U.S. TRAVEL FORECAST

Fall 2021

HIGHLIGHTS

The fall 2021 forecast highlights the continued resilience of the domestic travel market as well as the anticipated pace of recovery for the now-reopened international inbound market.

This latest forecast presents a moderate upgrade to our previous domestic leisure and business forecast for 2021 due to better-than-expected performance last spring and into the summer. International travel was downgraded in 2021 but upgraded slightly in 2022 and beyond.

Our borders, which finally opened to all vaccinated travelers on November 8, were closed to many key markets for longer than expected. This led to the lower-than-expected 2021 visitation estimates. However, 2022 looks more promising. In addition to the U.S. border reopening, many of our key inbound markets—particularly those in Asia and Oceania such as Japan and Australia that were prevented by their own countries, rather than the U.S., from coming here—have started to relax regulations that affected outbound travel for residents. This has pushed our forecast for international travel to the U.S. in 2022 and beyond slightly above our previous projections.

The forecast projects the following:

- **Domestic Leisure Travel:** Domestic leisure travel is continuing to drive the U.S. travel recovery. 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 99% of 2019 levels in Q3 of this year, despite the spread of the delta variant. The latest forecast projects that it will surpass 2019 levels in 2022 and beyond, reaching 108% of 2019 levels by 2025. A general trend toward an increasing share of consumer spending allocated to services, including travel, will help fuel continued strong growth in this segment, particularly as pandemic restrictions continue to ease and the labor market recovers.

- **Domestic Business Travel:** Business travel spending continues to lag far behind leisure but has improved significantly in recent months. While business travel spending accounted for just 13% of 2019 levels in Q3 of 2020, it is estimated to have reached 56% of 2019 levels in Q3 of 2021. Substantial business investment, a healing U.S. labor market, and the heightened return to the office and in-person meetings are expected to reignite domestic business travel. Spending is expected to reach 65% of 2019 levels in Q4 of this year and 76% in 2022, while recovering fully 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 81% of 2019 levels in 2022 and 97% in 2023, group travel spending is projected to reach just 70% of 2019 levels in 2022 and 89% in 2023, before reaching pre-pandemic levels in 2024.

- **International inbound travel:** Lagging the domestic market in its recovery, international inbound travel is not expected to reach pre-pandemic levels until 2024 or 2025. While international travel spending is expected to average just 22% of 2019 levels in 2021 (even lower than the 30% projected in our previous forecast), performance in 2022 (projected spending at 72% of 2019 levels) and beyond is expected to be slightly better than previously anticipated. The boost to foreign visits will be facilitated by waning international travel restrictions and strong global economic growth propelled by household spending. International leisure travel is expected to recover slightly faster than international business travel.

  Total travel industry losses since the start of the pandemic are expected to reach $788 billion by the end of 2021 and $900 billion by the end of 2023.

Two key factors at play:

- **Labor shortages:** The travel-dependent Leisure and Hospitality (L&H) industry is still suffering strong employment losses—one in 12 pre-pandemic jobs remained lost in October—and struggling to hire the workers it needs.
- **Inflation:** Rising prices are increasing the costs of inputs, including labor, for travel businesses. While travel prices have also increased, they have generally increased more slowly than the overall economy, putting a strain on some travel businesses.

  Rising inflation, coupled with the lack of available workers, have created upward pressures on L&H wages, which rose to 13.9% above 2019 levels in October (compared to 9.6% for the total private sector).

  Several developments point to a gradual rebound in the labor force supply—which should help the travel industry recoup workers—and inflation is expected to ease in the second half of 2022. While the forecast assumes that the industry will succeed in hiring the workers it needs and that inflation will remain in check, that is certainly not a given and remains a risk for recovery.

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

The Macro Economy

The U.S. Economy

After experiencing its longest economic expansion on record—128 consecutive months of growth 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 and 2009 (-4%), though not nearly as severe as the Great Depression of 1929 (-33%).

While the entire economy was affected, the Leisure & Hospitality (L&H) sector was 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" 3.4%, which is significantly better than the 7% drop that was projected in June 2020. Nevertheless, this was still the largest reduction in GDP in the past 70 years.

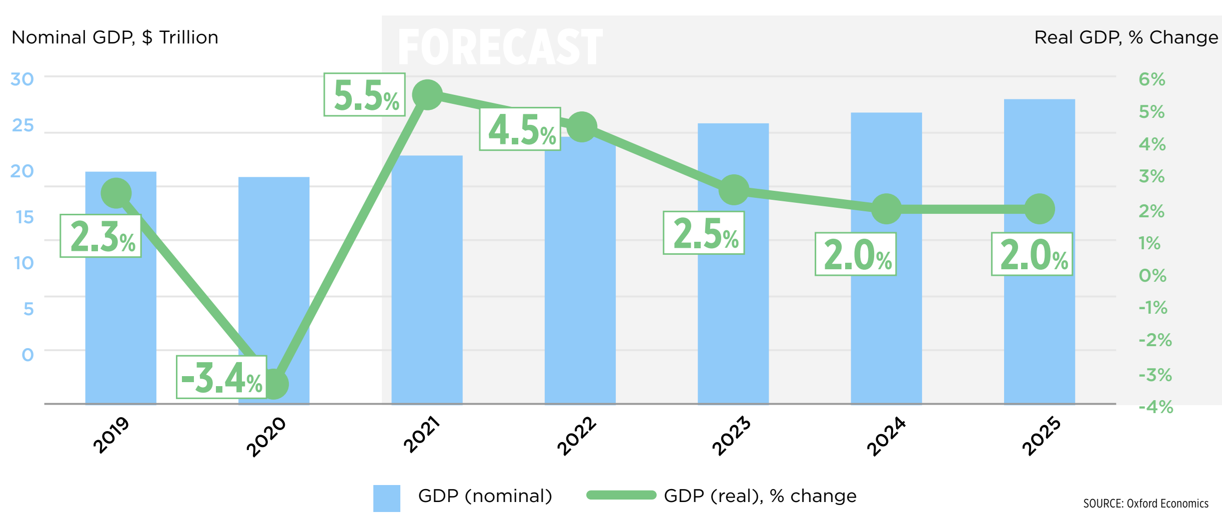
After a relatively strong performance in the latter months of 2020, improving health conditions and rapid vaccinations, coupled with generous fiscal stimulus, bolstered the U.S. economy in 2021 and the economy has largely recouped its losses.

Forecast: The U.S. economic recovery has lost some luster, but demand appears resilient in the face of lingering supply-chain disruptions. Growth in 2021 is being led by robust gains in consumer spending.

In the coming months, improving health conditions, rising personal incomes, and excess savings will continue to unleash pent-up demand. Spurred by healthy household finances along with some $2.7 trillion in excess savings, consumer spending growth is estimated at 8.0% in 2021, the strongest since the post-war growth in 1946. Spending has been increasingly focused on services and away from durable goods, a reality that favors the travel industry.

But supply and inflation pressures remain a constant risk. Amidst limited supply and persistent inflation both weighing on activity, Oxford Economics' Real GDP growth forecast was trimmed to 5.5% (from 7.7% in the spring) in 2021 (Figure 1). Nevertheless, GDP has already surpassed pre-pandemic levels, and is estimated at 2.0% above 2019 levels.

FIGURE 1 – U.S. GDP



SOURCE: Oxford Economics

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, reaching 14.8% in April. 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. In the initial stages of the COVID-19 pandemic, 22 million jobs were lost in just two months.

The unemployment situation has gradually improved since its April 2020 peak, registering 6.7% at the end of 2020 (and averaging 8.1% for the year). The unemployment rate continued to decline in 2021, easing to 4.6% in October, but part of the decline reflected a lower labor force participation rate.

The job openings rate remained historically elevated as businesses faced hiring strains, resulting in rising wages and labor shortages.

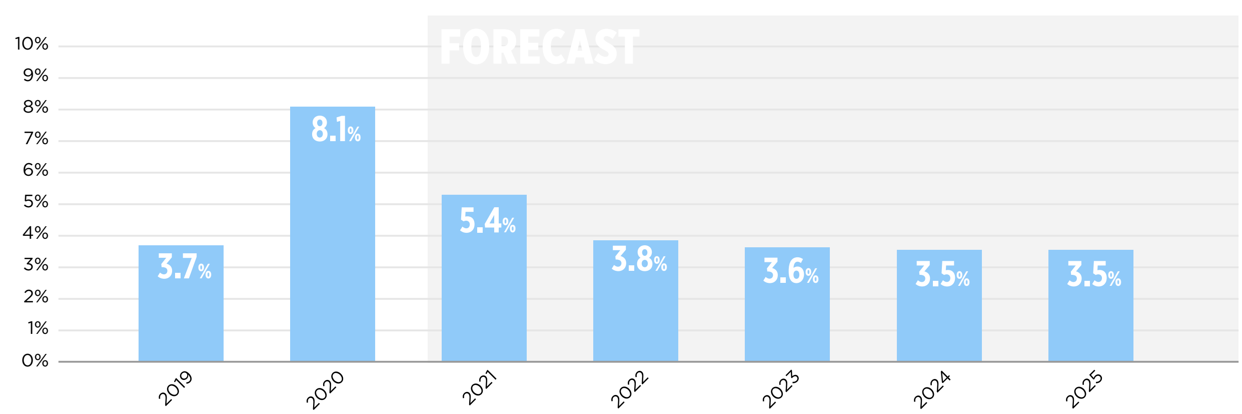
Leisure & Hospitality

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 2021 and fell to 7.5% in October.

Even after months of improvement, L&H remained 8% below its pre-pandemic employment level in October—two percentage points more than the next most hard-hit industry. Although the lower number of L&H employees was originally caused by a lack of need for these workers, this is no longer the case. Many travel businesses are now having a difficult time recruiting enough employees, while having to increase wages substantially. If the labor shortage crisis persists, it poses a challenge for the recovery.

Forecast: With many businesses eager to hire and willing to pay higher wages—and the continually improving health situation and school reopenings easing citizens' hesitancy to return to the labor force—the unemployment rate is projected to continue to fall while the labor participation rate is expected to increase. Oxford Economics estimates that the unemployment rate will fall to 4.5% by year-end. It is projected to average 5.4% in 2021 and 3.8% in 2022 (Figure 2).

FIGURE 2 – UNEMPLOYMENT RATE



SOURCE: Oxford Economics

U.S. Inflation

The U.S. economy is experiencing a rare phenomenon where strong demand is met by constrained (though accelerating) supply, leading to transitory, yet sticky, inflation. However, as supply-chain bottlenecks are addressed and supply gradually catches up with demand, inflation is expected to cool in the coming quarters.

Overall prices—as measured by the Consumer Price Index (CPI) and as reported by the Bureau of Labor Statistics—were up by a staggering 6.2% year-over-year in October 2021, the largest surge in more than 30 years. Travel prices—as measured by the Travel Price Index (TPI)—were up 14.4%. While the high level of year-over-year travel inflation may sound alarming, much of it simply reflects a rebound from the extremely low prices in 2020—CPI grew by 1.2% in 2020 but TPI *declined* by 5.6%—due to travel restrictions and COVID-19 related fear.

A comparison of 2021 prices to 2019 provides a more realistic sense of the extent of travel inflation. When comparing October 2021 to October 2019, travel prices (+6.2%) have increased less than overall prices (+7.5%). There were large differences, however, between the major components of TPI. While motor fuel increased by a staggering 23% in October 2021 when compared to October 2019, lodging prices grew by 5.5% and airline fares declined by 24%.

On a year-to-date basis (January through October), CPI was up by 5.5% in 2021 compared to 2019 while TPI was up by just 1.4%.

While the relatively lower increase in travel prices is attractive to the traveling public, it poses a challenge to many in the industry who now need to pay higher input prices, including wages, but may not be able to fully transfer the increased costs to their customers.

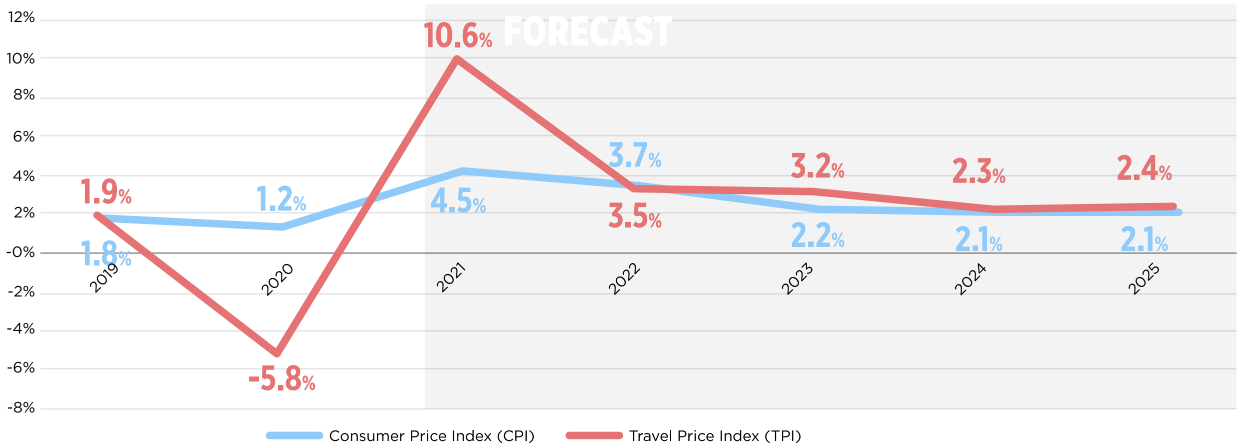
Forecast: After a slower couple of years, CPI is now estimated to grow by 4.5% in 2021 and 3.7% in 2022. Price increases stemming from ongoing supply chain bottlenecks will keep the rate of inflation elevated, though we expect the growth in inflation to cool over the coming months as supply gradually catches up with demand.

While people spent more heavily on goods at the height of the pandemic and this led to large increases in pricing for many goods and raw materials, they are now allocating an increasingly larger share of their spending to services. As a result, we can expect a gradual shift in inflation from goods to services. This will directly affect travel prices, though the increase compared to 2019 is still projected to be lower than that of overall prices.

After declining by 5.6% in 2020, TPI is projected to grow by 10.6% in 2021 (y/y) and 3.5% in 2022 (Figure 3). The strongest travel-related price growth in 2021 is expected in motor fuel (+27%) and lodging away from home (+22%).

The growth in travel prices in 2021 will bring them 4.2% above 2019 levels, still lower than overall inflation growth of 5.8%. In 2022, TPI is projected to be 7.8% above 2019 levels, compared to 9.6% for overall inflation.

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.

While high global inflation and a slow-down in China have held back the recovery, Oxford Economics' latest forecast—now estimating a less than 1% hit to the level of world GDP—has become more optimistic over the past year about the long-term economic damage from the pandemic, which will be less than originally anticipated.

Forecast: The global economy has made an impressive comeback in recent months and is projected to continue to grow, thanks to a surge in consumer demand. After two years of varying levels of restrictions around the word, and where shifts in activity restrictions have been the dominant force, economic growth in 2022 is expected to be driven by increased household spending.

A significant build up in excess savings since the start of the pandemic will stimulate spending over the near term. Strong labor income growth will also encourage spending but the boost to real disposable incomes is likely to be broadly offset by a fall in government transfers to households.

Most economies have now finally ended their "zero Covid" strategies, which is further encouraging global demand. While inflation remains a concern, it is not expected to reach extreme levels.

China remains a notable holdout on the "zero Covid" strategy and a return of harsh restrictions there could further hamper the prospect of easing of supply chain bottlenecks, risking higher inflation. A global supply chain crisis, as supply struggles to meet demand, may hamper global growth in the short term. An increase in energy prices poses additional risk.

Nevertheless, the global economy is expected to continue to expand and adapt to the changing landscape and surging demand. Oxford Economics estimates that global GDP will grow by 5.6% in 2021 and 4.5% in 2022.

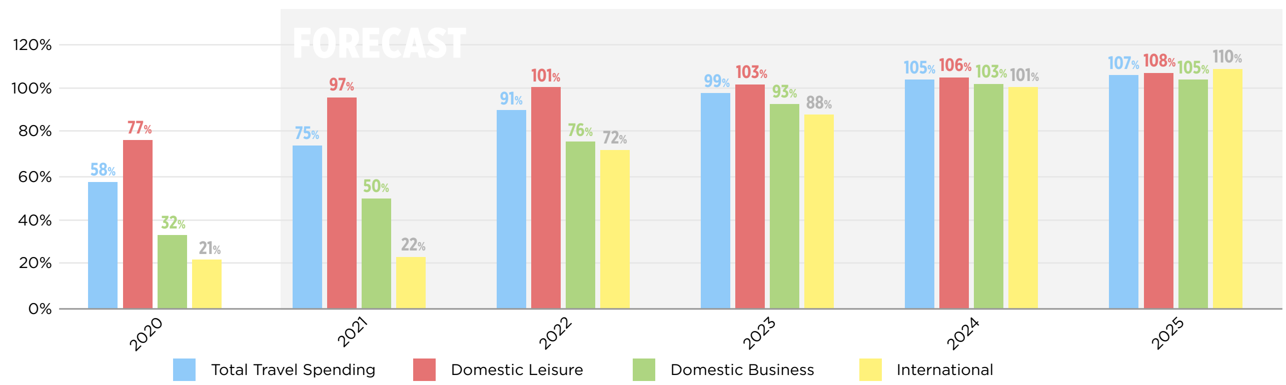
THE U.S. TRAVEL INDUSTRY

As mentioned previously, the pandemic hit the travel industry particularly hard. After surpassing $1.1 trillion in 2019, total travel spending was just $680 billion in 2020, a decline of 42%. If the largely pre-pandemic first quarter is excluded, the decline in 2020 total travel spending was 50%.

Overall losses in spending since the start of the pandemic are projected to reach $788 billion by the end of this year and $900 billion by the end of 2023.

As illustrated further below, the decline as well as the recovery in travel spending hit the different segments of the industry unevenly. But a full recovery requires a three-pronged approach that includes domestic leisure as well as domestic business and international. While domestic leisure travel is largely recovered, total travel spending—which relies on business as well as international travel—is projected to take until 2023 or 2024 to reach full recovery to pre-pandemic levels (Figure 4).

FIGURE 4 – RECOVERY FORECAST FOR DOMESTIC AND INTERNATIONAL TRAVEL SPENDING % CHANGE COMPARED TO SAME MONTH IN 2019



What has changed since our last forecast (spring 2021)?

The latest travel forecast remains similar to the previous one in terms of the timeline for full recovery in each of the sectors. We are still projecting a 2023/2024 recovery for the total travel sector (trips and spending), with business and international dragging into 2024 and domestic leisure nearly at full recovery already.

But there have been a few noticeable changes for the short term.

- **Domestic Leisure Travel:** Already a strong performer in the previous iteration, domestic leisure travel was upgraded further in the latest forecast. Travel in June and July was better than expected and, while there was a slight setback in August and into the fall due to the delta variant, domestic leisure travel has been impressively resilient. Domestic leisure travel spending is now estimated to reach 97% of 2019 levels in 2021 (up from 93%) and to fully recover in 2022. It is projected to grow even faster than previously anticipated, reaching 108% of 2019 levels in 2025 (up from 105% in the previous forecast).

- **Domestic Business Travel:** Domestic business travel spending was upgraded in this latest forecast, from 43% to 50% of 2019 levels in 2021. It is expected to perform slightly better than previously anticipated over the next few years, but to fully recover in 2024, just as anticipated earlier. Despite the spread of the delta variant over the latter part of the summer, the vaccines provided confidence that encouraged an increasing number of people to return to pre-pandemic activities. Many businesses have been eager to get workers back to the office and on the road. Still, the recovery of business travel significantly lags behind that of leisure travel and is years away from reaching pre-pandemic levels.

- **International arrivals:** The latest forecast downgraded international visitations and spending in 2021 due to prolonged border closures, lasting longer than expected. International spending was downgraded from 30% of 2019 levels in our last forecast to 22% in the latest. But the ongoing relaxation of restrictions around the world has slightly increased our 2022 projections, and inbound travel is still expected to fully recover by 2024.

Domestic Travel

With international restrictions in place for the majority of 2021, domestic travel has underpinned the travel recovery. It suffered strongly but has also been incredibly resilient.

Following strong growth in 2019—marking a tenth consecutive year of expansion—domestic travel collapsed in the early months of the COVID-19 pandemic. Domestic leisure trips declined by 41% in the second quarter of 2020 (compared to the same quarter in 2019) and domestic business trips declined by 74%. Air travel suffered disproportionately and fell by 87% in the second quarter of 2020, while auto (and other) travel declined by 44% over the same period.

But the unshakeable desire to travel allowed leisure travel to perform better than expected in the second half of the year. Business travel, on the other hand, performed significantly worse as virtual meetings/conferences continued to dominate. In 2020 overall, 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 2021. A glut of excess savings, generous fiscal stimulus, widespread vaccine availability, and pent-up demand for travel facilitated an upswing in travel activity into the summer. Despite the onset of the delta variant, and some moderation in the fall, domestic leisure travel is estimated at 99% of 2019 levels in Q3. Domestic business travel, on the other hand was still lagging at 56% of pre-pandemic levels in Q3. But it, too, is experiencing renewed activity and has improved significantly from just 13% of 2019 levels in Q3 of 2020.

Forecast: Domestic travel is expected to continue its strong performance through the rest of 2021 and into 2022. Sectors that performed less strongly in recent months are expected to pick up significantly. Nevertheless, the road to full recovery will continue to vary.

It 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 96% of 2019 levels in 2021 and 101% in 2022, while business volume is projected to average just 54% of 2019 levels in 2021 and 80% in 2022, before recovering in 2024 (Figure 5).

- **Auto versus air:** Trips via auto or other forms of transportation, such as rail, have been more buoyant than air travel. Air travel more than halved in 2020, falling to 42% of 2019 levels but is projected to end 2021 at 70%. Auto (and other) trips maintained 71% of their 2019 volumes in 2020 and are forecasted to close 2021 at 89% of 2019 volumes. Air volume is projected to average 88% of 2019 levels in 2022, while auto (and other) volume is projected to average 97% of 2019 levels in 2022. Both are expected to fully recover in 2023 (Figure 6).

- **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 89% of 2019 levels in 2021 and 99% in 2022, while day trips are projected to average 85% of 2019 levels in 2021 and 93% in 2022.

FIGURE 5 – DOMESTIC LEISURE VERSUS BUSINESS VOLUME % RECOVERED COMPARED TO 2019

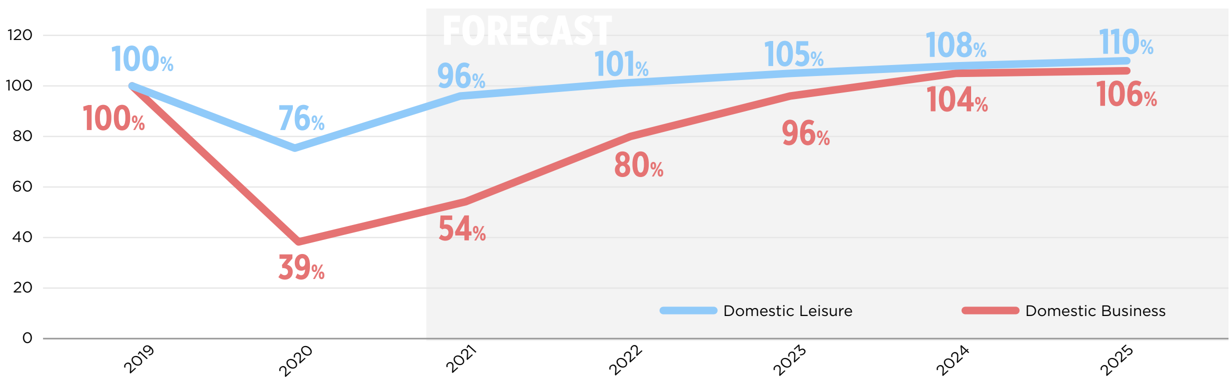
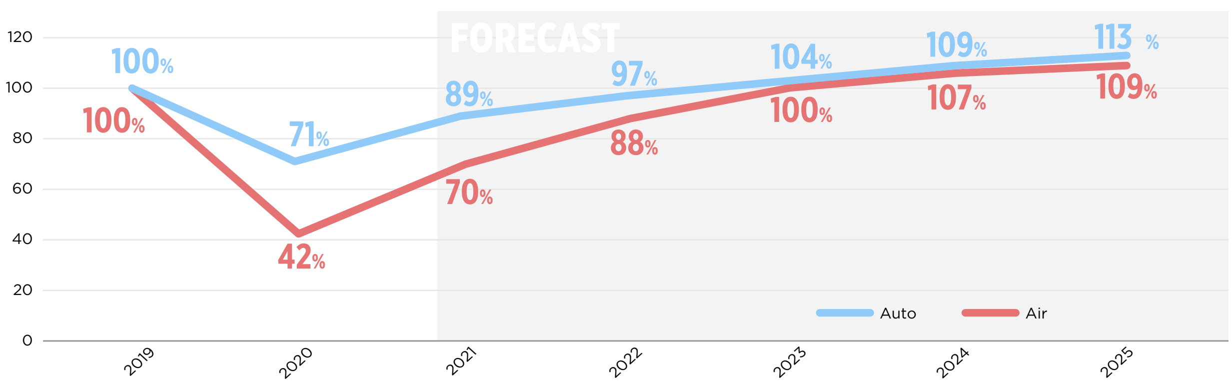


FIGURE 6 – DOMESTIC AUTO VERSUS AIR VOLUME % RECOVERED COMPARED TO 2019



Domestic Leisure Travel

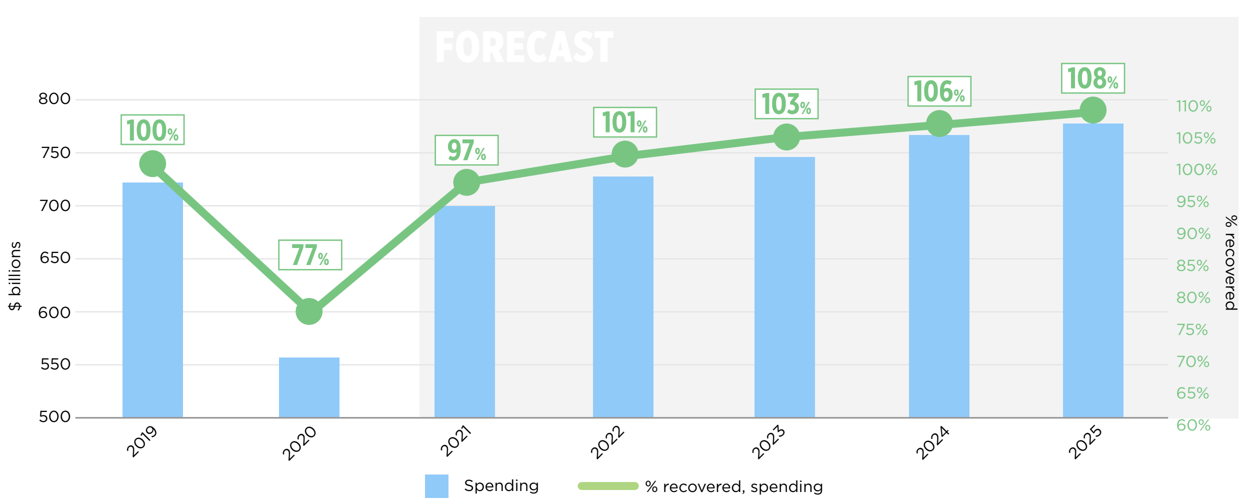
Domestic leisure travel has already been, and will continue to be, the driving force behind travel's recovery. While it was always expected to recover faster, its pace of recovery has continued to exceed earlier projections.

A number of factors have been working together to support this rapid domestic leisure comeback, and they are expected to continue to support this recovery in the coming months and years:

- **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:** Due to decreased spending on travel, entertainment and recreation throughout the pandemic or as a result of stimulus funds from the government, many consumers have saved more of their money and have earmarked it for travel. U.S. households are expected to unwind these built-up savings from the pandemic over a multi-year period. This will continue to facilitate an opportunity for growth in leisure travel.
- **A general switch in consumer spending from goods to services:** Consumers are increasingly rotating toward services, including travel.
- **A resilient jobs recovery:** A resilient jobs recovery should support income growth and the ability to spend more money on leisure travel.

In this environment, we expect travel to continue to see improvements despite lingering supply-chain disruptions and rising inflation. Domestic leisure travel volume and spending are both expected to surpass 2019 levels in 2022. (Figure 7).

FIGURE 7 – DOMESTIC LEISURE TRAVEL SPENDING ($ BILLIONS) AND % RECOVERED COMPARED TO 2019



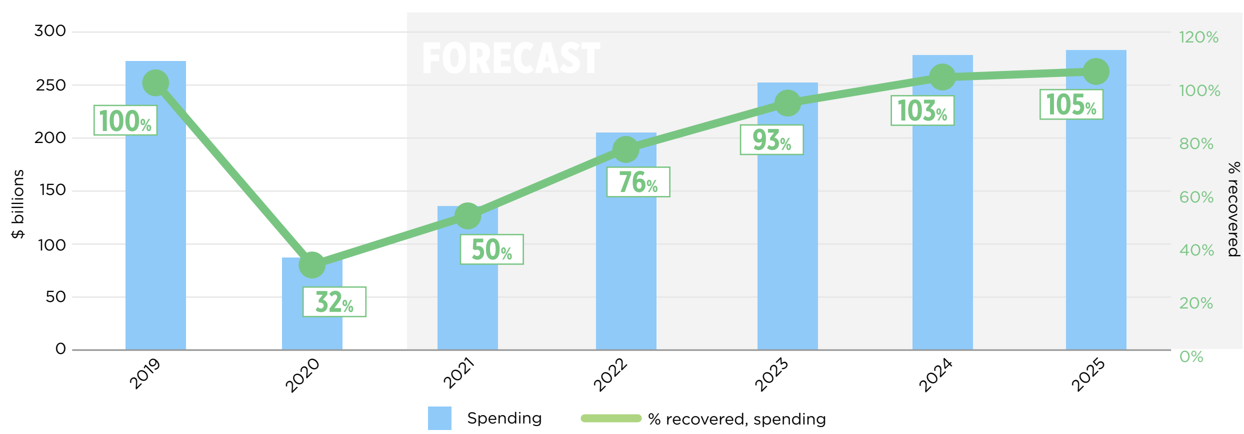
Domestic Business Travel

Domestic business travel has seen a drastic decrease as a result of the pandemic. It suffered much more—and has recovered more slowly—than leisure travel. Nevertheless, despite the challenges of the past 19 months, domestic business travel has been recovering rapidly in recent months and spending by domestic business travelers is expected to reach 65% of 2019 levels in Q4 of 2021, compared to just 17% in Q4 of 2020.

Rising business investment (projected to grow 7.4% in 2021), rebounding global demand, and fiscal stimulus are expected to drive healthy business activity as recovery continues. Teleconference fatigue, the gradual return to the office, coupled with easing restrictions and an increase in new job hires will further increase the demand for business travel.

But the recovery will take some time. A lingering adjustment period from virtual to in-person meetings and events—such as the continuation of hybrid conferences—can be expected to decelerate the speed of the recovery. Domestic business travel spending is expected to total just half of pre-pandemic levels this year, and still just 76% in 2022 and 93% in 2023. It is projected to fully recover in 2024 (Figure 8).

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



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

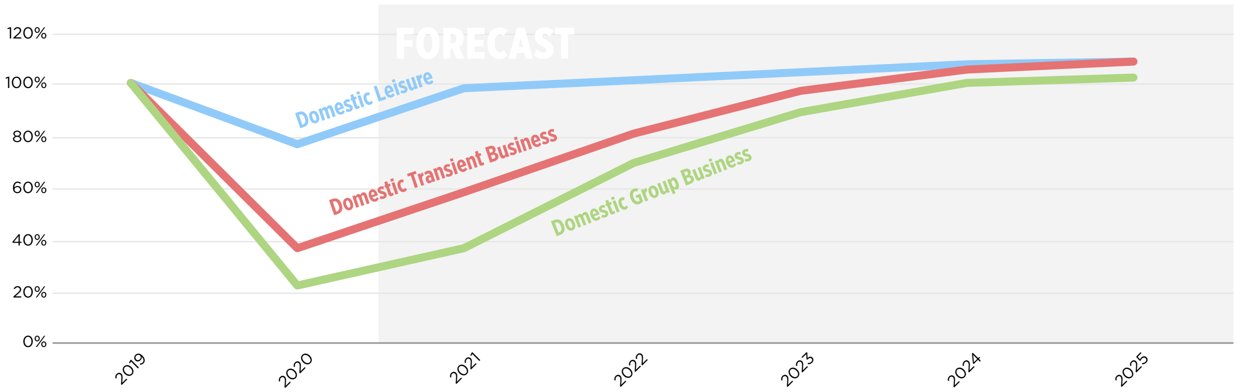
Transient business travel generally consists of individual or small group business trips for general business needs such as visiting clients, making sales calls, repairing or servicing equipment or receiving training.

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

While transient business travel spending is projected to reach 81% of 2019 levels in 2022, group business travel is projected to reach just 70%.

A full return to pre-crisis levels for group travel is expected to be 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 spending is expected to reach only 89% of 2019 levels (Figure 9).

FIGURE 9 – DOMESTIC LEISURE AND BUSINESS TRAVEL SPENDING % RECOVERED TO 2019 LEVELS



International Inbound Travel

Already weakened by trade tensions and a strong dollar in 2019, international arrivals plummeted in the wake of the pandemic.

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 (land travel) was still nearly stagnant through October 2021, due to stiff border restrictions affecting many inbound travelers.

The U.S. directly restricted travel from 33 countries, specifically barring non-American citizens who have been in those countries within 14 days prior to entry to the U.S. Although the list of restricted countries comprised just 17% of all countries, the restricted markets accounted for a disproportionate 53% of all overseas visitors to the U.S. in 2019. In fact, seven out of the top 10 overseas inbound markets to the U.S. in 2019—the U.K., China, Brazil, Germany, France, India, and Italy—were included in the travel restrictions.

Additionally, land and ferry border crossings from Canada and Mexico were closed to non-essential traffic for non-U.S. citizens until November 8. Restrictions by other countries—particularly those in Asia—on outbound travel and quarantine requirements for their own citizens further limited inbound travel to the U.S. Even among unrestricted markets, visa processing delays, and in many cases complete halts, significantly impacted inbound travel.

As a result of restrictions as well as a general fear of catching the virus and/or getting stuck with a positive COVID-19 test abroad, international travel spending remained drastically reduced, at less than a fifth of 2019 levels, through the first three quarters of 2021.

Forecast: The long-awaited opening of the border to all vaccinated inbound travelers, which took place on November 8, 2021, is expected to usher in a new period of recovery.

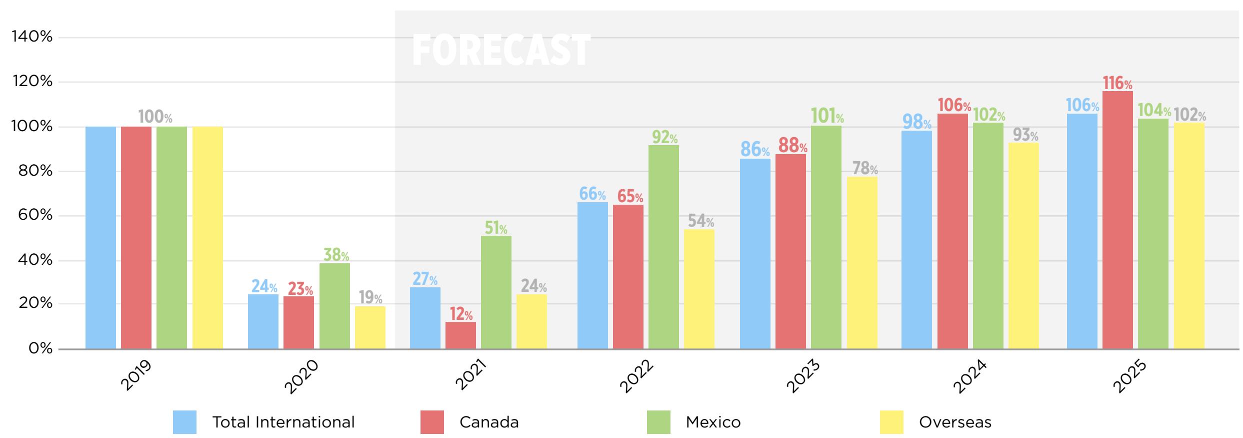
Many economies have also recently began transitioning away from their "zero Covid" strategies. Countries in Asia and Oceania are slowly beginning the process of opening up quarantine-free outbound travel to their residents. This will allow travelers from key inbound markets to visit again in the short-term. China, however—previously our third largest overseas inbound market—is a key exception due to continued travel restrictions that are expected to last well into 2022.

International arrivals are estimated to register at just 27% of pre-pandemic levels in 2021 and spending is estimated at an even lower 22%, as border restrictions impeded arrivals from key international source markets for most of 2021. But strong international travel growth is expected in 2022—led by Canada and Mexico.

Nevertheless, despite the recent lifting of border restrictions, international arrivals and spending will take some time to recover. The weakening outlook in China and persistent supply-chain bottlenecks there and around the world could weigh on foreign demand for U.S. travel and push the overall recovery even further. International visitations to the U.S. fell from 79 million in 2019 to just 19 million in 2020 and are projected to total only 52 million (66% of 2019 levels) even in 2022 (Figure 10). They are not anticipated to fully recover until 2024 or 2025.

While increased domestic travel by many Americans who couldn't travel abroad has partly made up for the lack of international travelers in recent months, their travel patterns often differ from those of international visitors. The expected growth in international visitors will help aid in the travel recovery of metropolitan areas, which has severely lagged thus far, and smoothen out the travel recovery's geographic unevenness.

FIGURE 10 – INTERNATIONAL INBOUND TRAVEL VOLUME (% 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, though growing quickly, still has ways to go. International visitors from many of our key markets are just now, finally, able to enter—or to return quarantine-free to their own countries, though some still cannot—and the process of recovery is just beginning. A full recovery for the latter two segments is not expected until 2024.

Our border reopening to all vaccinated travelers was a huge step forward in ensuring that international inbound travel finally begins the long recovery process. However, the real work begins now. For international travel to make a full recovery, visa processing must resume, there must be an increase in CBP staffing, and Congress must provide emergency funding for Brand USA.

The Way Forward

U.S. Travel will continue to advocate for policies that will help ensure a full rebound of the travel industry in the months, years and decades ahead. We are committed to working day-in and day-out to equip the industry with the resources needed to accelerate growth and rebuild the travel economy.

U.S. Travel will next update its forecast in the spring of 2022.

VOLUME

U.S. TRAVEL FORECAST - VOLUME

			TRAVEL FORECAST				
	2019	2020	2021	2022	2023	2024	2025
Total # of trips	**2.40 B**	**1.60 B**	**2.04 B**	**2.29 B**	**2.47 B**	**2.57 B**	**2.61 B**
Domestic Person Trips	**2.32 B**	**1.58 B**	**2.02 B**	**2.24 B**	**2.40 B**	**2.49 B**	**2.53 B**
Leisure	1.84 B	1.40 B	1.77 B	1.86 B	1.95 B	2.01 B	2.04 B
Business	464 M	181 M	250 M	371 M	446 M	484 M	492 M
Auto	2.13 B	1.50 B	1.89 B	2.07 B	2.21 B	2.29 B	2.32 B
Air	189 M	79 M	131 M	166 M	189 M	206 M	214 M
International Arrivals	**79 M**	**19 M**	**21 M**	**52 M**	**68 M**	**78 M**	**84 M**
Canada	21 M	5 M	3 M	13 M	18 M	22 M	24 M
Mexico	18 M	7 M	9 M	17 M	18 M	19 M	19 M
Overseas	40 M	8 M	10 M	22 M	31 M	38 M	41 M

U.S. TRAVEL FORECAST - % CHANGE

			TRAVEL FORECAST				
	2019	2020	2021	2022	2023	2024	2025
Total # of trips	**1.7%**	**-33.2%**	**27.5%**	**12.0%**	**7.8%**	**4.3%**	**1.7%**
Domestic Person Trips	**1.8%**	**-31.8%**	**27.8%**	**10.6%**	**7.3%**	**4.0%**	**1.5%**
Leisure	1.9%	-24.5%	26.5%	5.3%	4.7%	2.9%	1.5%
Business	1.1%	-60.9%	37.6%	48.6%	20.4%	8.5%	1.5%
Auto	1.5%	-29.4%	25.7%	9.5%	6.7%	3.5%	1.3%
Air	4.3%	-58.4%	67.0%	26.4%	14.1%	8.9%	3.8%
International Arrivals	**-0.4%**	**-75.5%**	**10.2%**	**144.4%**	**30.1%**	**14.8%**	**7.9%**
Canada	-3.5%	-76.8%	-46.5%	423.8%	35.4%	19.9%	9.8%
Mexico	-0.3%	-61.6%	32.7%	80.7%	9.2%	0.8%	2.3%
Overseas	1.3%	-81.2%	25.2%	131.4%	42.9%	20.0%	9.6%

U.S. TRAVEL FORECAST - SHARE OF 2019

			TRAVEL FORECAST				
	2019	2020	2021	2022	2023	2024	2025
Total # of trips	**100%**	**67%**	**85%**	**95%**	**103%**	**107%**	**109%**
Domestic Person Trips	**100%**	**68%**	**87%**	**96%**	**103%**	**108%**	**109%**
Leisure	100%	76%	96%	101%	105%	108%	110%
Business	100%	39%	54%	80%	96%	104%	106%
Auto	100%	71%	89%	97%	104%	107%	109%
Air	100%	42%	70%	88%	100%	109%	113%
International Arrivals	**100%**	**24%**	**27%**	**66%**	**86%**	**98%**	**106%**
Canada	100%	23%	12%	65%	88%	106%	116%
Mexico	100%	38%	51%	92%	101%	102%	104%
Overseas	100%	19%	24%	54%	78%	93%	102%

Sources: Tourism Economics and U.S. Travel Association

SPENDING

U.S. TRAVEL FORECAST - SPENDING

	2019	2020	TRAVEL FORECAST 2021	2022	2023	2024	2025
Total Travel Spending	**$1.17 T**	**$680 B**	**$877 B**	**$1.06 T**	**$1.16 T**	**$1.23 T**	**$1.26 T**
Domestic	**$992 B**	**$642 B**	**$838 B**	**$932 B**	**$997 B**	**$1.04 T**	**$1.06 T**
Leisure	$722 B	$555 B	$702 B	$726 B	$745 B	$766 B	$776 B
Business	$270 B	$88 B	$136 B	$206 B	$252 B	$277 B	$284 B
Transient	$157 B	$59 B	$93 B	$127 B	$152 B	$164 B	$169 B
Group	$113 B	$28 B	$43 B	$79 B	$100 B	$113 B	$115 B
International	**$181 B**	**$38 B**	**$40 B**	**$131 B**	**$159 B**	**$183 B**	**$198 B**
Leisure	$145 B	$31 B	$32 B	$107 B	$130 B	$148 B	$162 B
Business	$36 B	$7.3 B	$8 B	$24 B	$30 B	$35 B	$36 B
Transient	$22 B	$4.6 B	$5 B	$16 B	$19 B	$22 B	$22 B
Group	$14 B	$2.7 B	$3 B	$8 B	$11 B	$13 B	$14 B

U.S. TRAVEL FORECAST - % CHANGE

	2019	2020	TRAVEL FORECAST 2021	2022	2023	2024	2025
Total Travel Spending	**2.8%**	**-42.0%**	**29.0%**	**21.1%**	**8.8%**	**6.1%**	**2.6%**
Domestic	**4.0%**	**-35.3%**	**30.5%**	**11.3%**	**6.9%**	**4.7%**	**1.6%**
Leisure		-23.2%	26.6%	3.5%	2.6%	2.9%	1.3%
Business		-67.5%	55.2%	51.6%	22.2%	10.0%	2.4%
Transient		-62.1%	56.2%	36.9%	19.3%	8.1%	2.8%
Group		-75.1%	53.1%	83.2%	26.9%	12.7%	1.8%
International	**-3.2%**	**-78.9%**	**4.1%**	**229.0%**	**21.9%**	**14.9%**	**8.2%**
Leisure		-78.7%	3.6%	235.5%	21.0%	14.2%	9.5%
Business		-79.7%	5.9%	202.3%	26.2%	17.7%	2.7%
Transient		-78.8%	6.4%	218.4%	21.0%	14.8%	1.0%
Group		-81.0%	5.3%	175.0%	36.4%	22.7%	5.4%

U.S. TRAVEL FORECAST - SHARE OF 2019

	2019	2020	TRAVEL FORECAST 2021	2022	2023	2024	2025
Total Travel Spending	**100%**	**58%**	**75%**	**91%**	**99%**	**105%**	**107%**
Domestic	**100%**	**65%**	**84%**	**94%**	**100%**	**105%**	**107%**
Leisure	100%	77%	97%	101%	103%	106%	108%
Business	100%	32%	50%	76%	93%	103%	105%
Transient	100%	38%	59%	81%	97%	105%	108%
Group	100%	25%	38%	70%	89%	100%	102%
International	**100%**	**21%**	**22%**	**72%**	**88%**	**101%**	**110%**
Leisure	100%	21%	22%	74%	90%	102%	112%
Business	100%	20%	22%	65%	82%	97%	99%
Transient	100%	21%	22%	72%	87%	99%	100%
Group	100%	19%	20%	55%	75%	92%	97%

Sources: Tourism Economics and U.S. Travel Association

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**	**275**	**304**	**315**	**325**	**332**	**340**
Food Away from home	284	294	303	307	311	314	319
Lodging away from home	344	265	323	343	362	375	385
Motor Fuel	233	195	248	257	267	275	282
Public Transportation	259	227	228	242	251	258	265
Consumer Price Index	**256**	**259**	**270**	**280**	**286**	**292**	**298**

U.S. TRAVEL FORECAST - % CHANGE

			TRAVEL FORECAST				
	2019	2020	2021	2022	2023	2024	2025
Travel Price Index		**-5.8%**	**10.6%**	**3.5%**	**3.2%**	**2.3%**	**2.4%**
Food Away from home		3.4%	2.9%	1.4%	1.3%	1.1%	1.7%
Lodging away from home		-22.9%	21.7%	6.3%	5.6%	3.4%	2.8%
Motor Fuel		-16.3%	26.9%	4.0%	3.7%	3.0%	2.4%
Public Transportation		-12.3%	0.3%	5.8%	3.8%	3.1%	2.7%
Consumer Price Index		**1.2%**	**4.5%**	**3.7%**	**2.2%**	**2.1%**	**2.1%**

U.S. TRAVEL FORECAST - SHARE OF 2019

			TRAVEL FORECAST				
	2019	2020	2021	2022	2023	2024	2025
Travel Price Index	**100%**	**94.2%**	**104.2%**	**107.8%**	**111.2%**	**113.8%**	**116.6%**
Food Away from home	100%	103.4%	106.4%	107.9%	109.3%	110.5%	112.3%
Lodging away from home	100%	77.1%	93.8%	99.7%	105.3%	108.9%	112.0%
Motor Fuel	100%	83.7%	106.2%	110.4%	114.5%	118.0%	120.8%
Public Transportation	100%	87.7%	88.0%	93.1%	96.6%	99.6%	102.2%
Consumer Price Index	**100%**	**101.2%**	**105.8%**	**109.6%**	**112.0%**	**114.4%**	**116.7%**

* 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.