30%	67%	87%	100%	103%
Leisure	100%	22%	31%	67%	89%	101%	104%
Business	100%	20%	25%	65%	82%	96%	99%
Transient	100%	21%	27%	72%	87%	99%	100%
Group	100%	19%	22%	55%	75%	92%	97%

VOLUME

U.S. TRAVEL FORECAST - VOLUME

			TRAVEL FORECAST				
	2019	2020	2021	2022	2023	2024	2025
Total # of trips	2.40 B	1.60 B	1.92 B	2.16 B	2.37 B	2.49 B	2.53 B
Domestic Person Trips	2.32 B	1.58 B	1.89 B	2.10 B	2.30 B	2.41 B	2.44 B
Leisure	1.85 B	1.40 B	1.68 B	1.75 B	1.87 B	1.94 B	1.97 B
Business	464 M	181 M	210 M	352 M	428 M	471 M	474 M
Auto	2.13 B	1.50 B	1.77 B	1.95 B	2.13 B	2.21 B	2.24 B
Air	189 M	78.6 M	114 M	146 M	177 M	193 M	200 M
International Arrivals	79.4 M	19.4 M	26.4 M	56.8 M	71.8 M	81.2 M	87.0 M
Canada	20.7 M	4.8 M	6.4 M	16.0 M	20.7 M	23.3 M	24.5 M
Mexico	18.3 M	7.0 M	10.5 M	16.5 M	17.7 M	18.5 M	18.7 M
Overseas	40.4 M	7.6 M	9.5 M	24.3 M	33.4 M	39.4 M	43.7 M

U.S. TRAVEL FORECAST - % CHANGE

			TRAVEL FORECAST				
	2019	2020	2021	2022	2023	2024	2025
Total # of trips	1.7%	-33.2%	19.6%	12.7%	10.0%	4.8%	1.7%
Domestic Person Trips	1.8%	-31.8%	19.4%	11.3%	9.6%	4.6%	1.5%
Leisure	1.9%	-24.5%	19.8%	4.2%	7.1%	3.3%	1.8%
Business	1.1%	-60.9%	15.7%	67.5%	21.8%	10.0%	0.7%
Auto	1.5%	-29.4%	18.1%	10.1%	8.7%	4.2%	1.3%
Air	4.3%	-58.4%	44.4%	28.9%	21.2%	8.9%	3.8%
International Arrivals	-0.4%	-75.5%	35.6%	115.3%	26.5%	13.1%	7.1%
Canada	-3.5%	-76.8%	32.6%	151.2%	29.0%	12.7%	5.2%
Mexico	-0.3%	-61.6%	48.9%	57.2%	7.7%	4.4%	1.2%
Overseas	1.3%	-81.2%	25.3%	155.4%	37.5%	17.9%	11.0%

U.S. TRAVEL FORECAST - SHARE OF 2019

			TRAVEL FORECAST				
	2019	2020	2021	2022	2023	2024	2025
Total # of trips	100%	67%	80%	90%	99%	104%	106%
Domestic Person Trips	100%	68%	81%	91%	99%	104%	105%
Leisure	100%	76%	91%	94%	101%	104%	106%
Business	100%	39%	45%	76%	92%	102%	102%
Auto	100%	71%	83%	92%	100%	104%	105%
Air	100%	42%	60%	77%	94%	102%	106%
International Arrivals	100%	24%	33%	71%	90%	102%	109%
Canada	100%	23%	31%	77%	100%	112%	118%
Mexico	100%	38%	57%	90%	97%	101%	102%
Overseas	100%	19%	24%	60%	83%	98%	108%

TRAVEL PRICE INDEX (TPI)*

U.S. TRAVEL FORECAST - TRAVEL PRICE INDEX (TPI)

	TRAVEL FORECAST						
	2019	2020	2021	2022	2023	2024	2025
Travel Price Index	292	276	283	301	315	326	337
Food Away from home	284	294	300	302	305	309	314
Lodging away from home	344	271	288	308	324	338	347
Motor Fuel	233	195	234	233	241	253	281
Public Transportation	259	227	225	236	245	253	260
Consumer Price Index	256	259	269	275	282	289	294

U.S. TRAVEL FORECAST - % CHANGE

	TRAVEL FORECAST						
	2019	2020	2021	2022	2023	2024	2025
Travel Price Index	1.9%	-5.6%	2.8%	6.4%	4.6%	3.3%	3.4%
Food Away from home	3.1%	3.4%	2.2%	0.5%	0.9%	1.3%	1.7%
Lodging away from home	0.9%	-21.3%	6.3%	7.2%	5.0%	4.2%	2.8%
Motor Fuel	-3.6%	-16.3%	19.7%	-0.2%	3.2%	5.0%	11.3%
Public Transportation	0.3%	-12.3%	-1.1%	5.1%	3.7%	3.2%	2.7%
Consumer Price Index	1.8%	1.3%	3.8%	2.5%	2.5%	2.2%	2.1%

* The Travel Price Index (TPI) measures the change in cost of travel in the U.S. It is based on price data collected for the Consumer Price Index (CPI) and is directly comparable to the CPI. The TPI is released monthly and is available on our website.