



AN OXFORD ECONOMICS COMPANY

Travel Trends & Outlook

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National travel recovery is nearly complete

US Travel Indicators

October 2023



Travel Spending
(Tourism Economics)

↗ +4.8%

October vs. 2019

↗ +3.9%

YTD vs. 2019



Air Passengers
(TSA)

↗ +4.8%

October vs. 2019

↗ +1.1%

YTD vs. 2019



Overseas Arrivals
(NTTO)

↘ -15.1%

October vs. 2019

↘ -23.6%

YTD vs. 2019



Hotel Demand
(STR)

↘ -2.0%

October vs. 2019

↘ -1.7%

YTD vs. 2019



Short-term Rental Demand
(AIRDNA)

↗ +57.0%

October vs. 2019

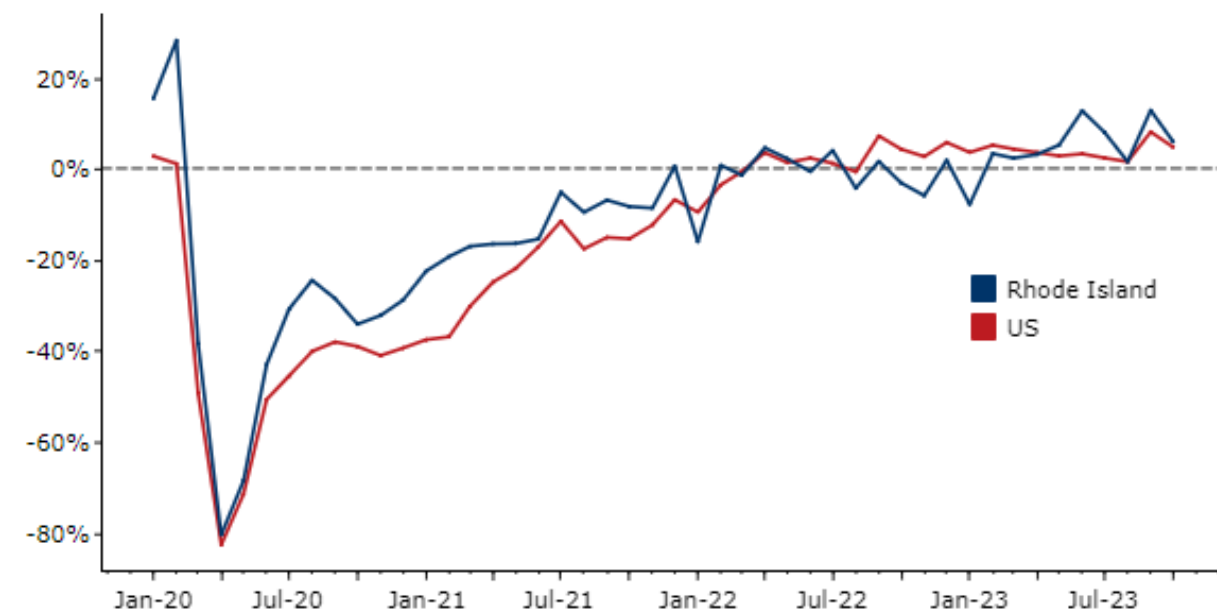
↗ +39.5%

YTD vs. 2019

RI travel spending now pacing ahead of the national average

Travel Spending

Rhode Island vs U.S. total, % change relative to 2019

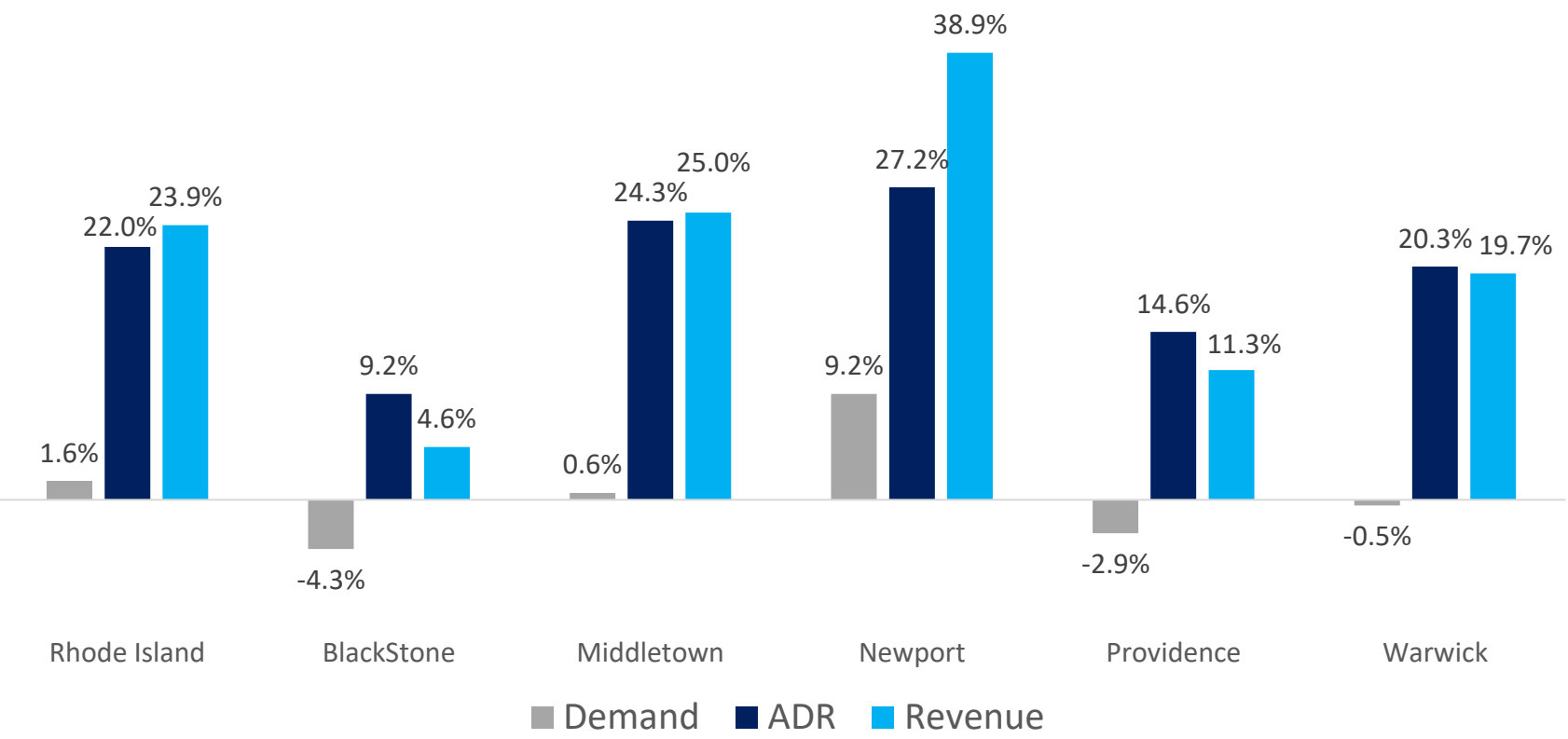


Source: Tourism Economics

Hotel performance notably above 2019 and revenue outpacing inflation

2023 YTD Hotel Performance

State of Rhode Island and sub-markets, % change vs 2019 (through October)



Source: STR

12-month trends remain positive, but U.S. growth rates are slowing down

Travel Indicators

% change relative to same month vs. Previous Year

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Travel Spending (Tourism Economics)	17%	14%	15%	9%	5%	0%	1%	1%	1%	2%	1%	0%
Air Passengers (TSA)	12%	12%	31%	19%	12%	10%	10%	12%	12%	11%	10%	10%
Overseas Arrivals (NTTO)	55%	46%	91%	71%	56%	26%	28%	24%	21%	27%	28%	21%
Hotel Demand (STR)	3%	1%	11%	6%	3%	-1%	0%	0%	0%	0%	0%	-1%
Top 25 Group Hotel Demand* (STR)	58%	28%	102%	55%	25%	4%	6%	-2%	1%	3%	-1%	2%
Short-term Rental Demand (AIRDNA)	17%	20%	15%	18%	19%	15%	14%	16%	11%	8%	10%	17%
National Park Visits (National Park Service)	0%	-3%	11%	5%	-1%	0%	3%	0%	1%	2%	2%	-1%

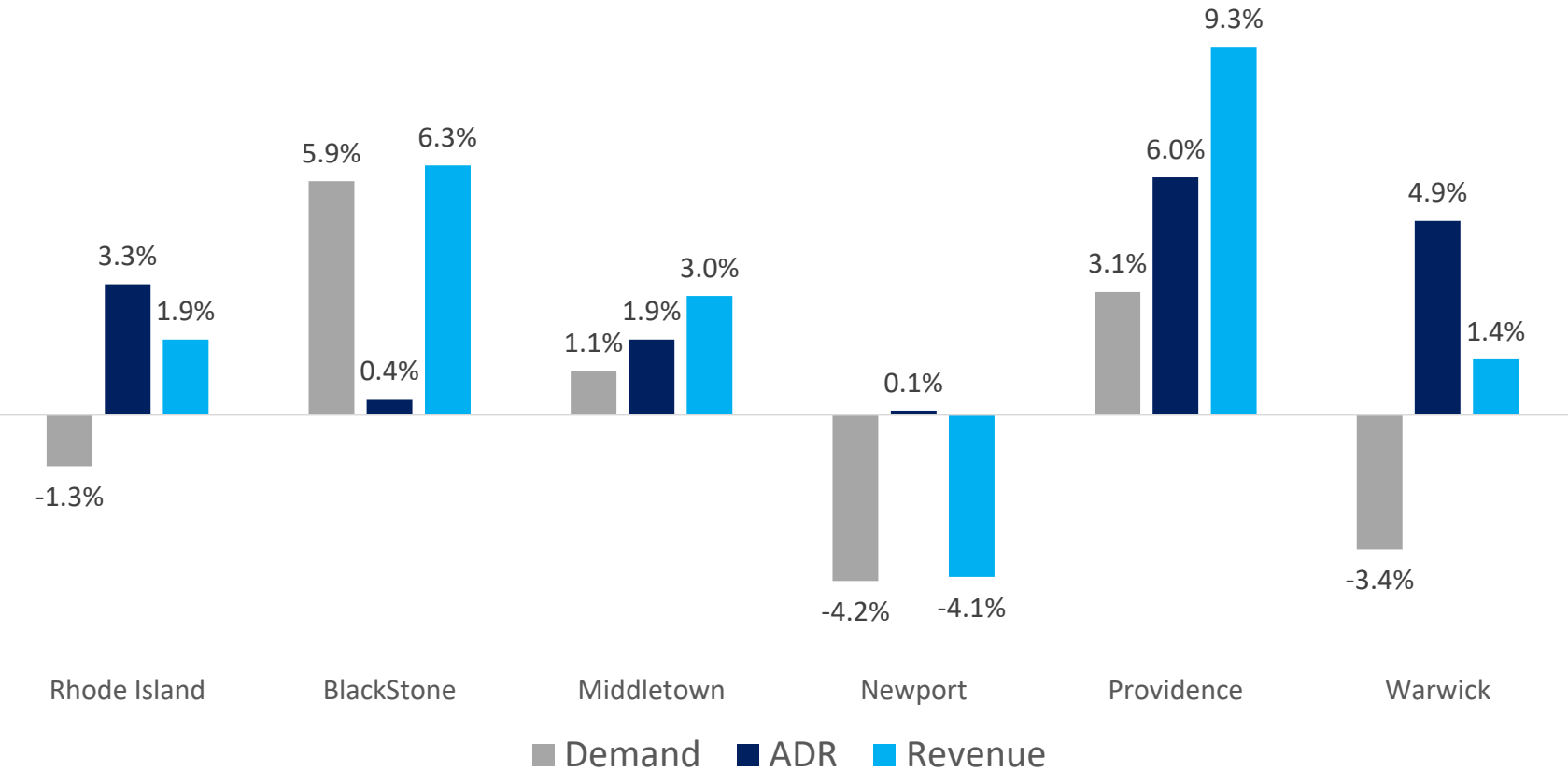


SYMPHONY TOURISM ECONOMICS

And a “correction” is underway locally as well

2023 YTD Hotel Performance

State of Rhode Island and sub-markets, % change YOY (through October)









Source: STR

Leisure & hospitality jobs still lagging 2019

Employment by Sector

October 2023, Rhode Island

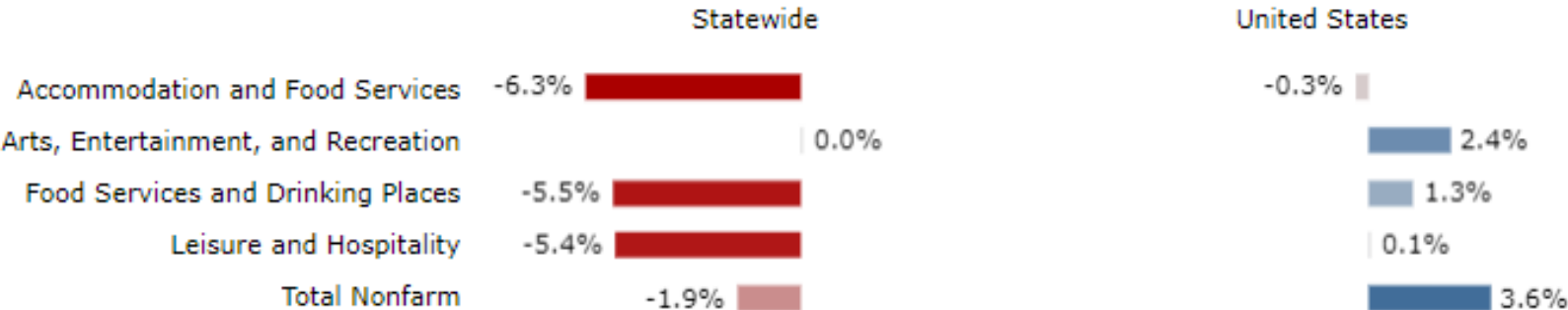
	Jobs	Jobs Gained/Lost vs. 2019	% Change vs. 2019
Total Nonfarm	500.1K	-9.7K	-1.9% 
Health Care and Social Assistance	82.4K	-0.4K	-0.5% 
Professional and Business Services	68.8K	-0.1K	-0.1% 
Government	65.7K	-0.7K	-1.1% 
Leisure and Hospitality	57.4K	-3.3K	-5.4% 
Retail Trade	46.2K	-1.8K	-3.8% 
Manufacturing	40.2K	0.3K	0.8% 
Finance and Insurance	29.4K	0.4K	1.4% 
Construction	22.0K	1.2K	5.8% 
Other Services	21.1K	-1.8K	-7.9% 
Wholesale Trade	15.4K	-0.9K	-5.5% 
Transportation and Warehousing	11.6K	-0.4K	-3.3% 
Information	5.6K	-0.2K	-3.4% 
Mining and Logging	0.2K	0.0K	0.0% 

Source: BLS

And it's not just hotels...

Employment by Sector

% Change vs. 2019

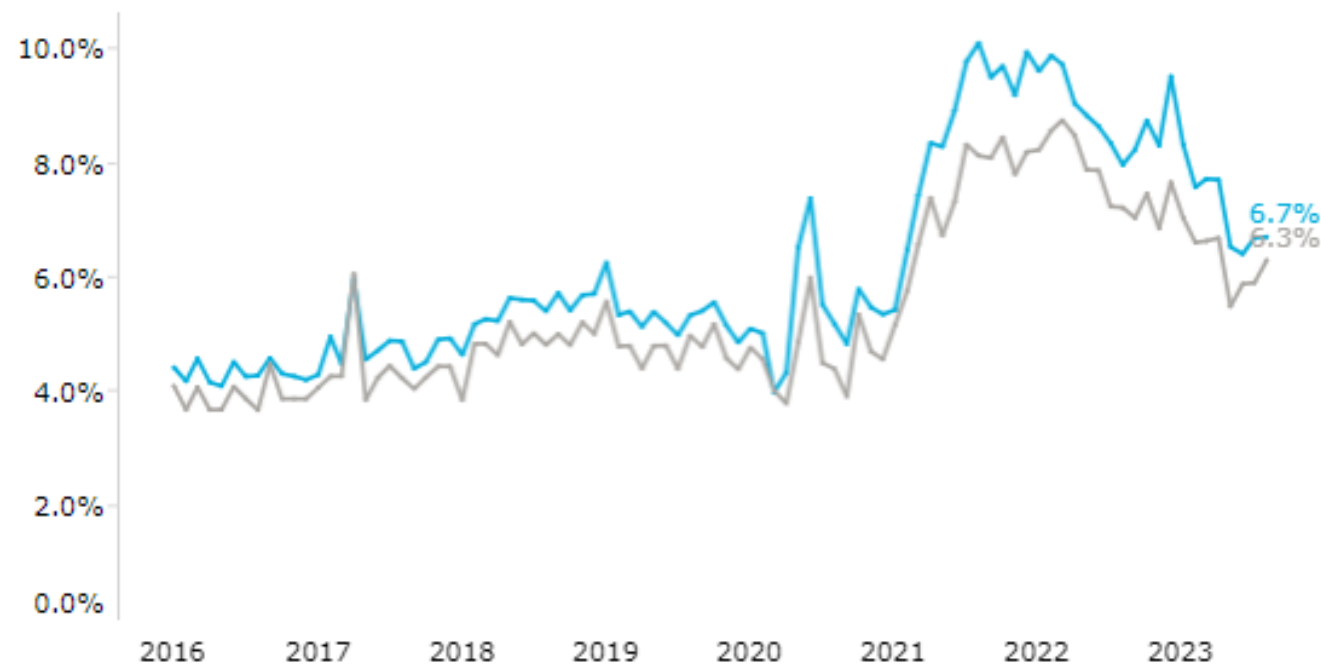


Source: BLS - Current Employment Statistics (CES)

Workforce challenges remain but are improving

Job Openings Rate: Leisure and Hospitality vs. Total Nonfarm

Rhode Island



Source: BLS, Tourism Economics

■ Leisure and Hospitality ■ Total Nonfarm

6.7%
job opening rate for
L&H represents
3,700 job
opportunities

The tug-of-war that will define the outlook

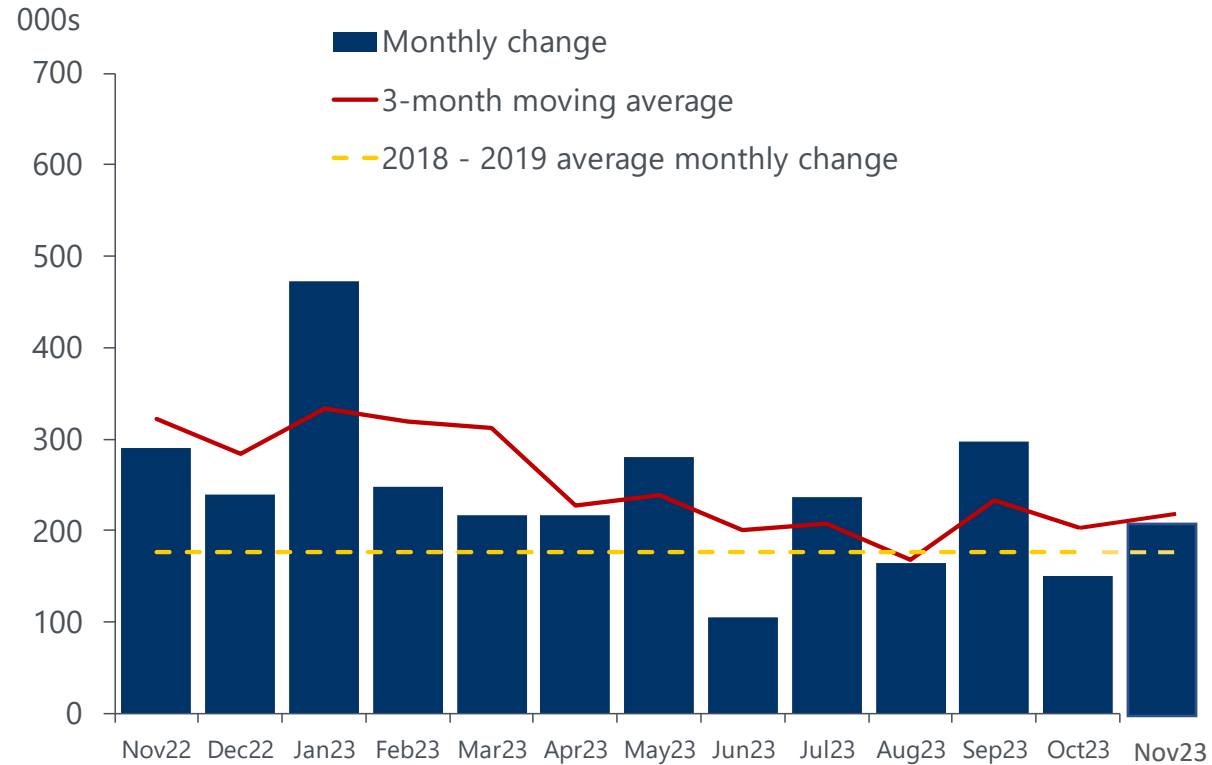
**An economic
slowdown**

**The response
of travelers**



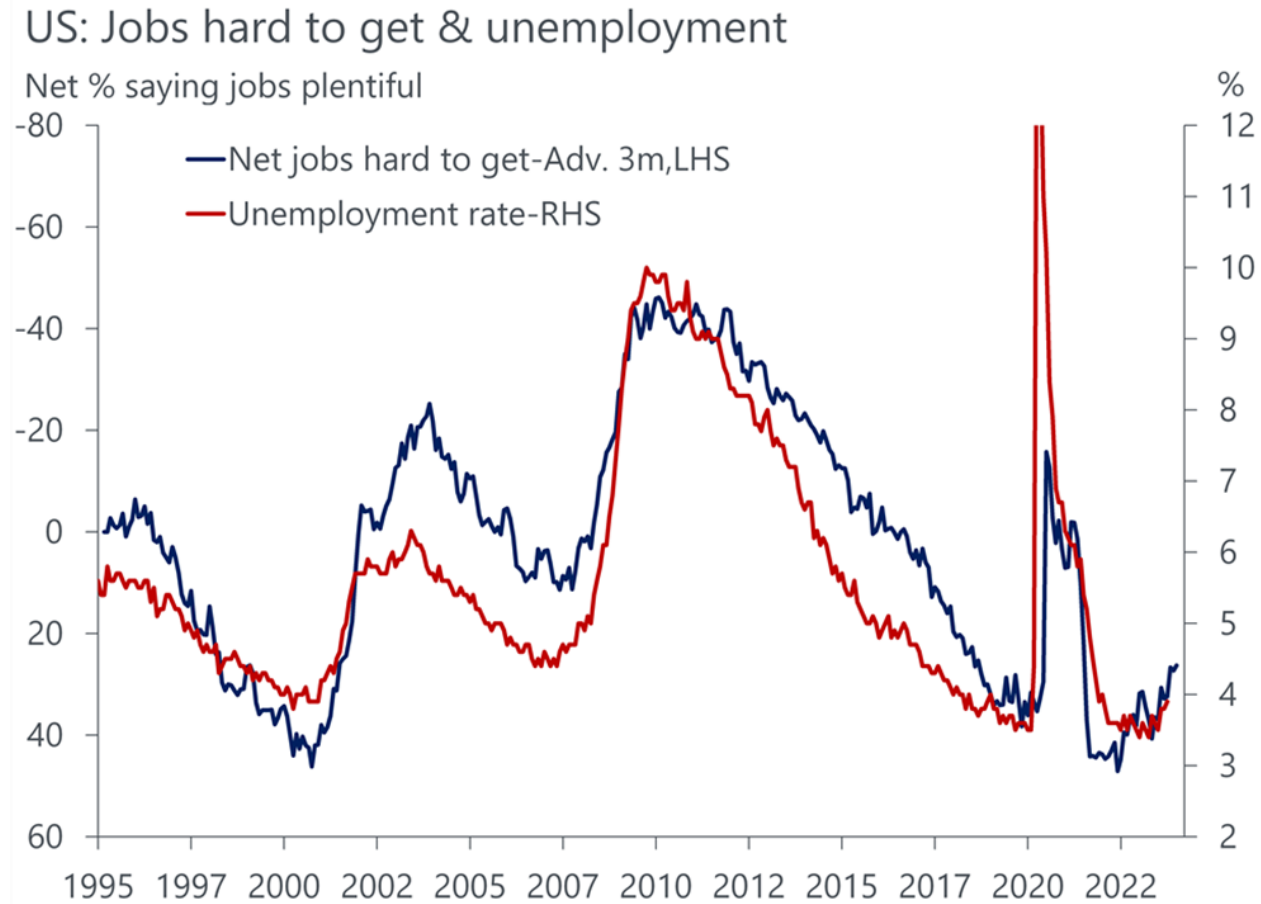
Labor market remains strong

US: Nonfarm payroll employment



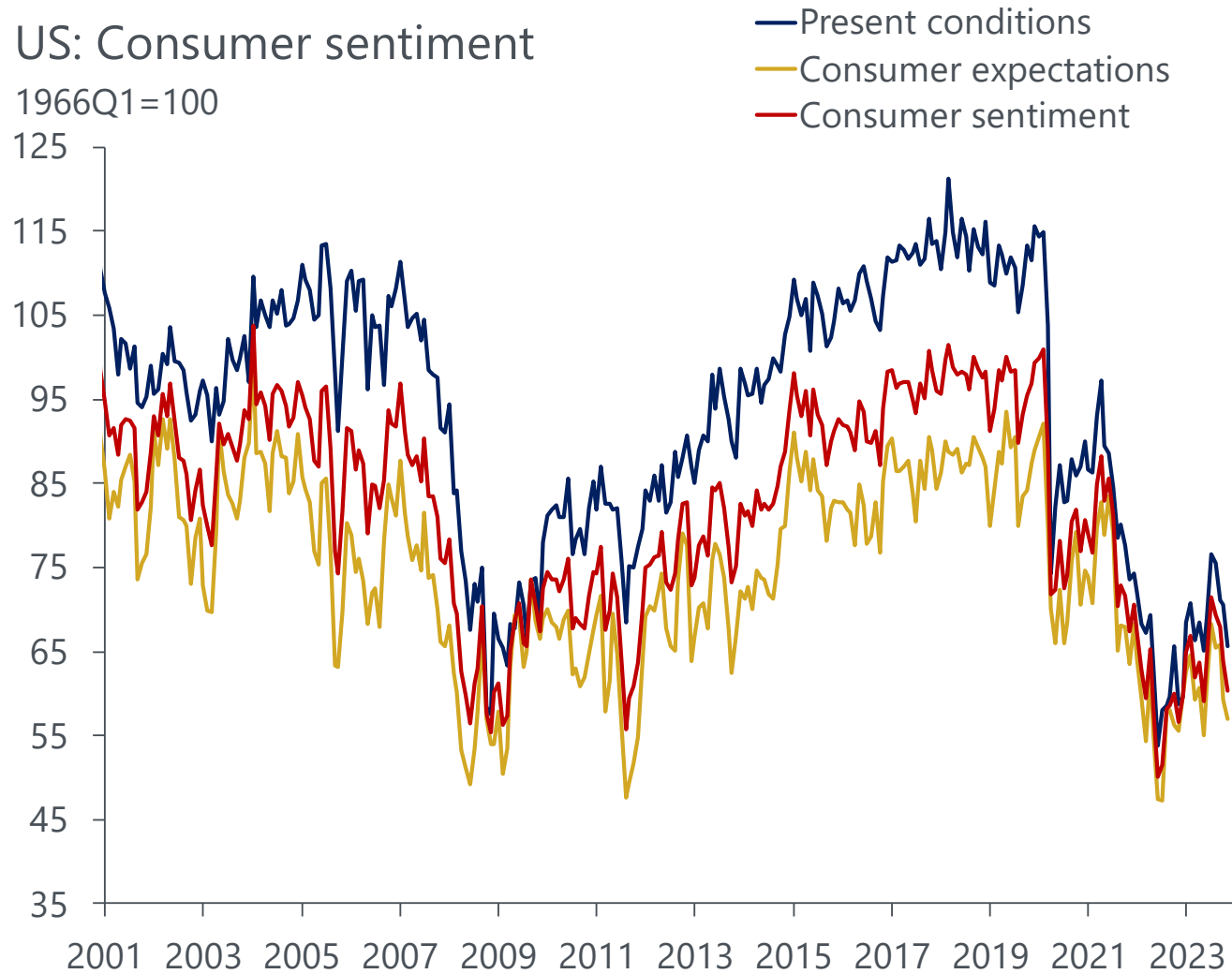
Source: Oxford Economics/Haver Analytics

But the market is starting to soften



Source: Oxford Economics/Haver Analytics

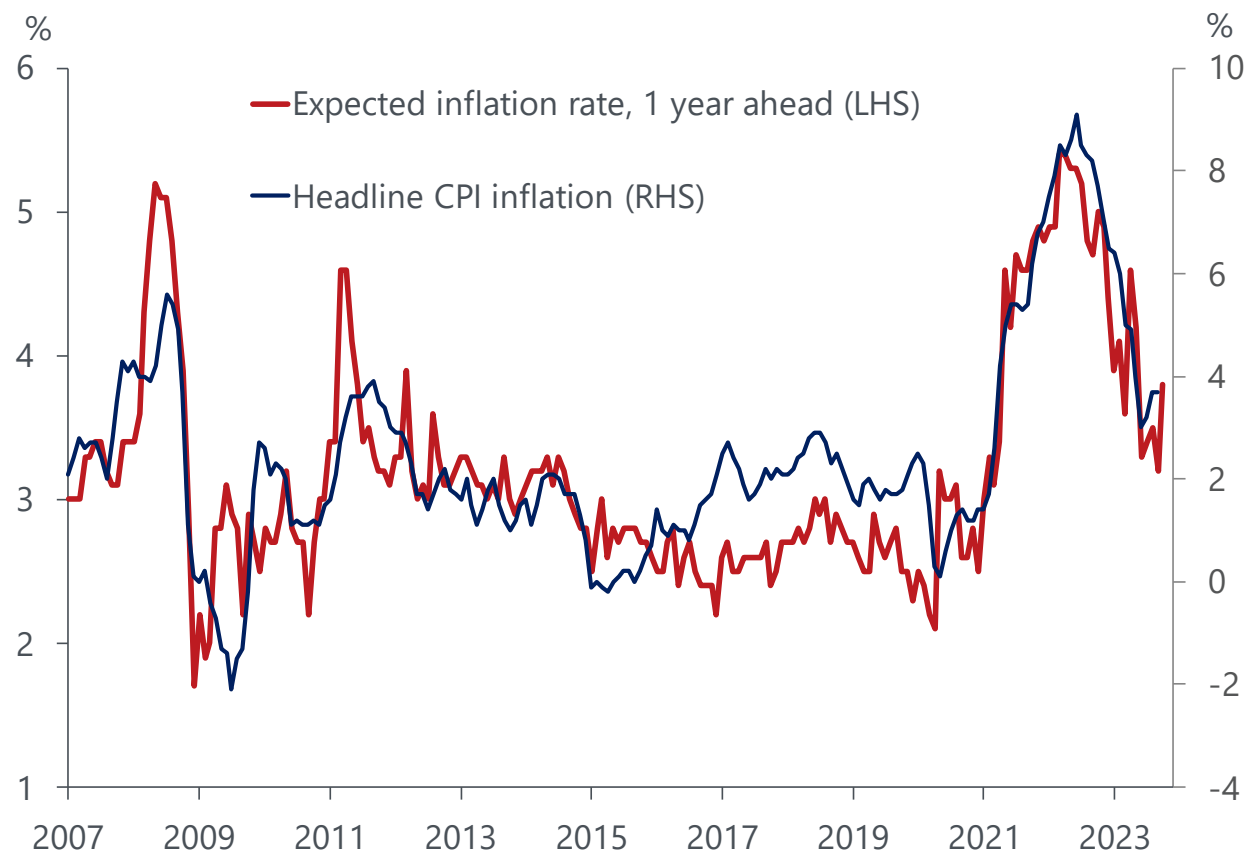
And consumers are feeling uneasy



Source: Oxford Economics/Haver Analytics

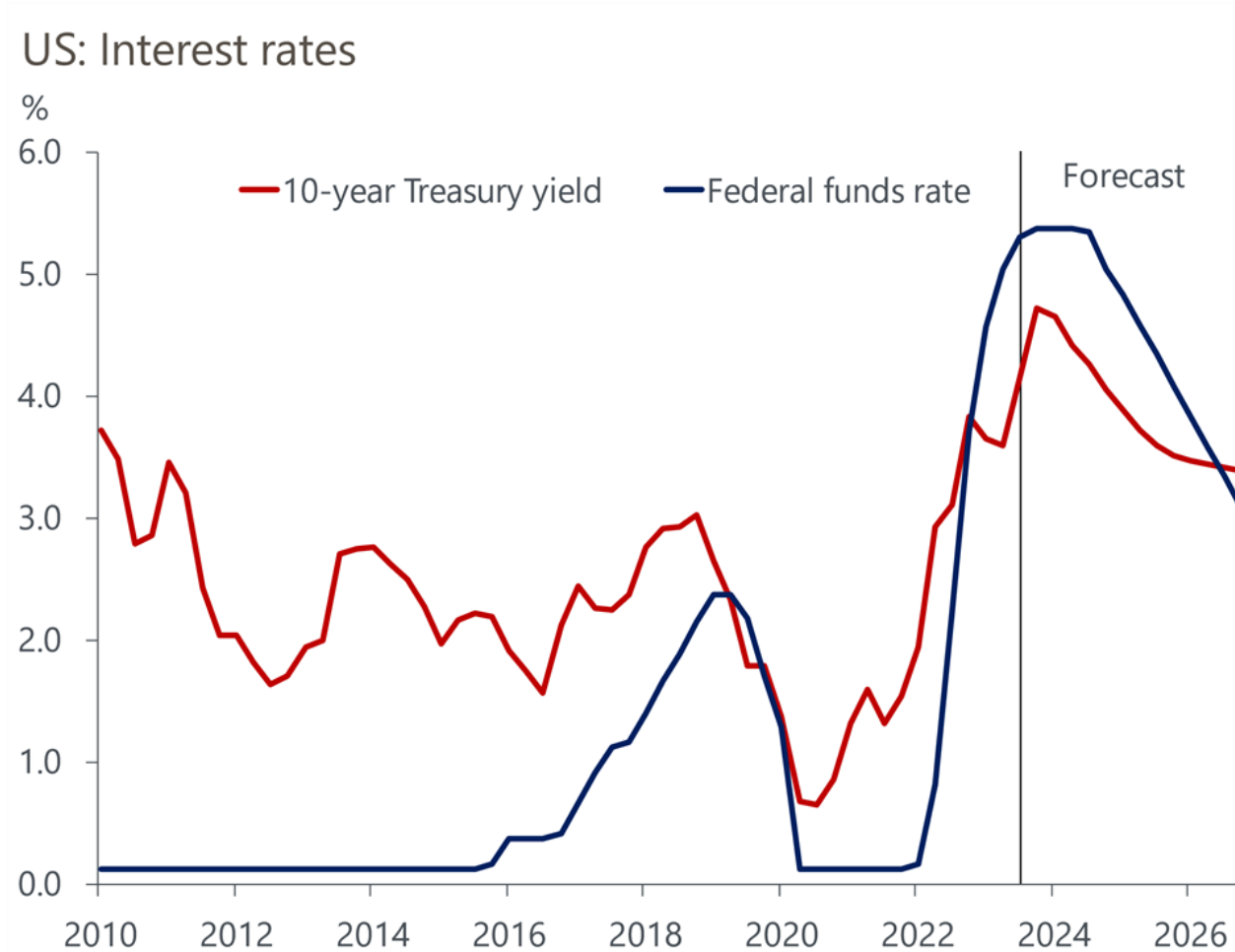
Inflation remains the focus

US: Inflation expectations and inflation



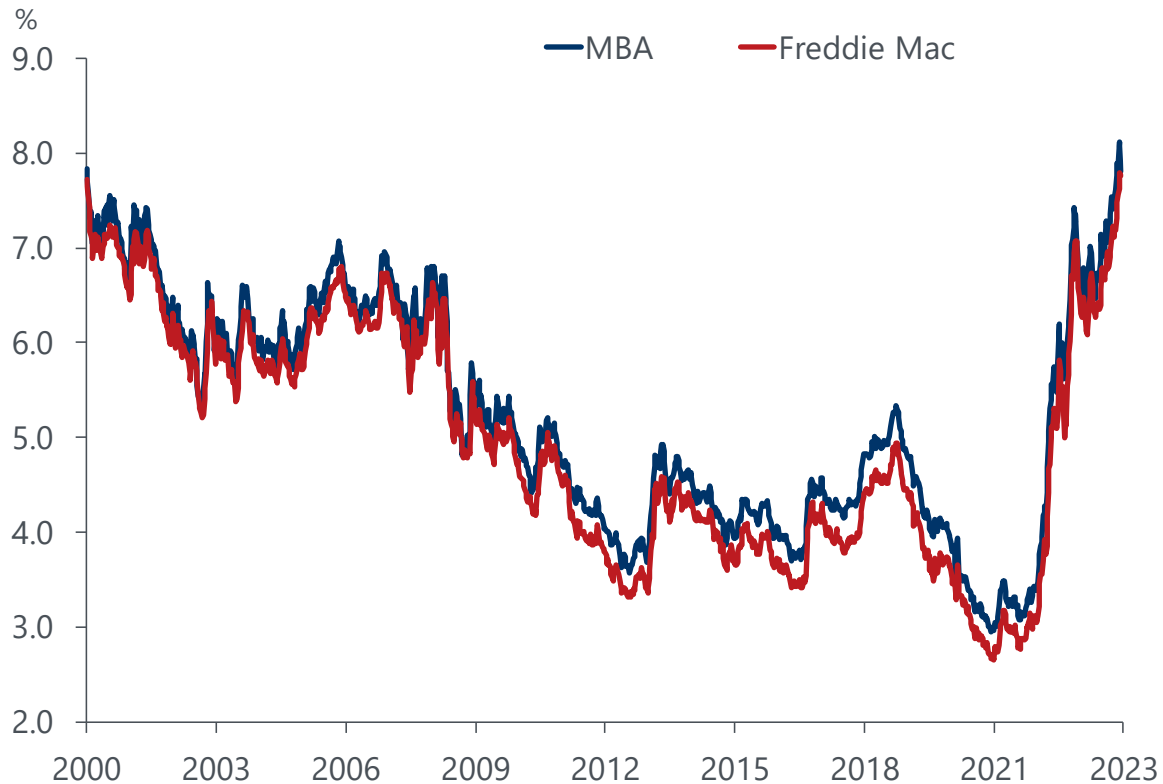
Source: Oxford Economics/Haver Analytics

And higher interest rates are leaving their mark



Housing market slammed by higher interest rates

US: 30-year mortgage rates

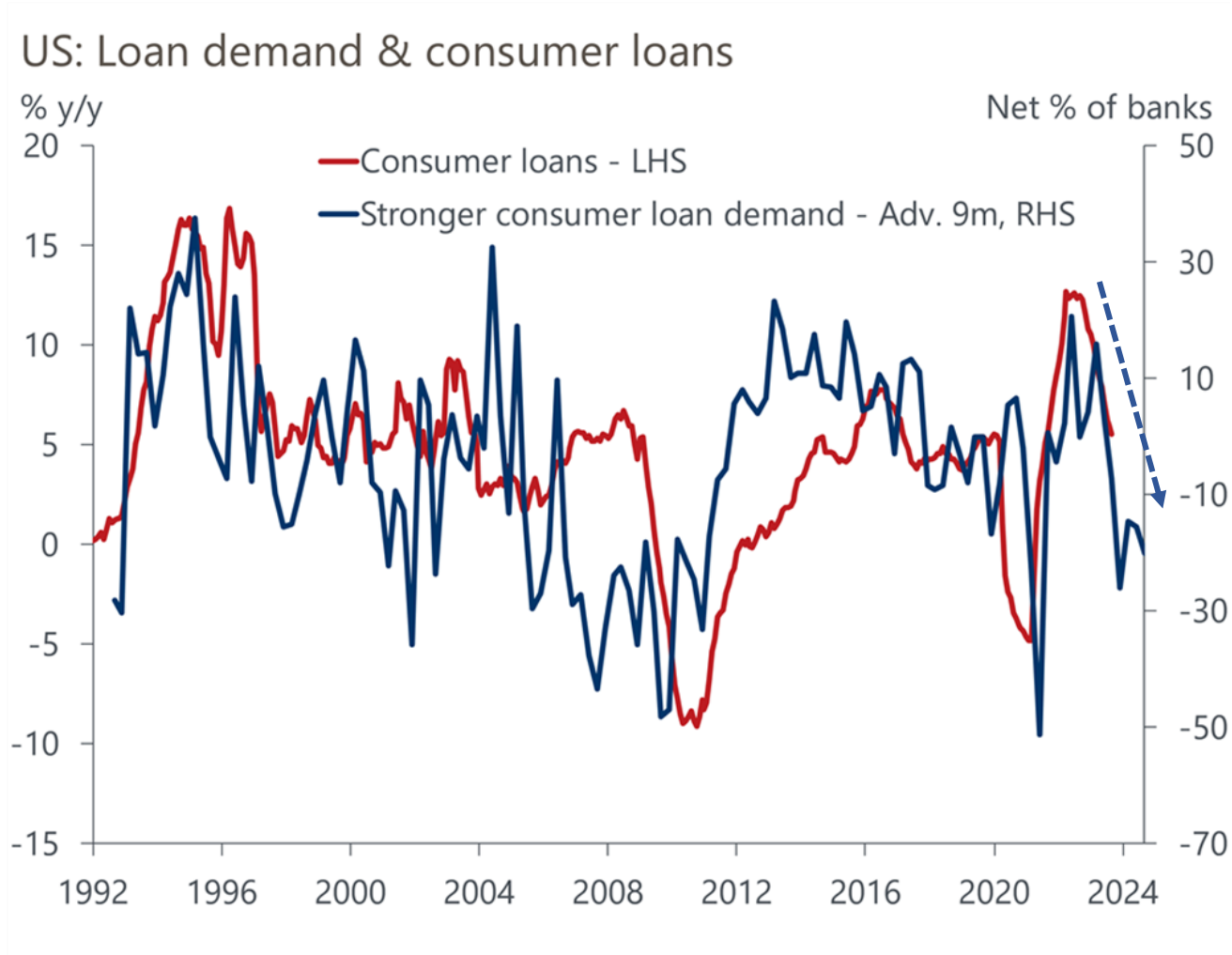


Source: Oxford Economics/Haver Analytics

US: Pending and existing home sales



Tighter credit conditions will take a toll consumer spending



Saving rate historically low but buffer is still high

US: Personal saving rate

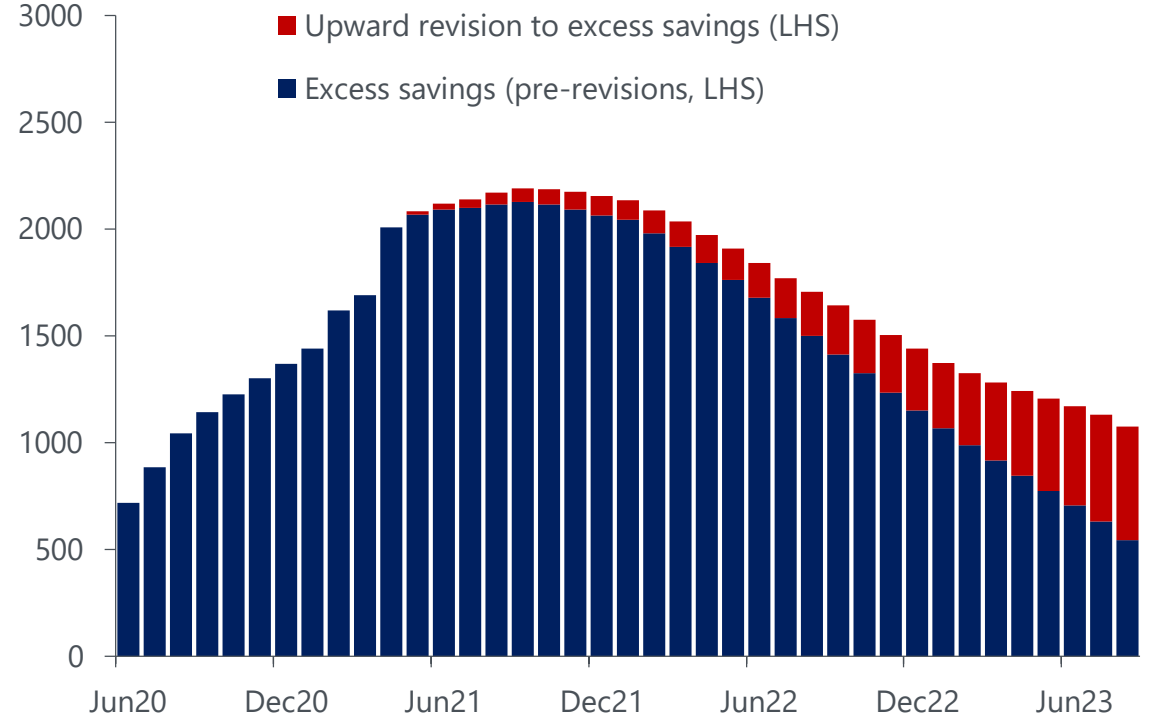
% disposable income



Source: Oxford Economics/Haver Analytics

US: Estimated excess savings

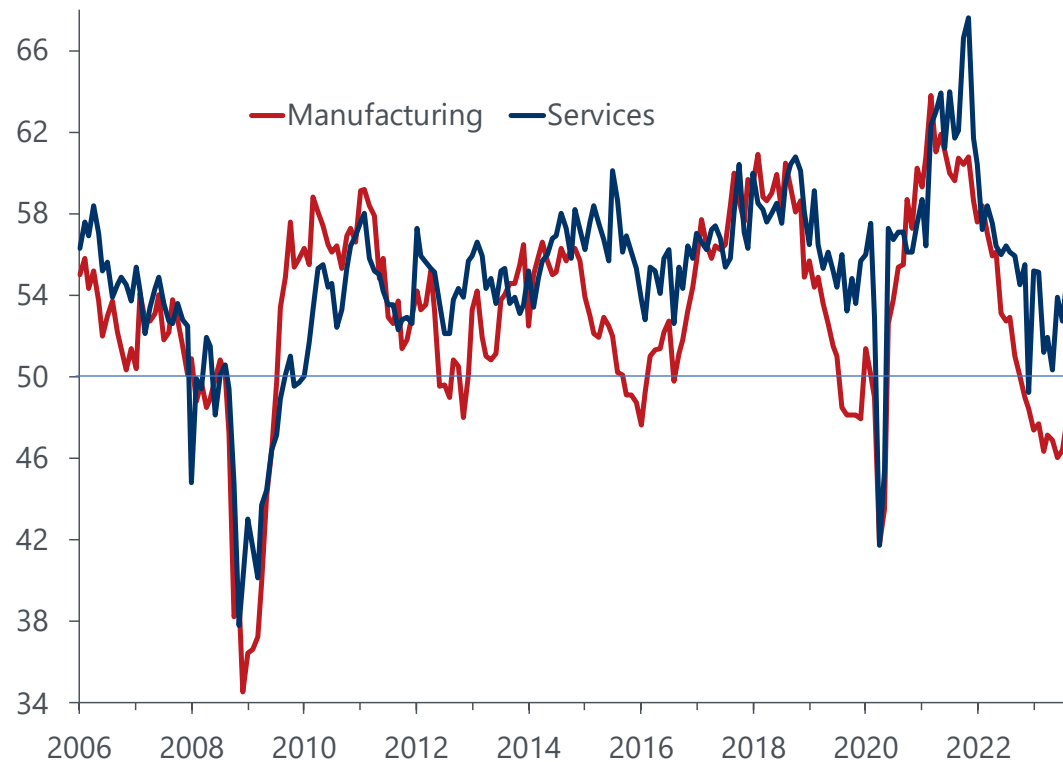
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Source: Oxford Economics/Haver Analytics

Service sector remains positive but expansion is modest

US: ISM Indices

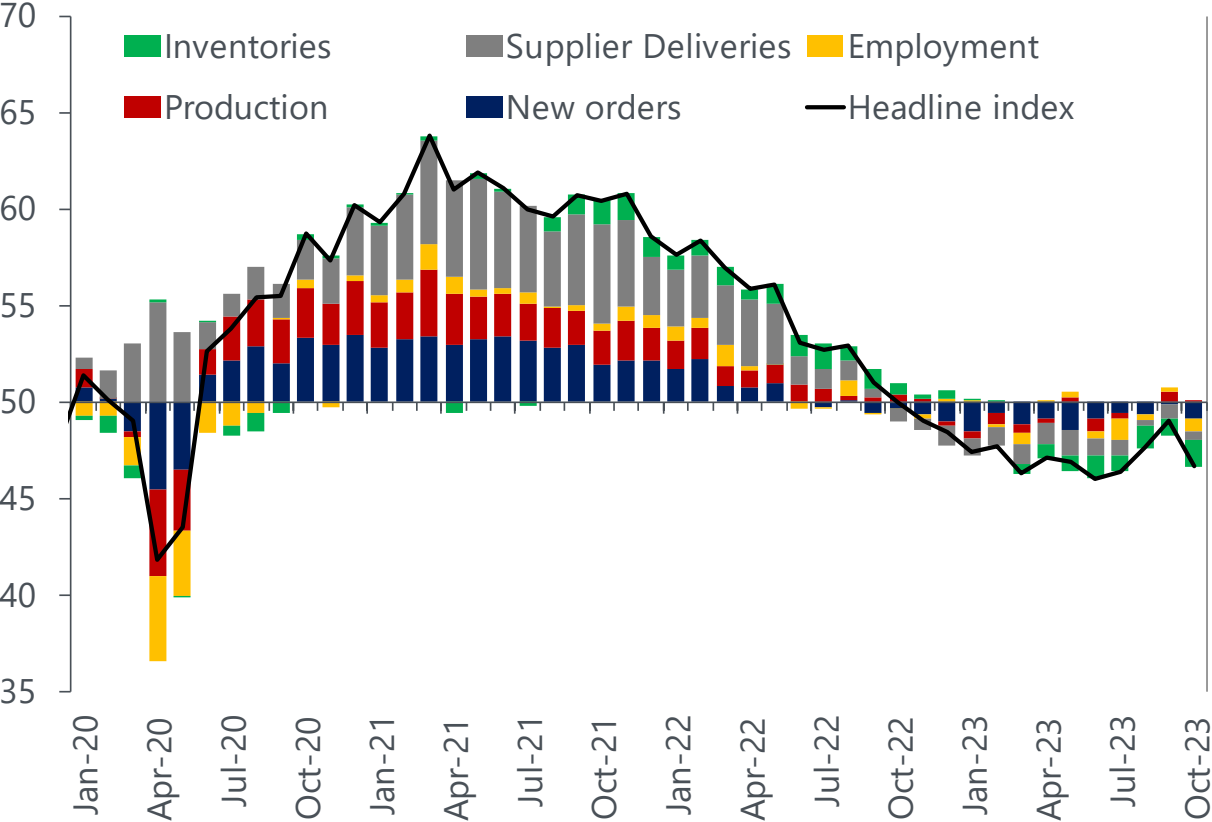


Source: Oxford Economics/Haver Analytics

Manufacturing is on a weak footing

US: Contribution to ISM Manufacturing

Index; above 50=expansion

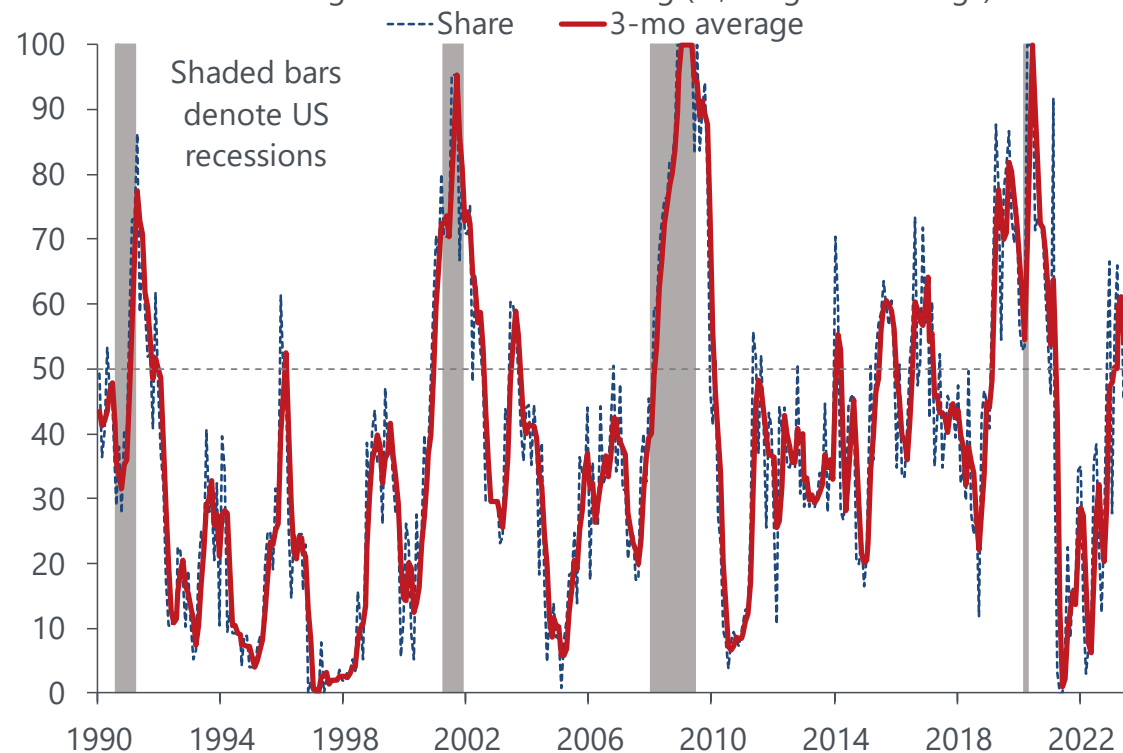


Source: Oxford Economics/Haver Analytics

Manufacturing pullback is consistent with past slowdowns

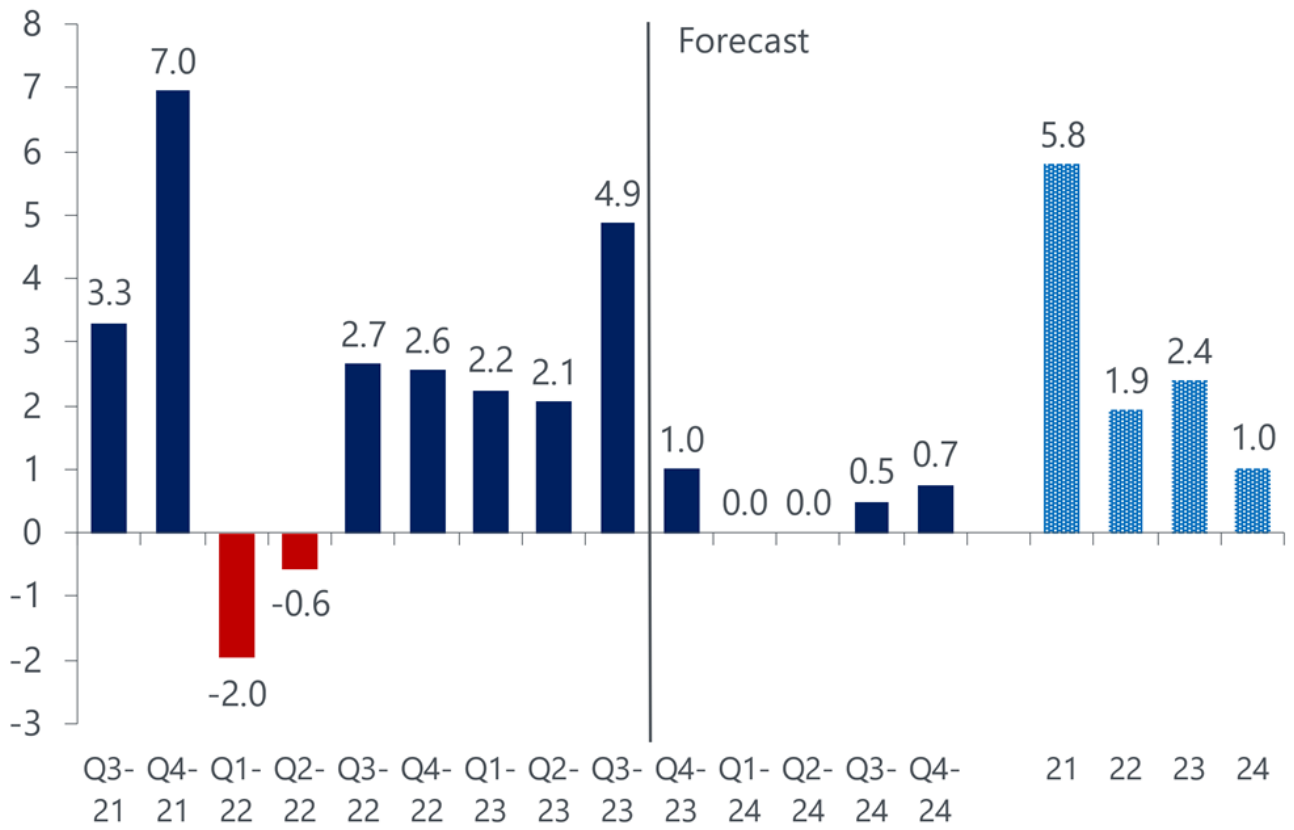
US: Recessionary manufacturing activity

Share of manufacturing sub-sectors contracting (% , weighted average)



GDP set to slow dramatically

US: GDP Forecast
% annualized



The response of travel





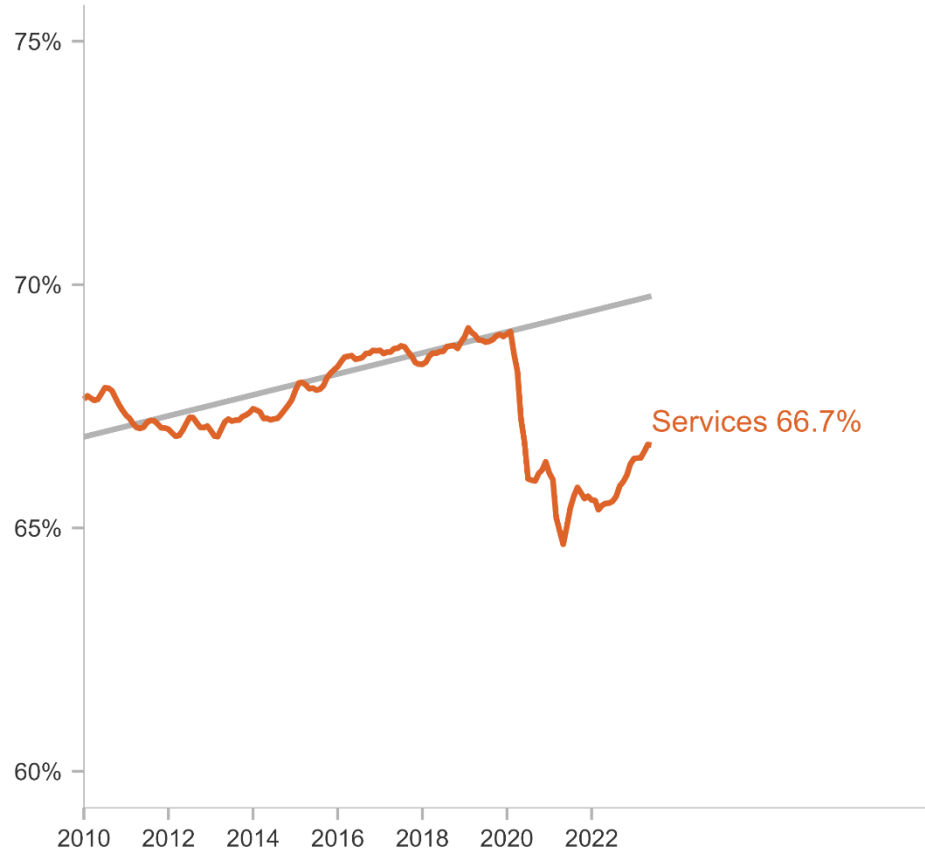
Leisure Travel



Consumer spending is not “normal”

Share of consumer spending

Three-month moving average, recent share in label

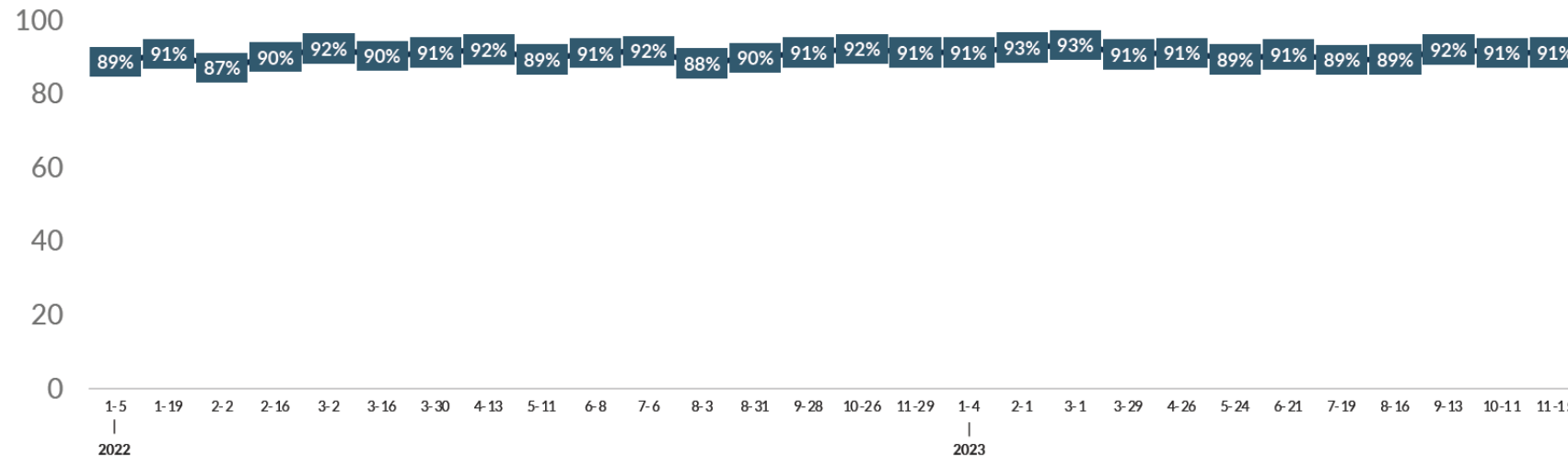


Note: Nominal. Seasonally adjusted monthly data through June 2023.
Source: Bureau of Economic Analysis

% share of “services”
should be closer to
70%
of disposable income

Travel planning remains stable

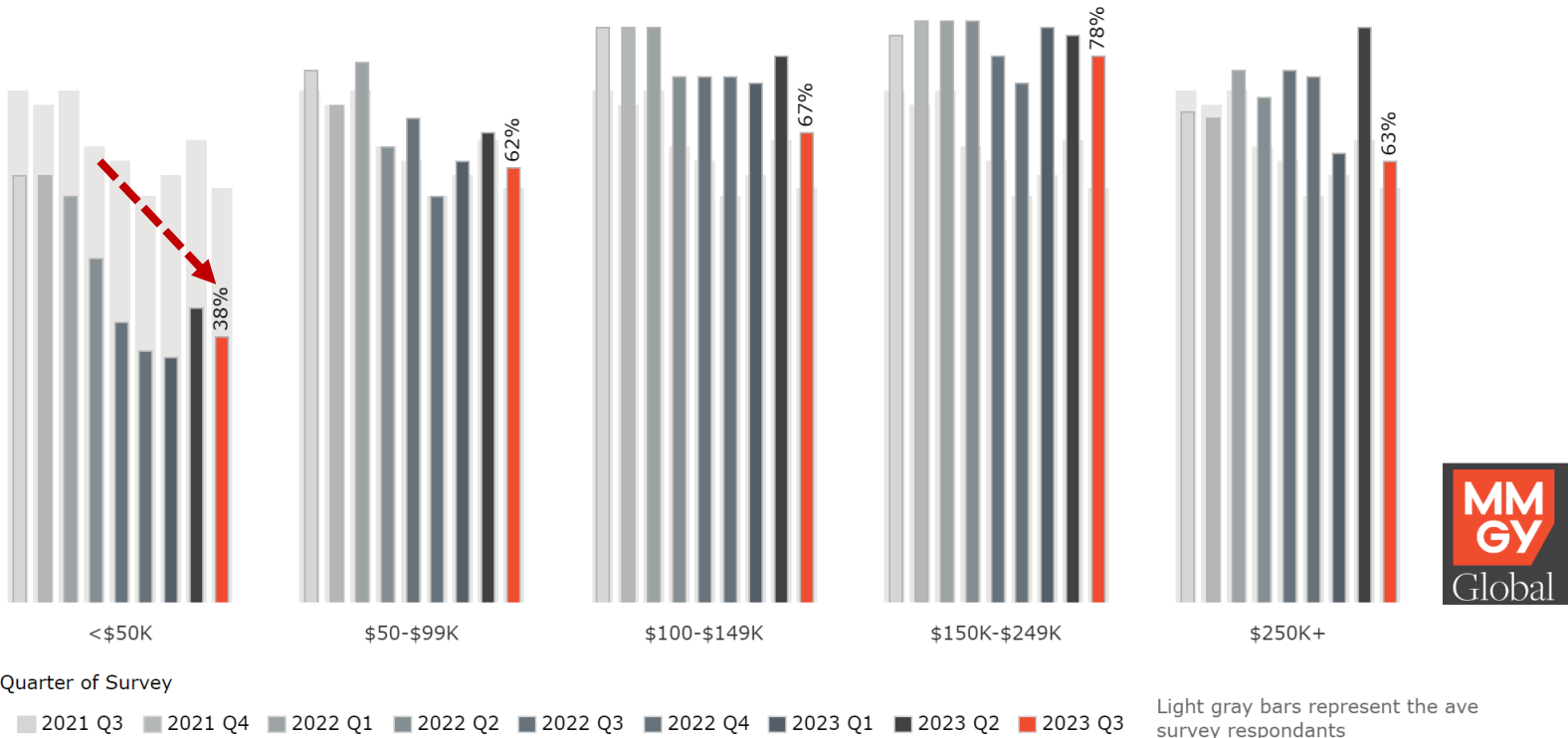
Travelers with Travel Plans in the Next Six Months Comparison



*Note: Data spanning multiple years, beginning from 1/5/2022.
Travel Sentiment Study Wave 80

Slippage evident among lower income earners

Planning Leisure Travel Within the Next 6 Months
% of American Consumers



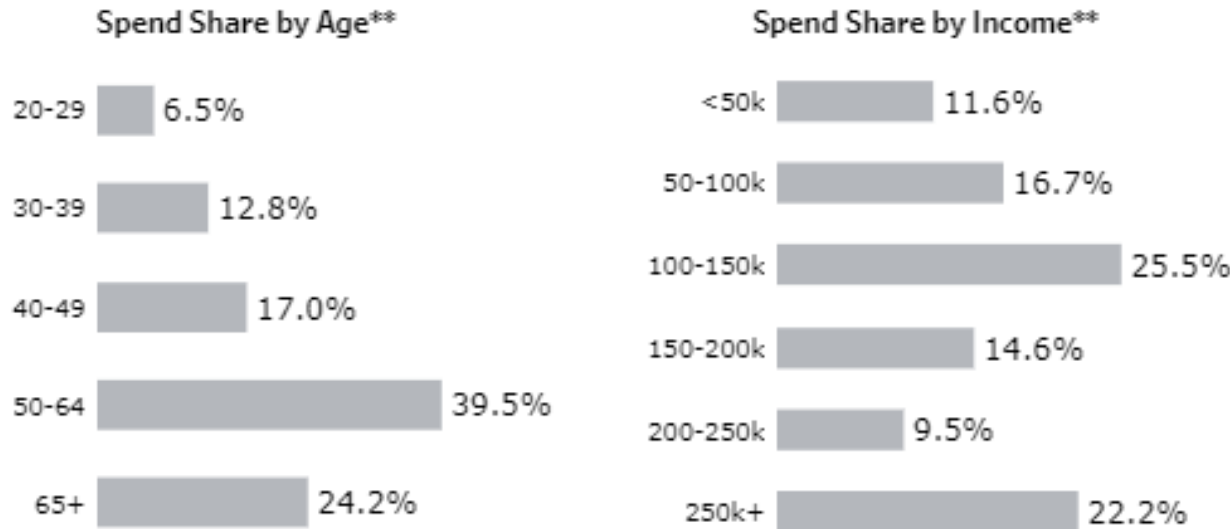
“We're seeing a little bit of softness in our overall kind of demand relative to Q3.”

Airbnb, Q3 Earnings Call

72% of spending in Rhode Island comes from \$100k+ income households

In-Market Credit Card Spending by Demographic

2023 YTD through October, % share of total spend

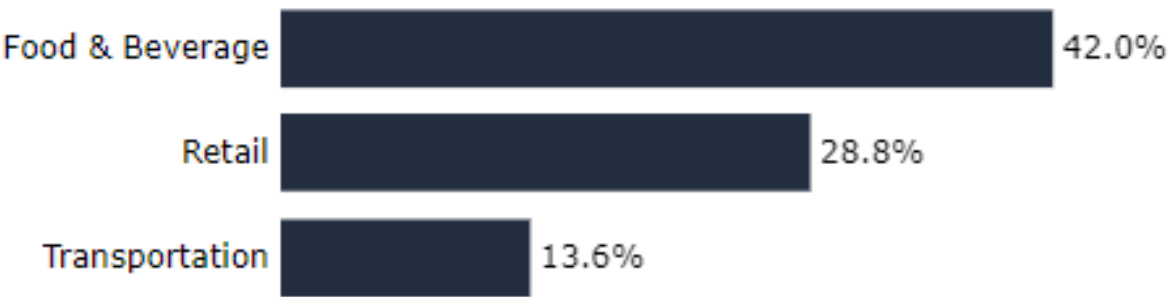


Source: CommerceSignals, a TransUnion Company

F&B and Retail represents 71% of total in-market visitor spending in RI*

In-Market Credit Card Spending Categories

2023 YTD through October, % share of total spend



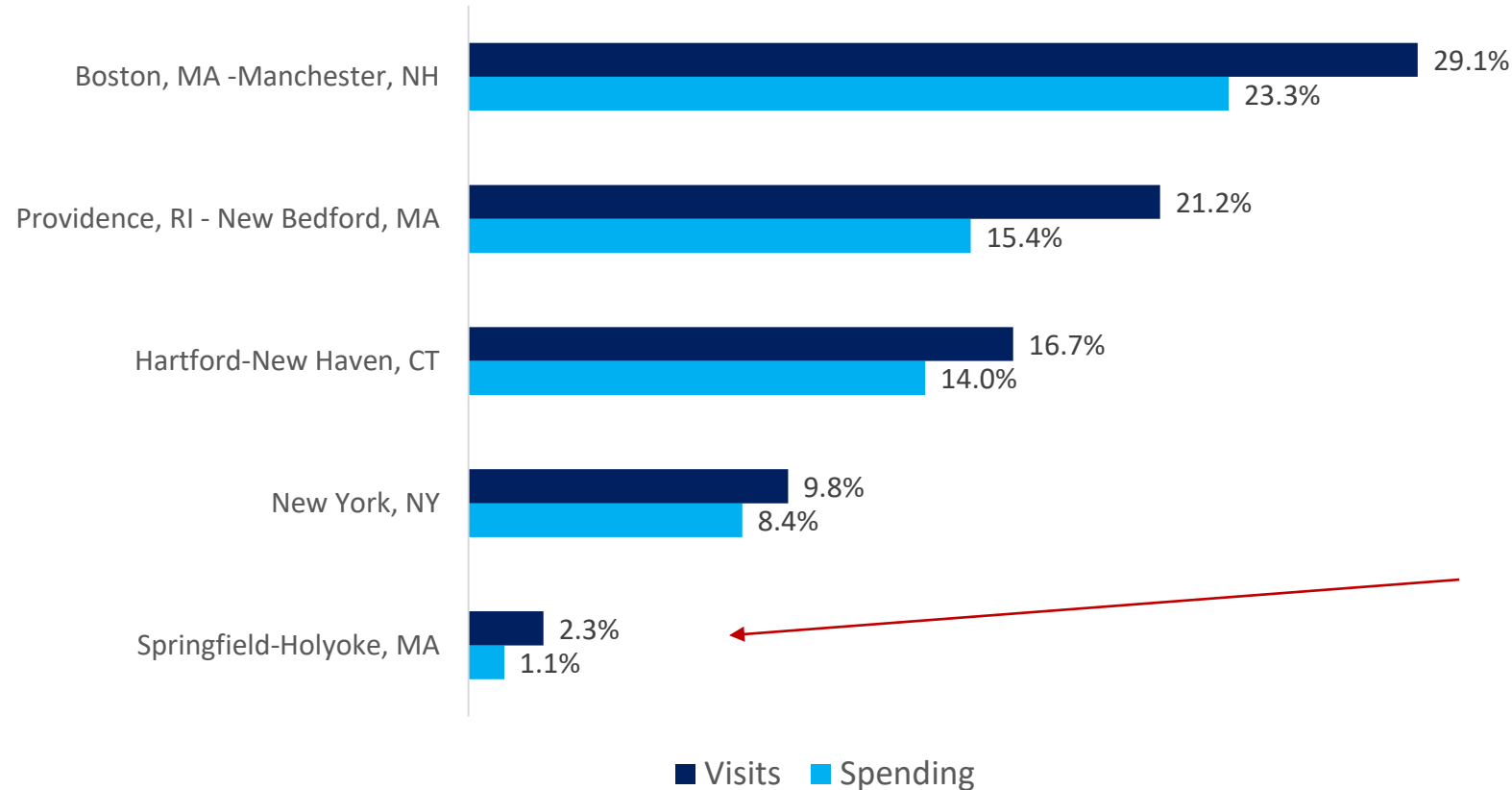
* Lodging not included due to majority of transactions occurring online and not in-market

Source: CommerceSignals, a TransUnion Company

Drive-market remain a critical part of Rhode Island's visitor economy

2023 YTD Visitor and Spending Trends

State of Rhode Island, January- October 2023 (ranked by % share of visits)



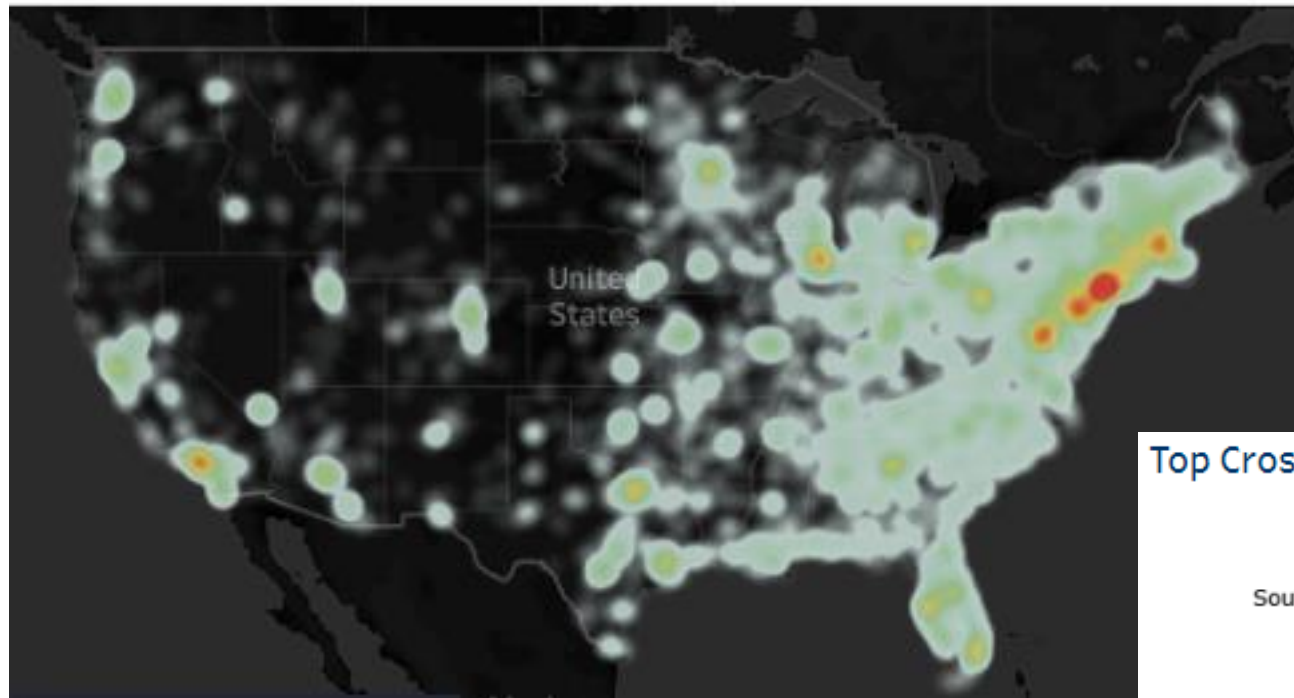
#5 in visits and 9th in spending (behind Philadelphia, PA, Washington, DC, and a couple of Florida destinations (snowbirds?))

Source: Near (visits), and TransUnion (spending)

But visitors are coming from all over the U.S.

Origin Heat Map, Newport

Out-of-state visitors, visits to Newport and cross-visitation to other areas of RI



Top Cross-Visited Regions



“We see the long-term tailwinds of increasing retirements of the baby boomers and 3.5 million additional retirees every year, which are a big driver of leisure travel, remote work and leisure travel continues to be strong, 30% of all business trips are now expected to have a leisure component to it.”

Choice, 2023Q3 earnings call

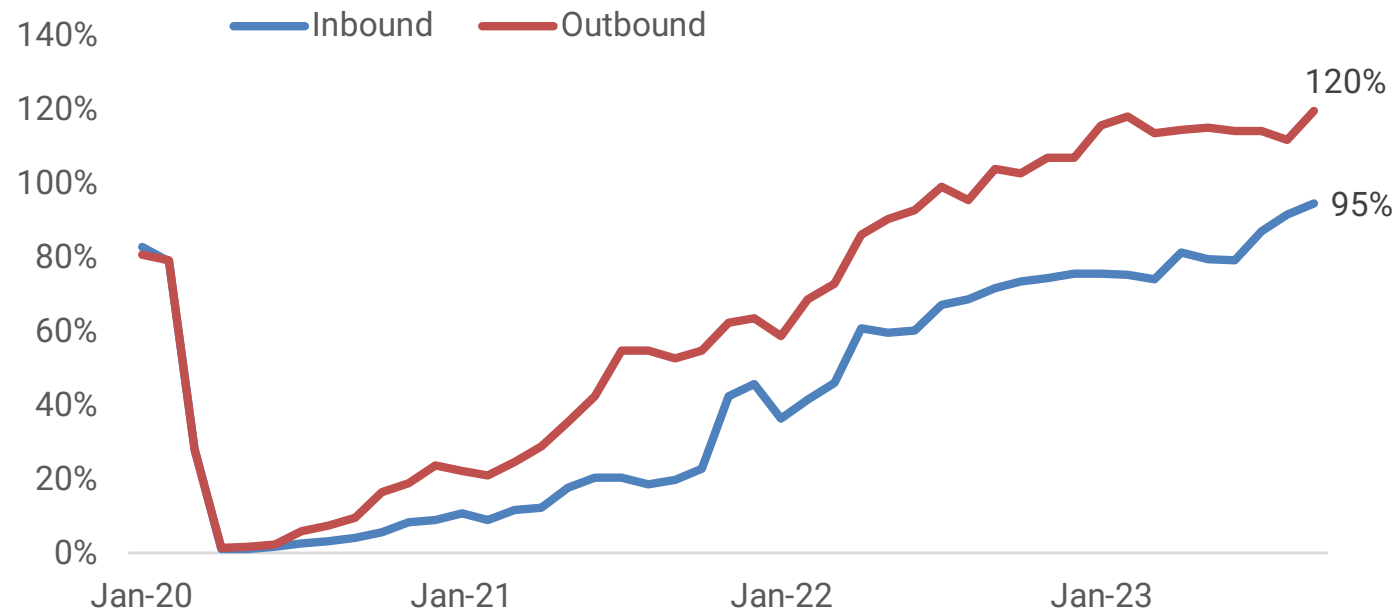


International Travel



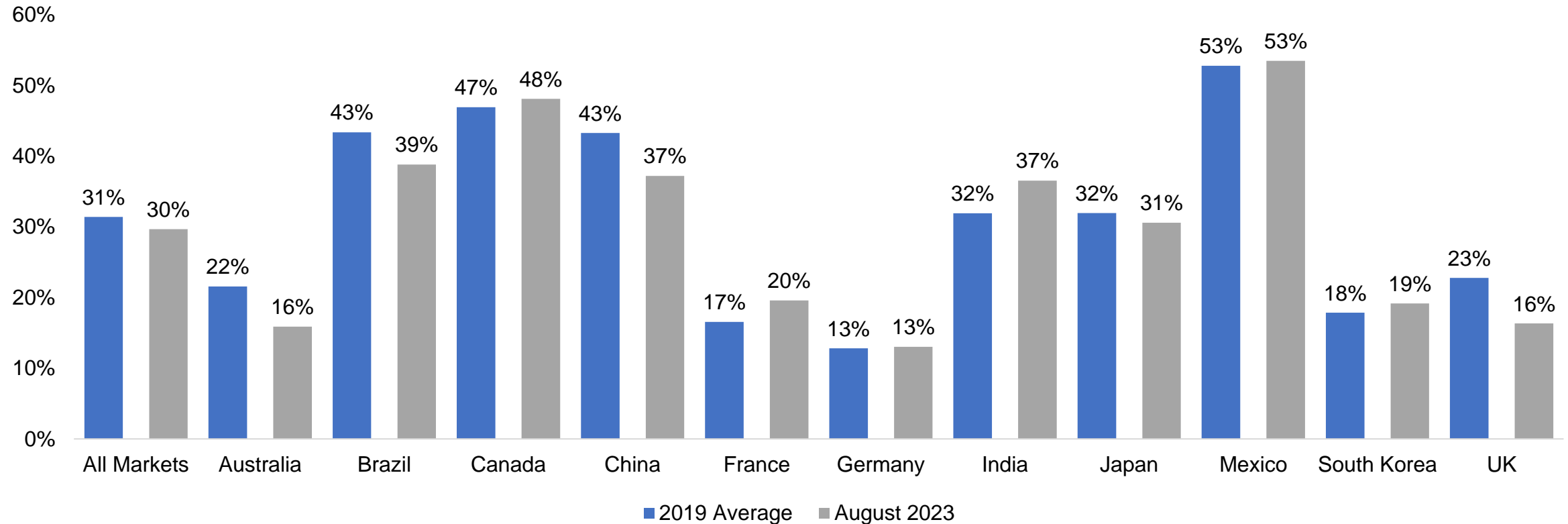
Outbound recovery is well ahead of inbound

Inbound and Outbound Travel Spending
% of same month in 2019



International inbound is gaining momentum

Likelihood to Travel to the US in the Next 12 Months



Base: Respondents who are likely to take an international holiday in the next 12 months
Q. In the NEXT 12 MONTHS, what country or countries will you visit on your international holiday(s)? - % United States

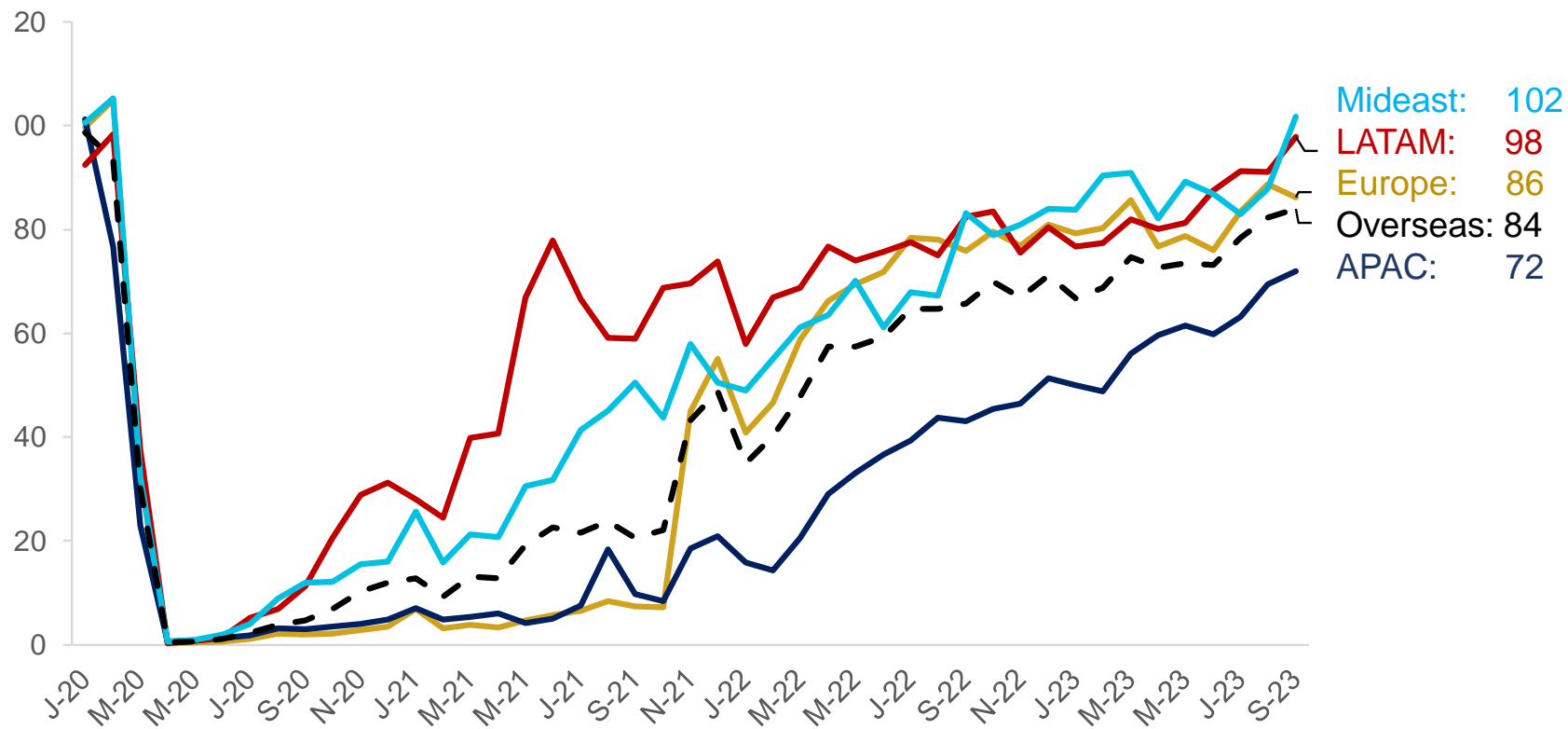
Source: Brand USA/Big Village's Caravan Omnibus Study



And we're seeing it in the number of arrivals as well

Global regions visits to USA

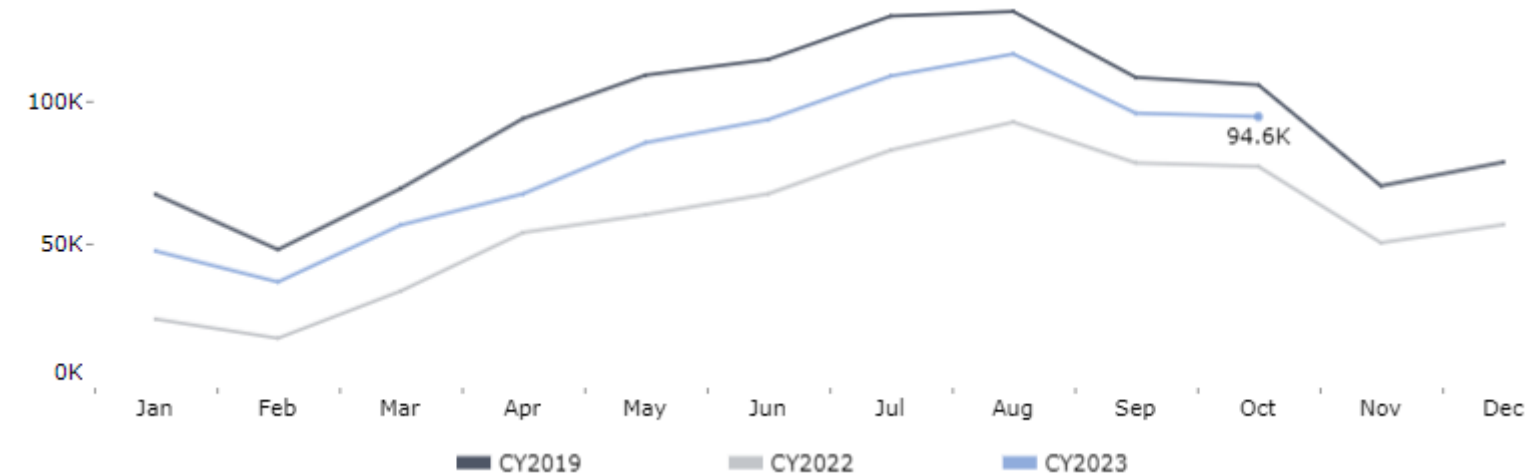
2019 = 100 (same month comparison)



Local performance on par with national trends

International Arrivals

Port of Entry, New England

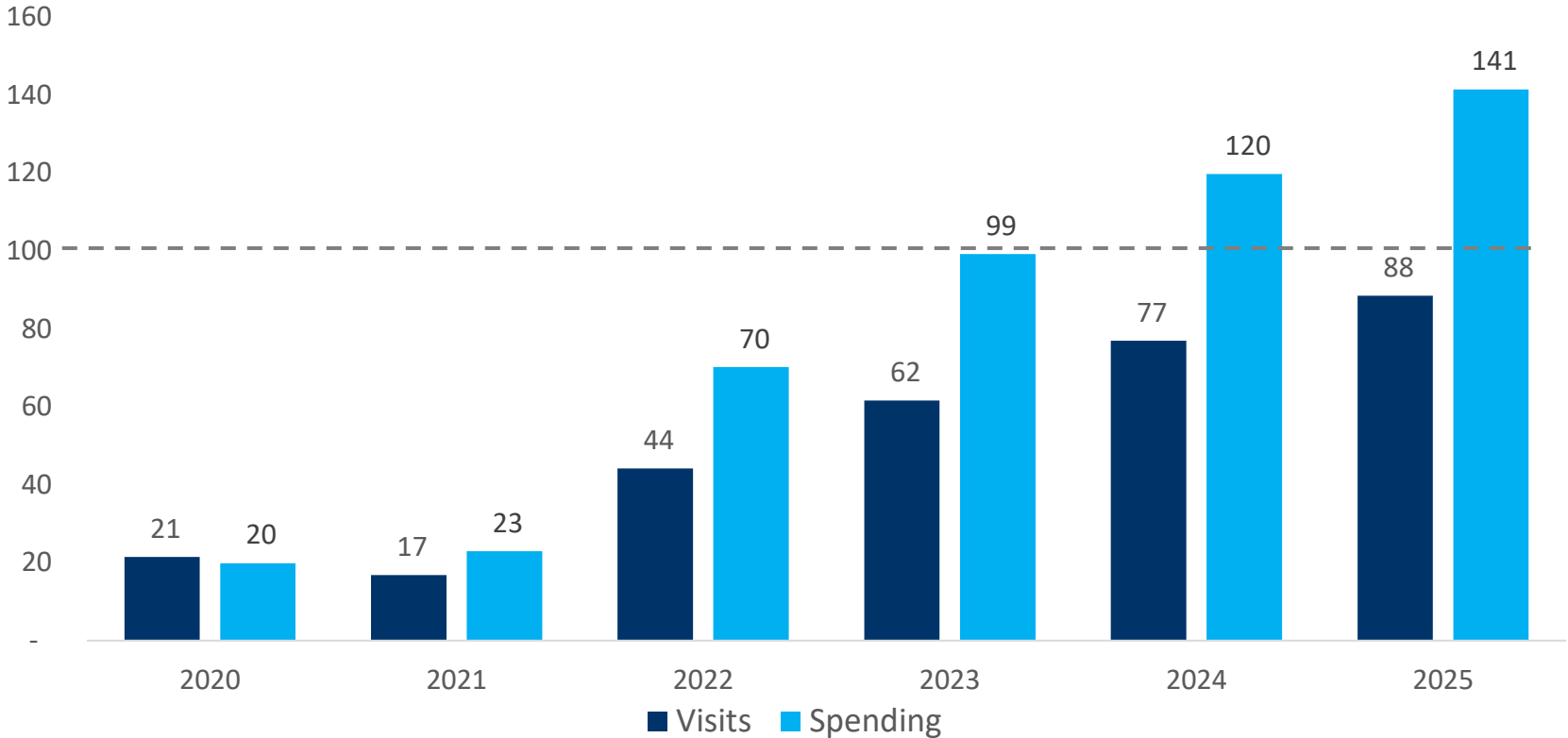


Source: NTTO (ADIS/I-94 Port of Entry)

International visitor spending in RI nearly back to 2019 levels

International Visits & Spending

Total visits & spending, % of 2019 (2019=100)



“On international, we are seeing continued demand strength through the winter.”
Delta, Q3 Earnings Call

“We continue to see strength across Atlantic. We particularly see it to Southern Europe and Asia. ...the trends are going to continue.”
United, Q3 Earnings Call

Source: Tourism Economics

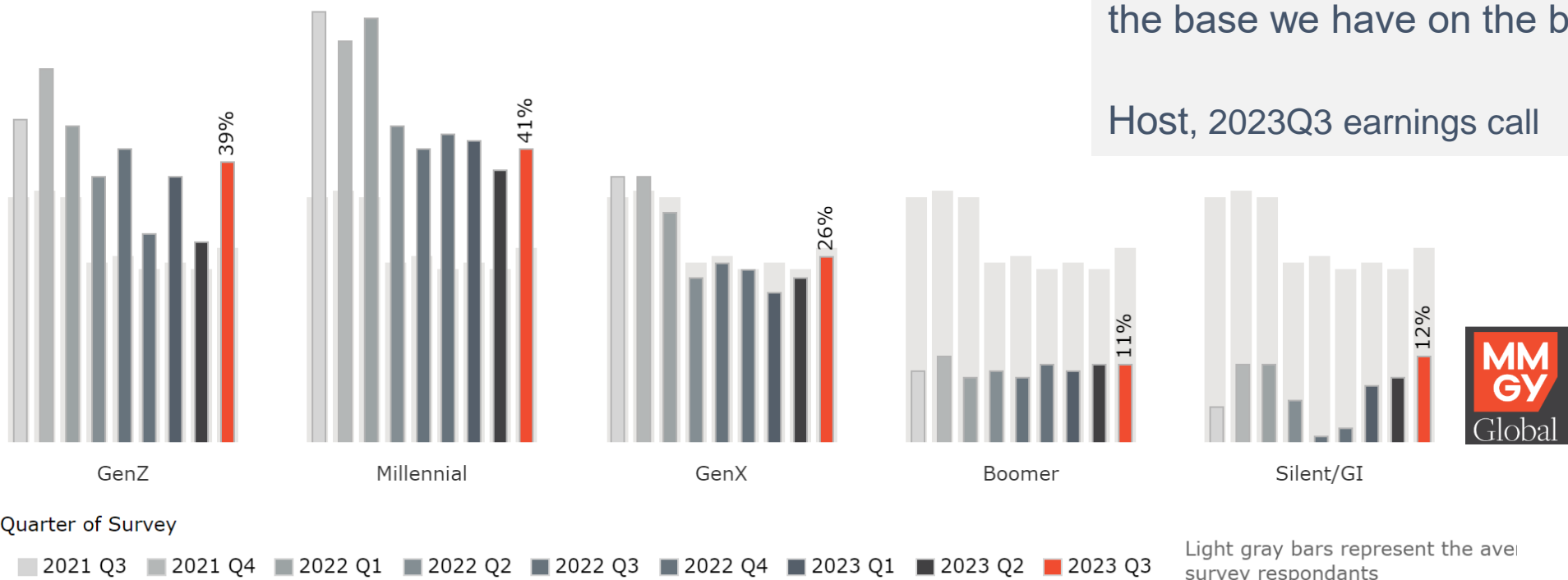


Business Travel



Business travel plans are strengthening

Planning Business Travel Within the Next 6 Months
% of American Consumers



“Group business continues to improve. Total group revenue pace is now 6.7% ahead of the same time 2019, up from 4.2% as of the second quarter ... The group booking window continues to extend, and we are pleased with the base we have on the books for next year.”

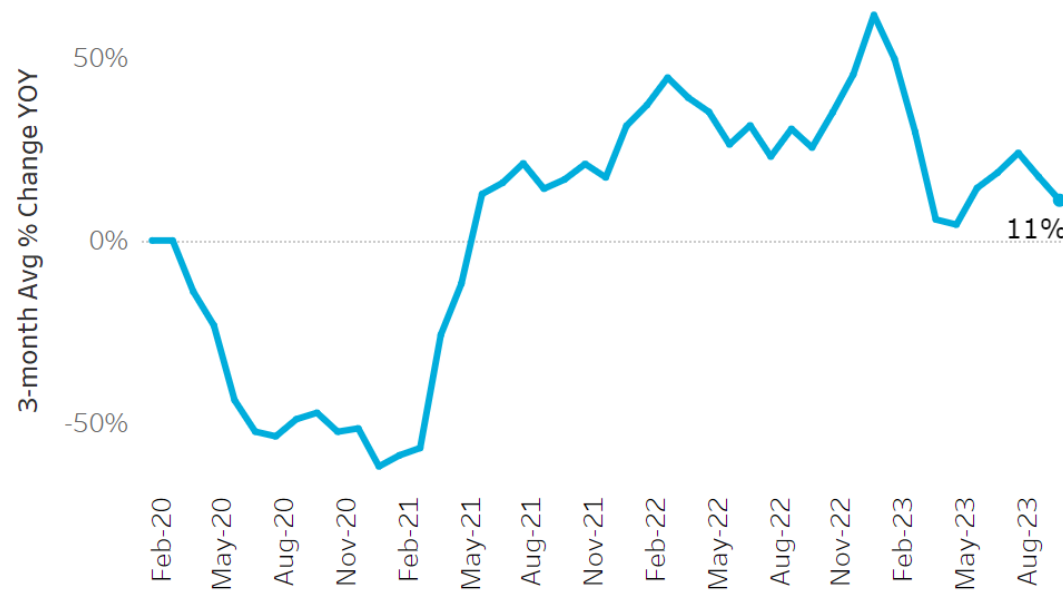
Host, 2023Q3 earnings call



Bookings for groups pacing ahead of 2019

DMO/CVB Group Bookings

Room nights contracted in recent months for current and future years
3-month rolling average, % change over prior year



Source: Simpleview CRM (250+ U.S. DMOs)

“Group position for 2024 is now up 18% year-over-year, and lead demand in the quarter for all future arrivals increased more than 15%.”

Hilton, Q3 Earnings Call

“Groups, which has been the slowest demand driver to recover continues to advance and forward booking data suggest that there will be further progressive improvement to come. ...meetings and events bookings have been ahead of 2019 levels for six months now.”

IHG, 2023Q3 earnings call

“We have seen steady improvement in business travel with encouraging signs from both managed and unmanaged corporate customers, strong international demand and historically high premium revenue, both domestically and internationally.”

American, 2023Q3 earnings call

In the face of an economic slowdown...

- Leisure travel will be resilient
- Business and group travel continues to rebuild
- International returns to a surplus

**An economic
slowdown**

**The response
of travelers**





Thank You!

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