

PLANNING FOR THE RECOVERY

Adam Sacks
President
Tourism Economics
adam@tourismeconomics.com



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

Thomas Fuller, 1608-1661
English churchman and historian

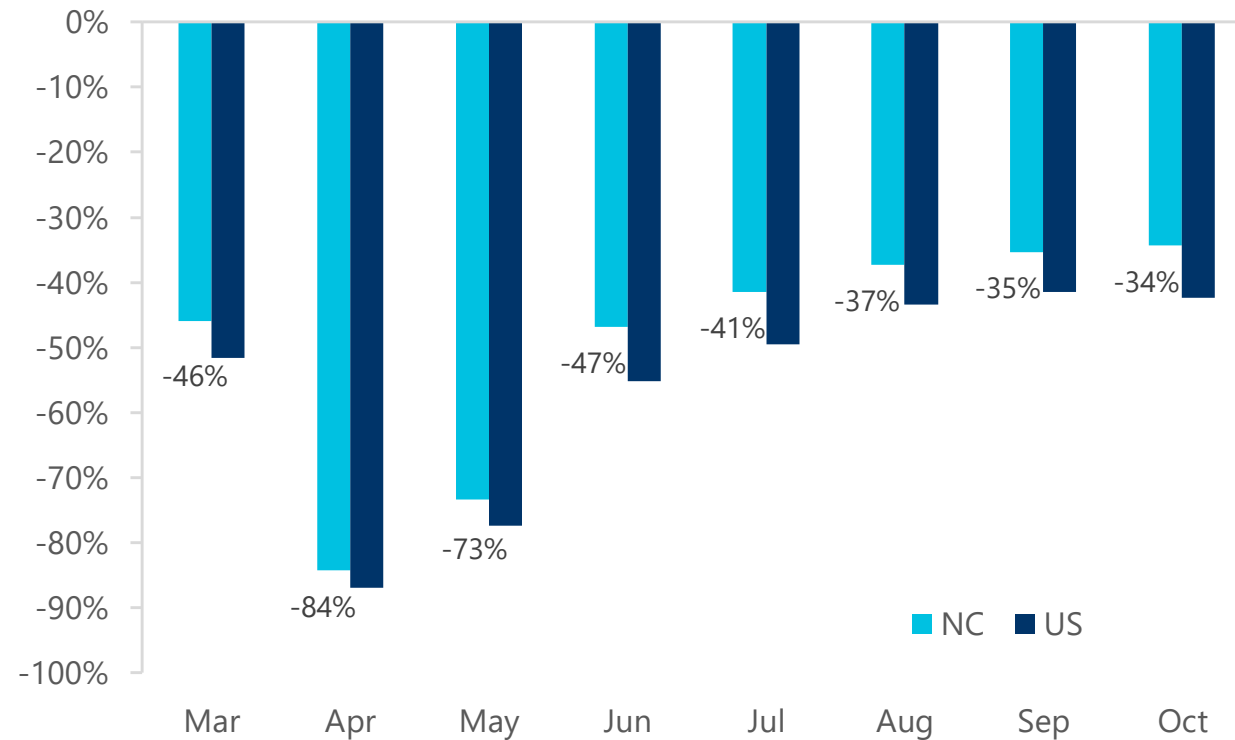
Penned within a travelogue of the Holy Land

Died at age 53 of epidemic infectious disease

After summer gains, travel spending has stalled

Travel spending losses

Year-over-year % change

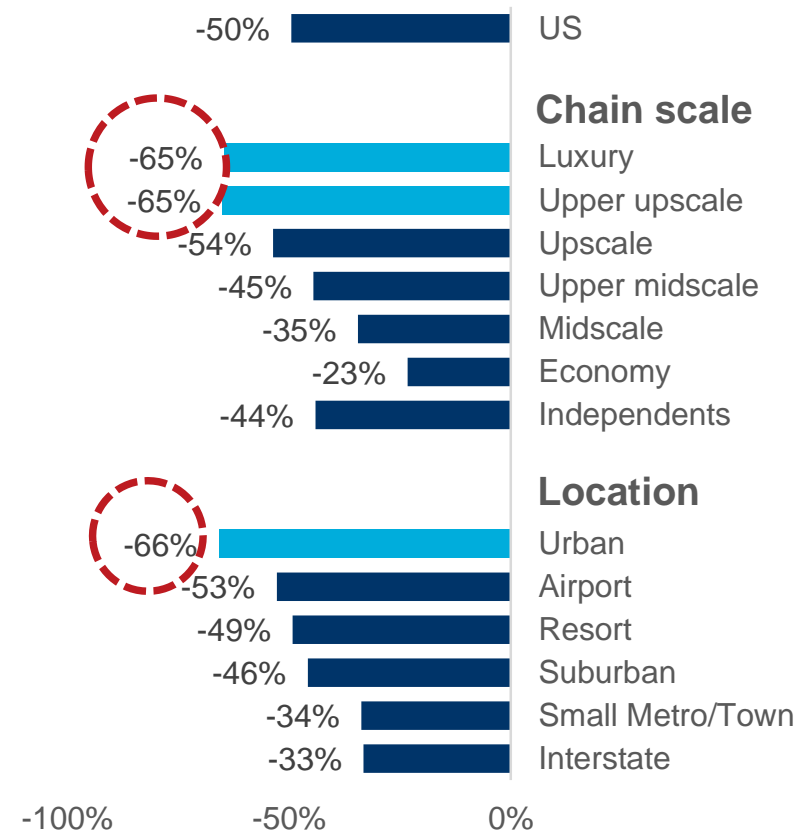


Source: Tourism Economics

Performance disparity by location and property type

RevPAR by hotel category

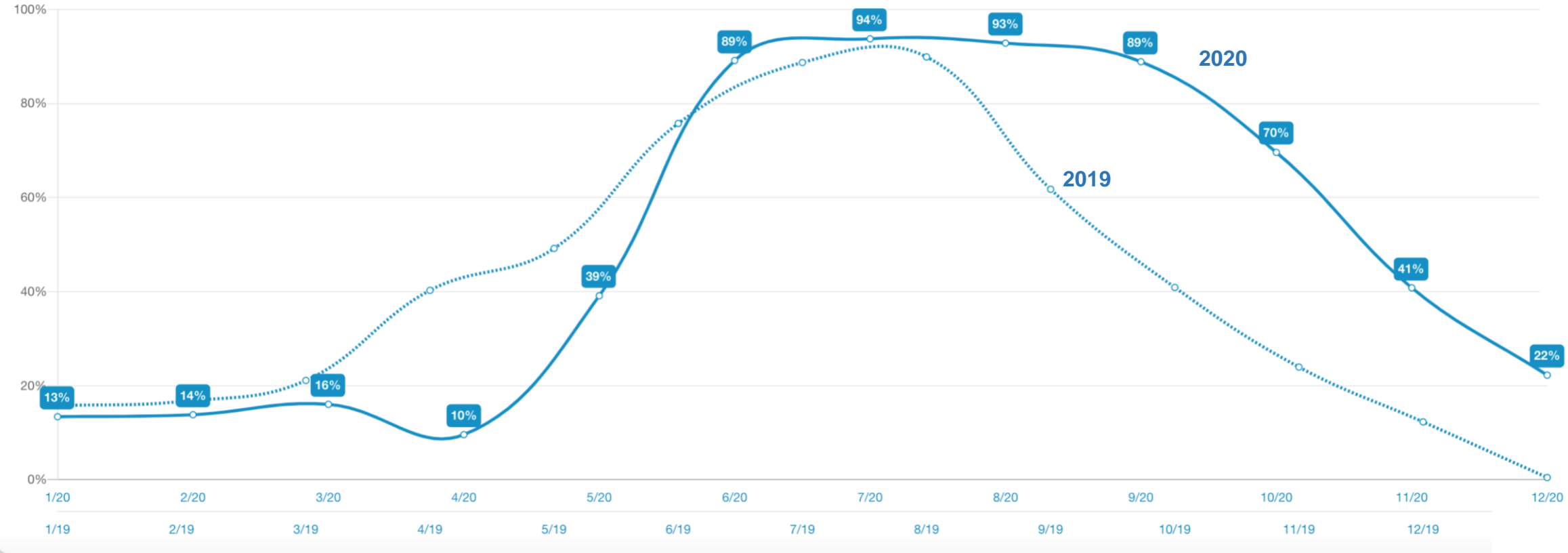
US, YTD September, total room inventory basis



Source: STR

Outer Banks property rentals showing remarkable resilience

Property Rental Adjusted Paid Occupancy

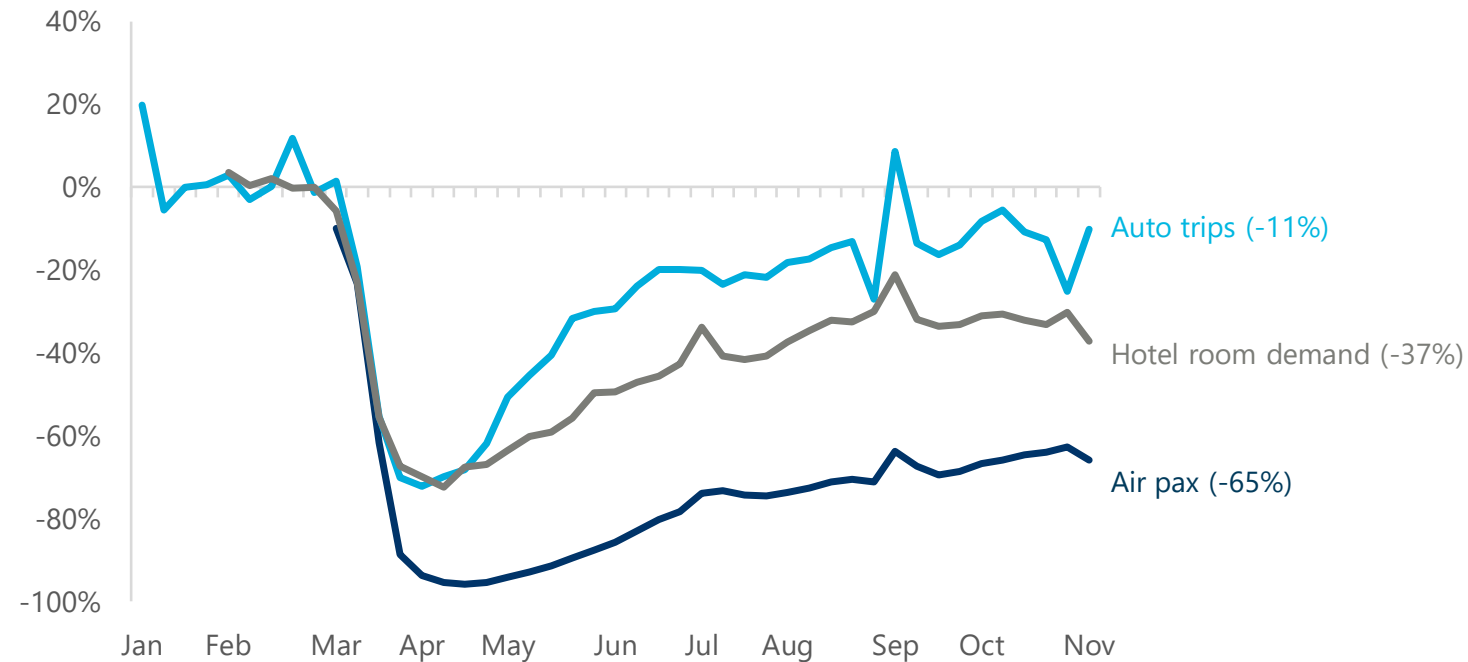


Source: KeyData

Three snapshots of the travel landscape

Travel performance

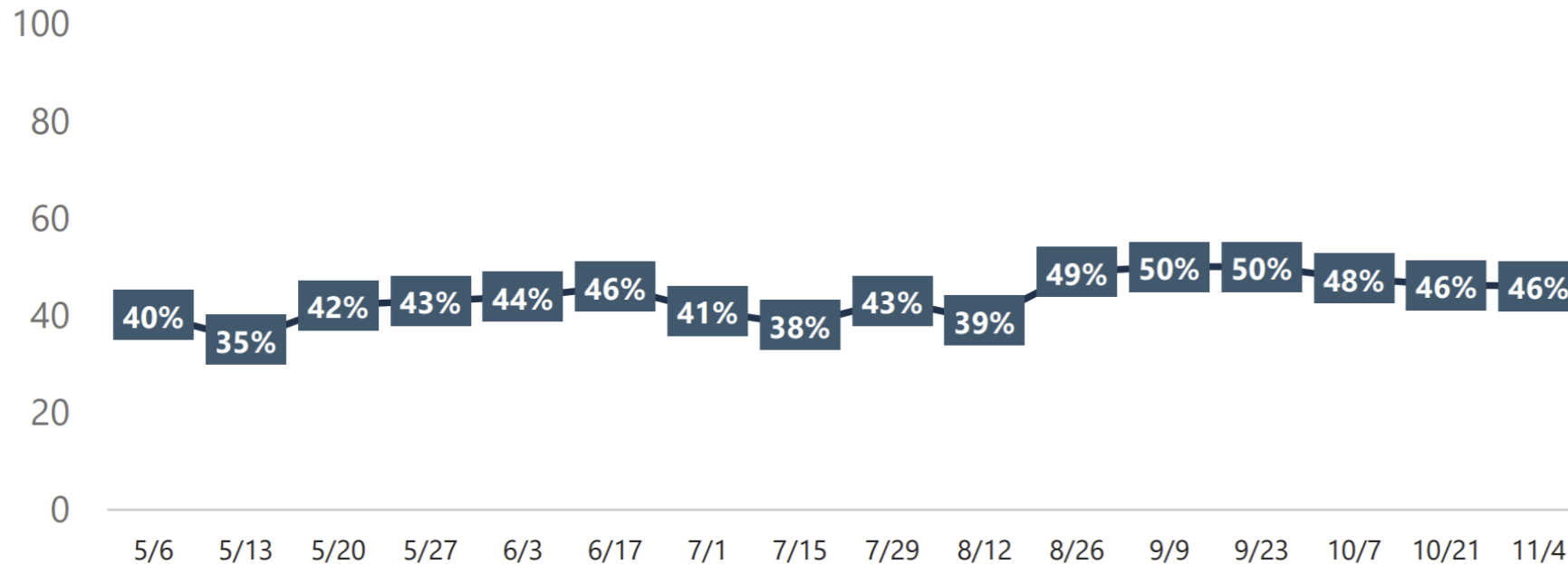
Year-over-year % change



Source: TSA, Arrivalist, STR

Travel confidence has stalled... and still a long way to go

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

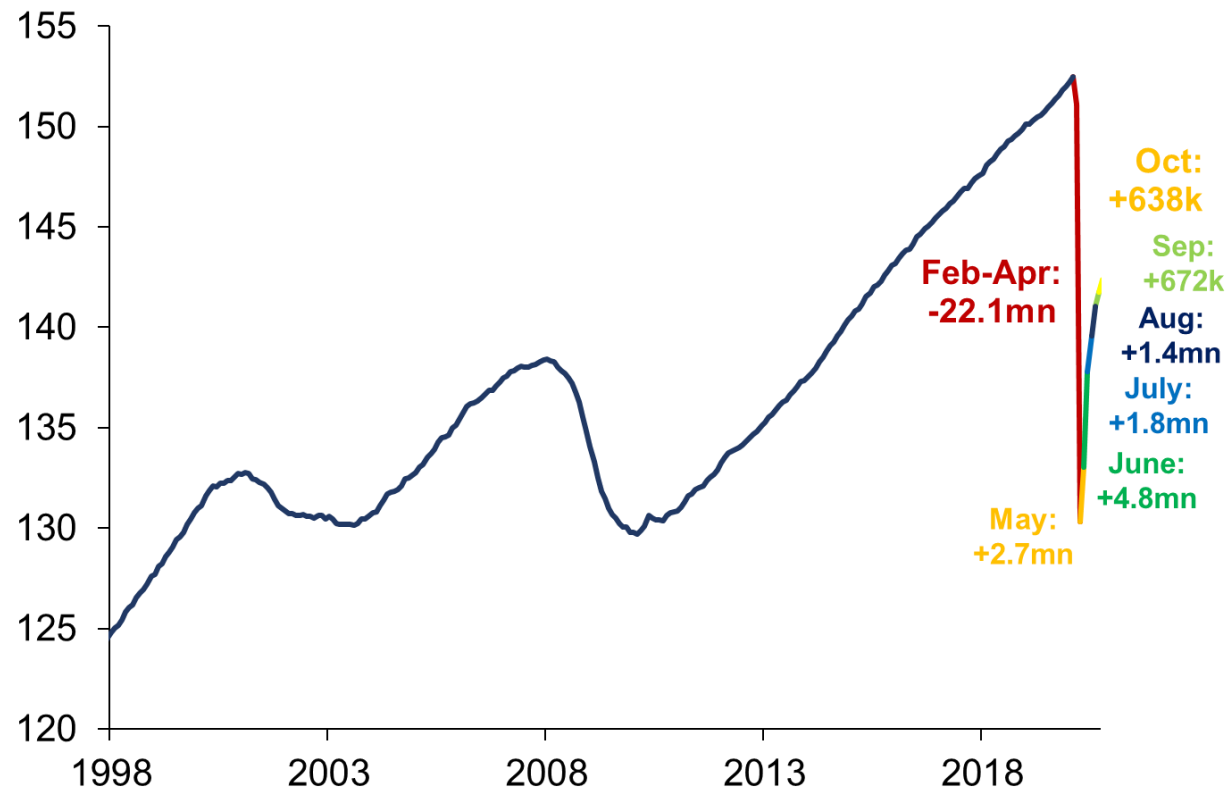


Where is the economy headed?

Half of jobs restored; the other half will be harder

US: Nonfarm payroll employment

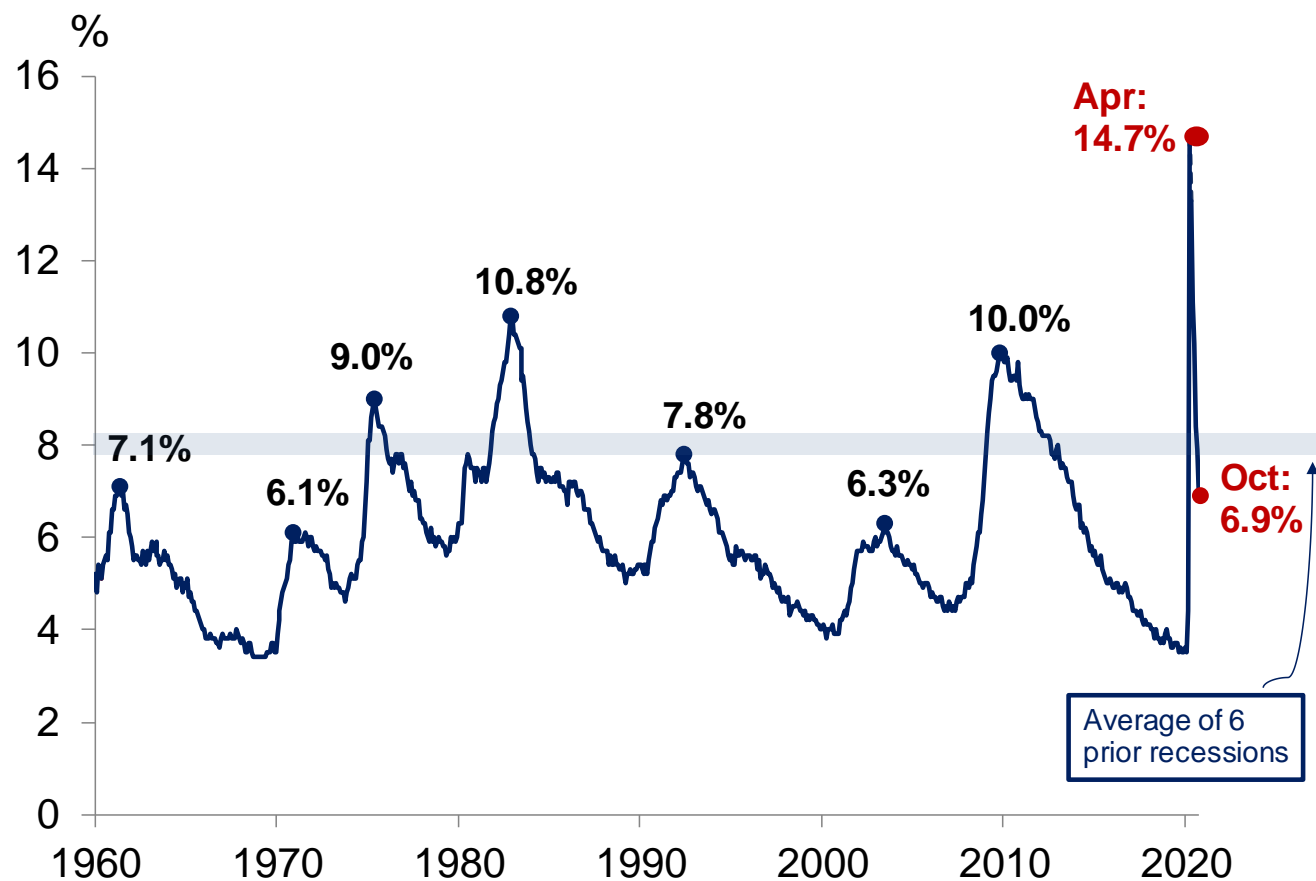
Millions



Source: Oxford Economics/Haver Analytics

Unemployment rate still near recession peaks

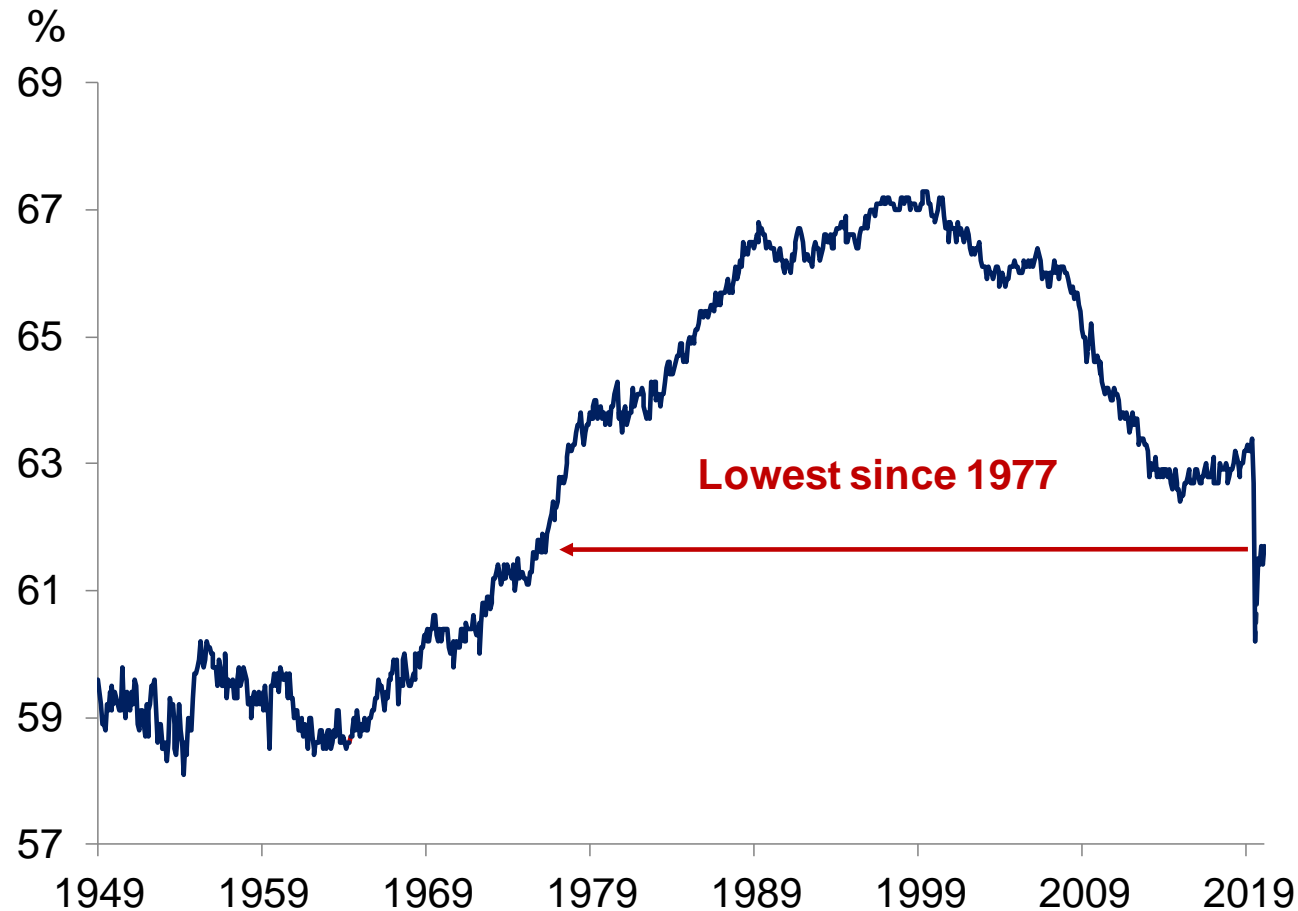
US: U3 unemployment rate



Source: Oxford Economics/Haver Analytics

Participation rate at its lowest since the 1970s

US: Labor force participation rate

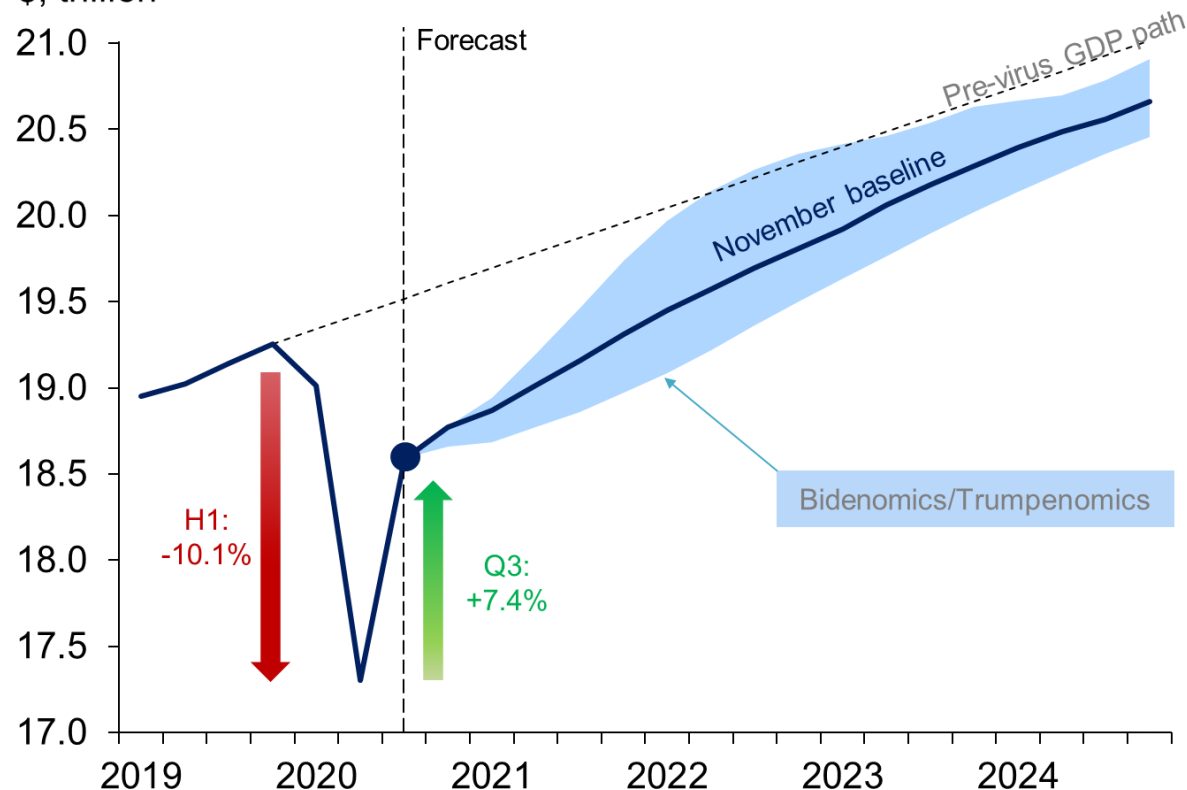


Source: Oxford Economics/Haver Analytics

US recovery should continue into 2021 but will remain below par

US: Real GDP

\$, trillion



Source : Oxford Economics

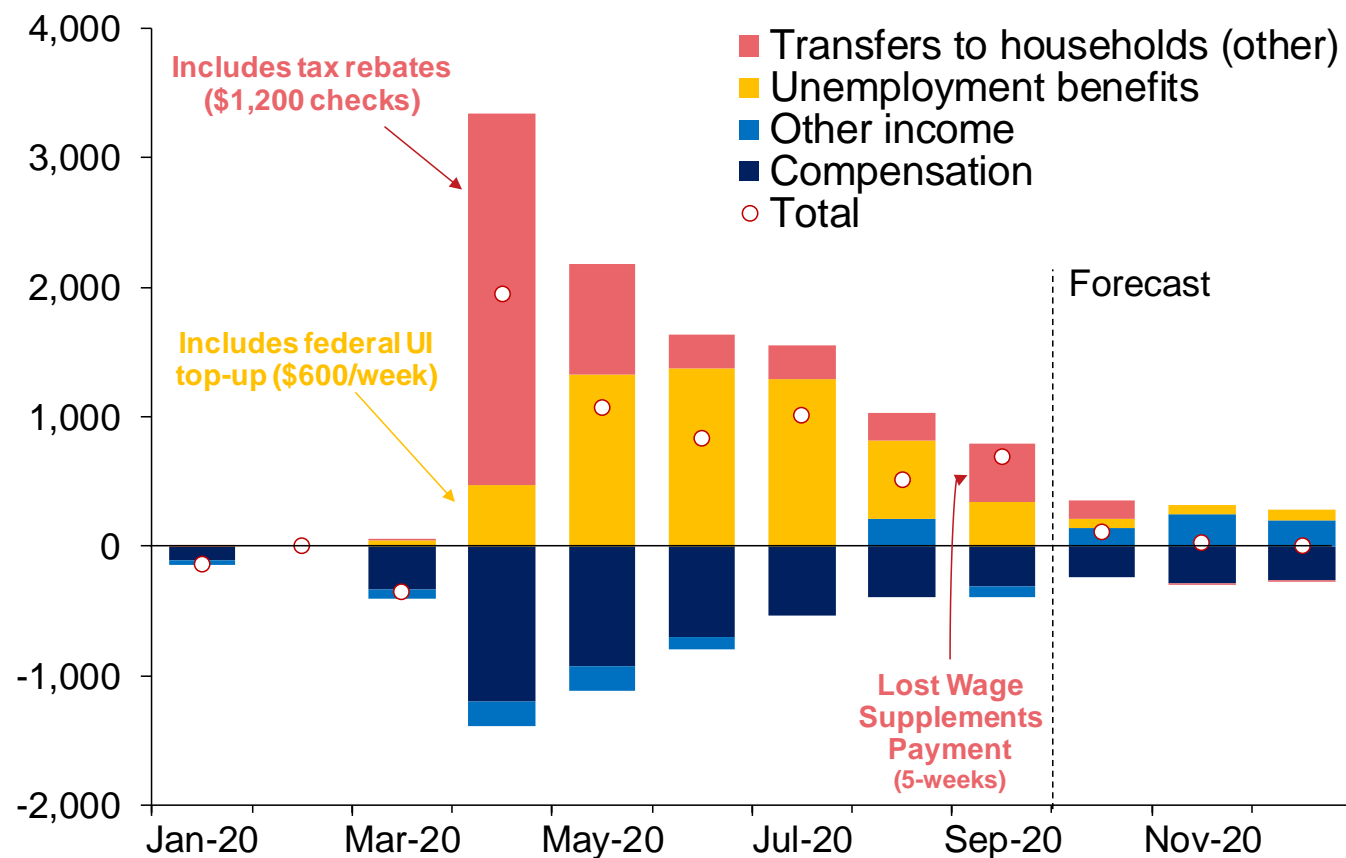
Scenario	Headline	Probability
Baseline	<i>Vaccine in 2021Q1, economy rebounds in 2021</i>	40%
Downside	<i>W-shaped recovery as global infections spike, reversing economic gains</i>	25%

1. **Fiscal stimulus is essential to prevent downside scenario**
2. **Biden-Harris economic platform is pro-growth**

The importance of fiscal aid

US: The income risk from expiring fiscal aid

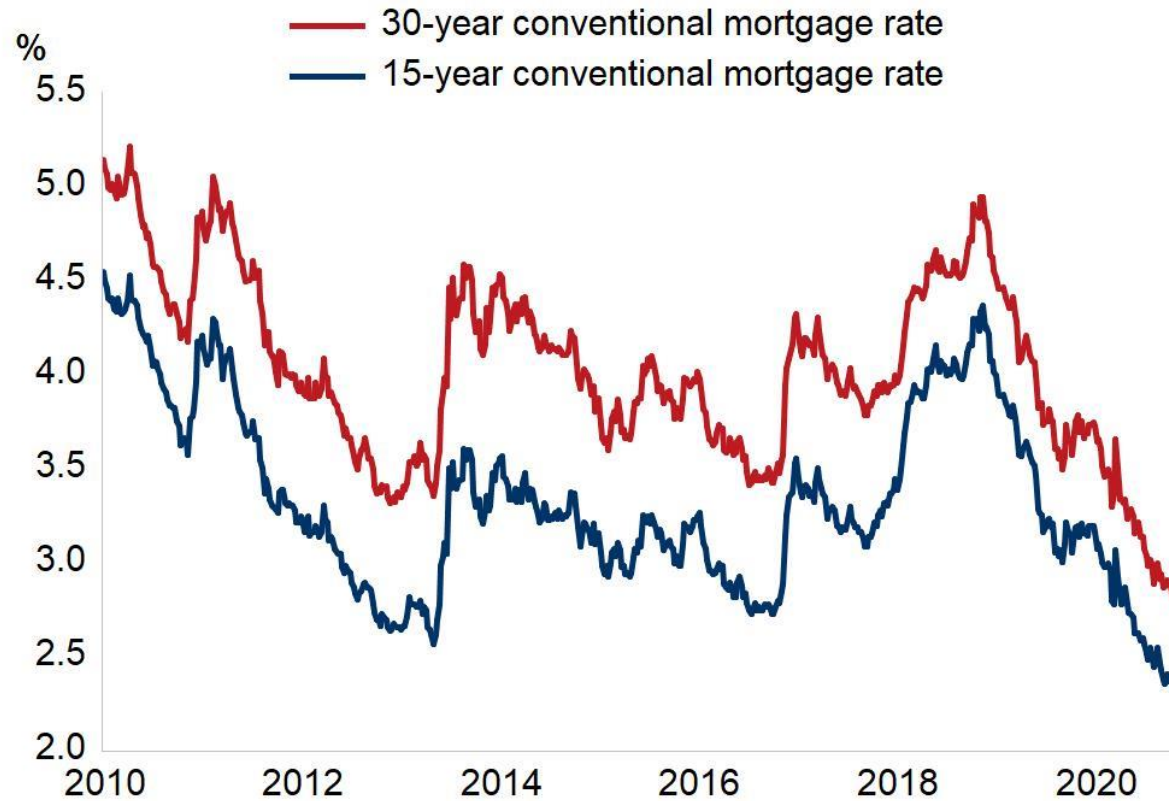
Total personal income, change relative to February, \$bn



Source: Oxford Economics/Haver Analytics

Fed policy also acting as wind in the sails

US: Weekly mortgage rates

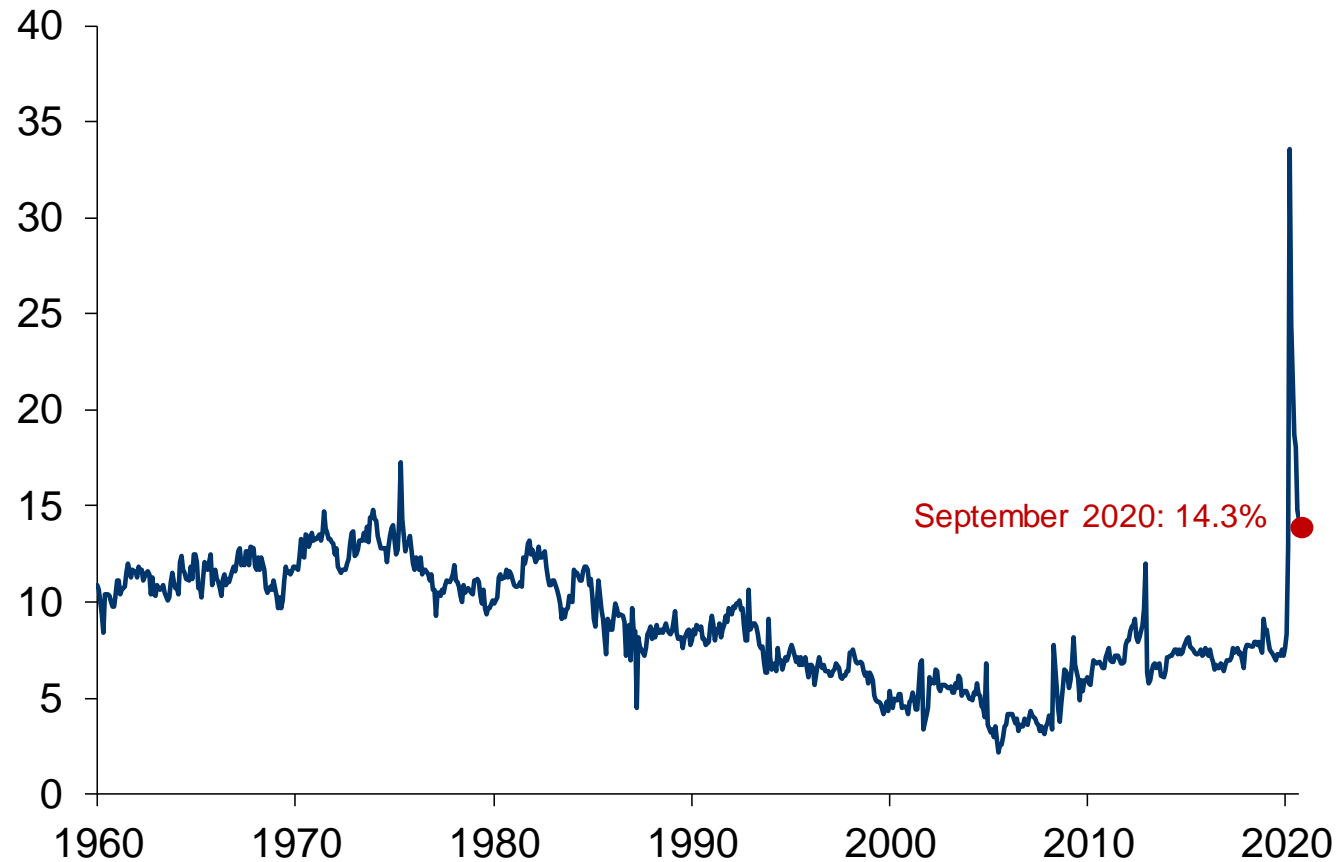


Source: Oxford Economics/Haver Analytics

Savings provides temporary buffer, but it's falling fast

US: Personal savings rate

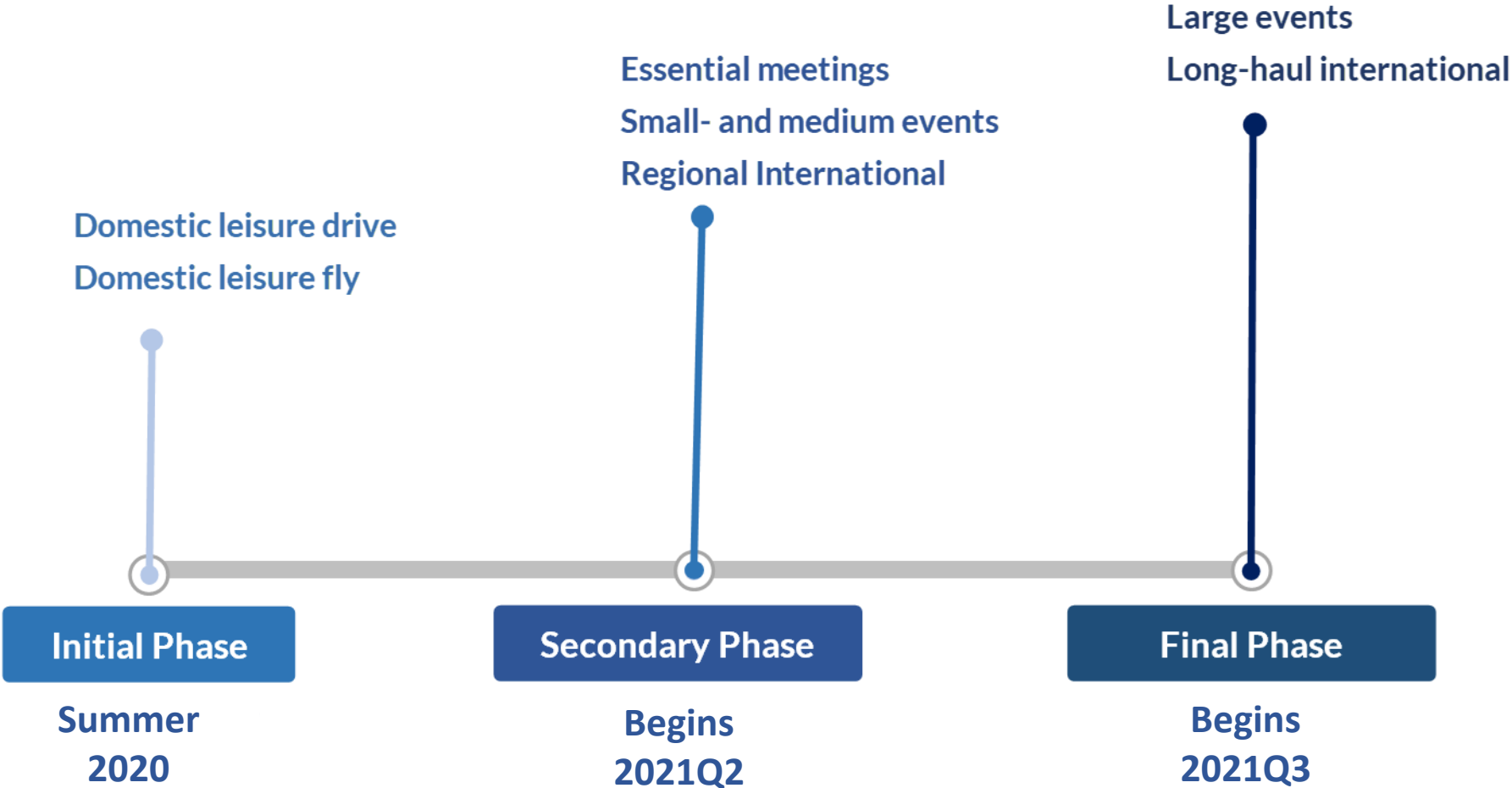
% income



Source : Oxford Economics/Haver Analytics

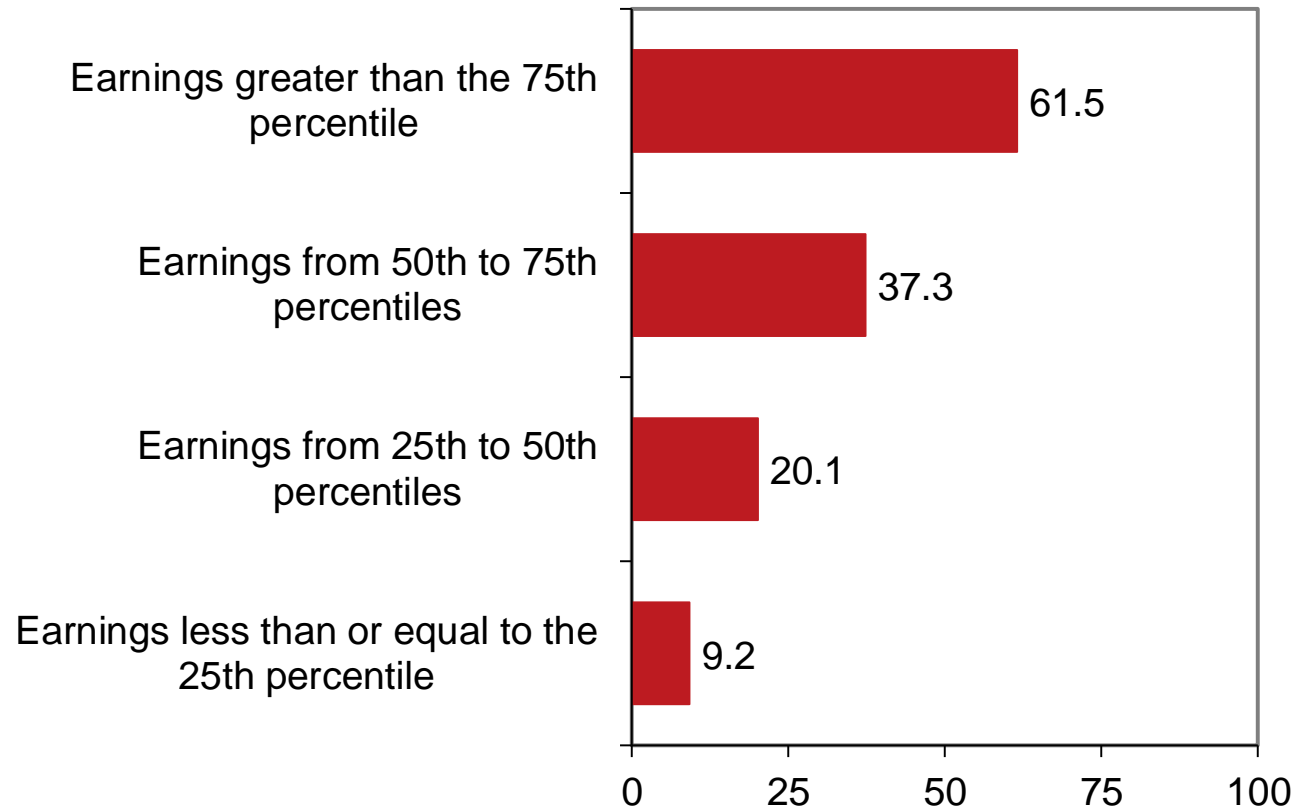
When will travel recover?

Anatomy of a travel recovery



High income earners least impacted by the crisis

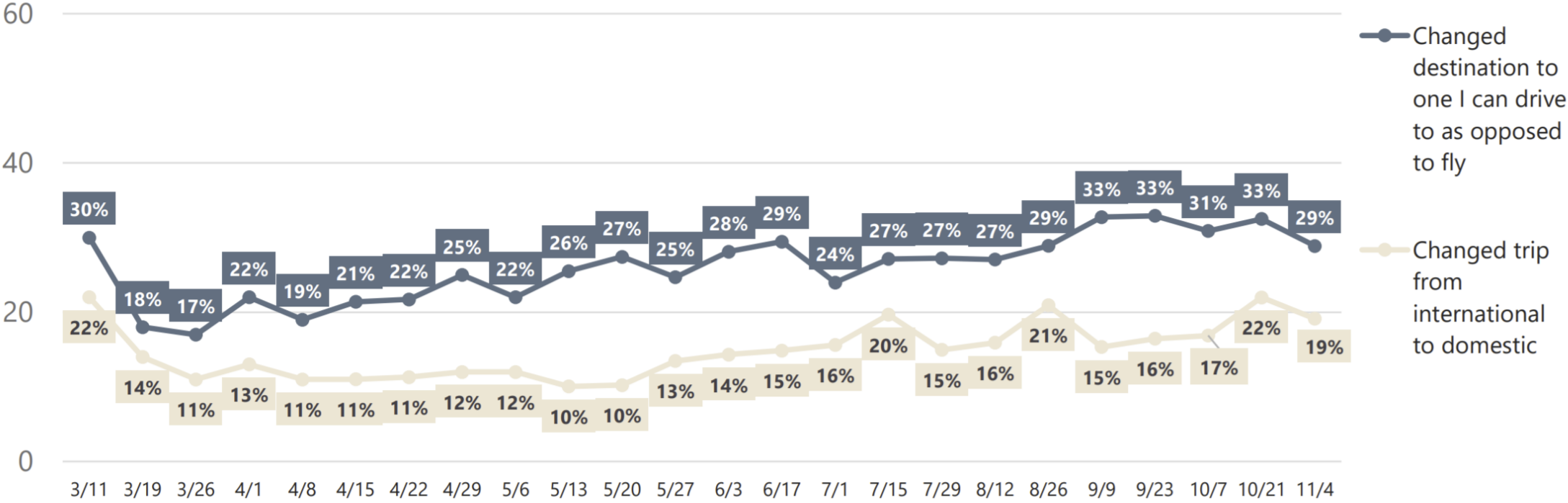
US: Share of workers who can telework by wage level, in %



Source: Bureau of Labor Statistics/Oxford Economics

Major reshuffling of the deck

Impact of COVID-19 on Upcoming Travel Plans Comparison

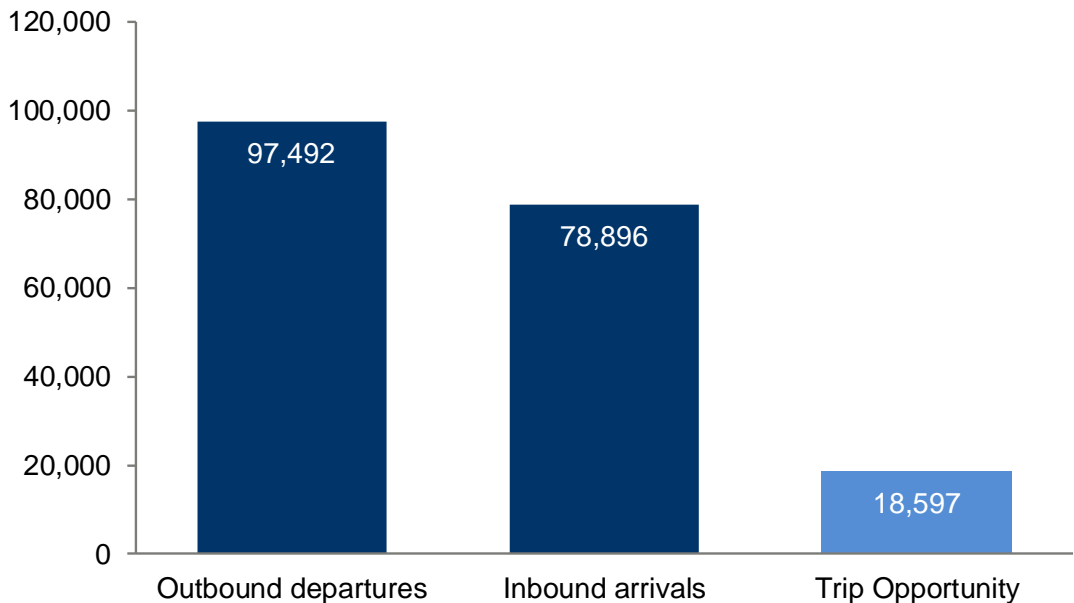


Base: Coronavirus Changed Travel Plans

What happens if all international travel stops? Domestic opportunity

US Balance of Travel (2019, trips)

Thousands

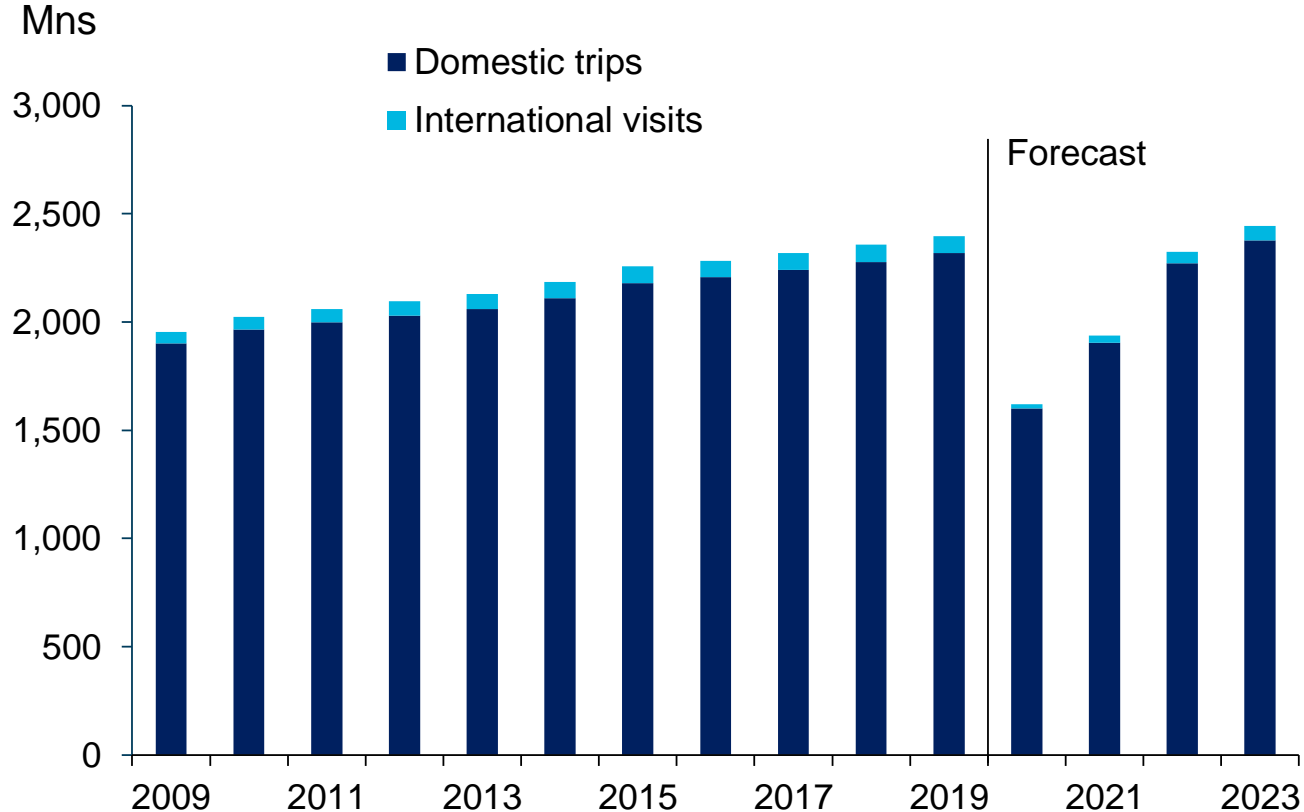


Source: Tourism Economics

19 million more US outbound trips than inbound

Total trips nearly fully recovered in 2022

Total US Trips / Visits

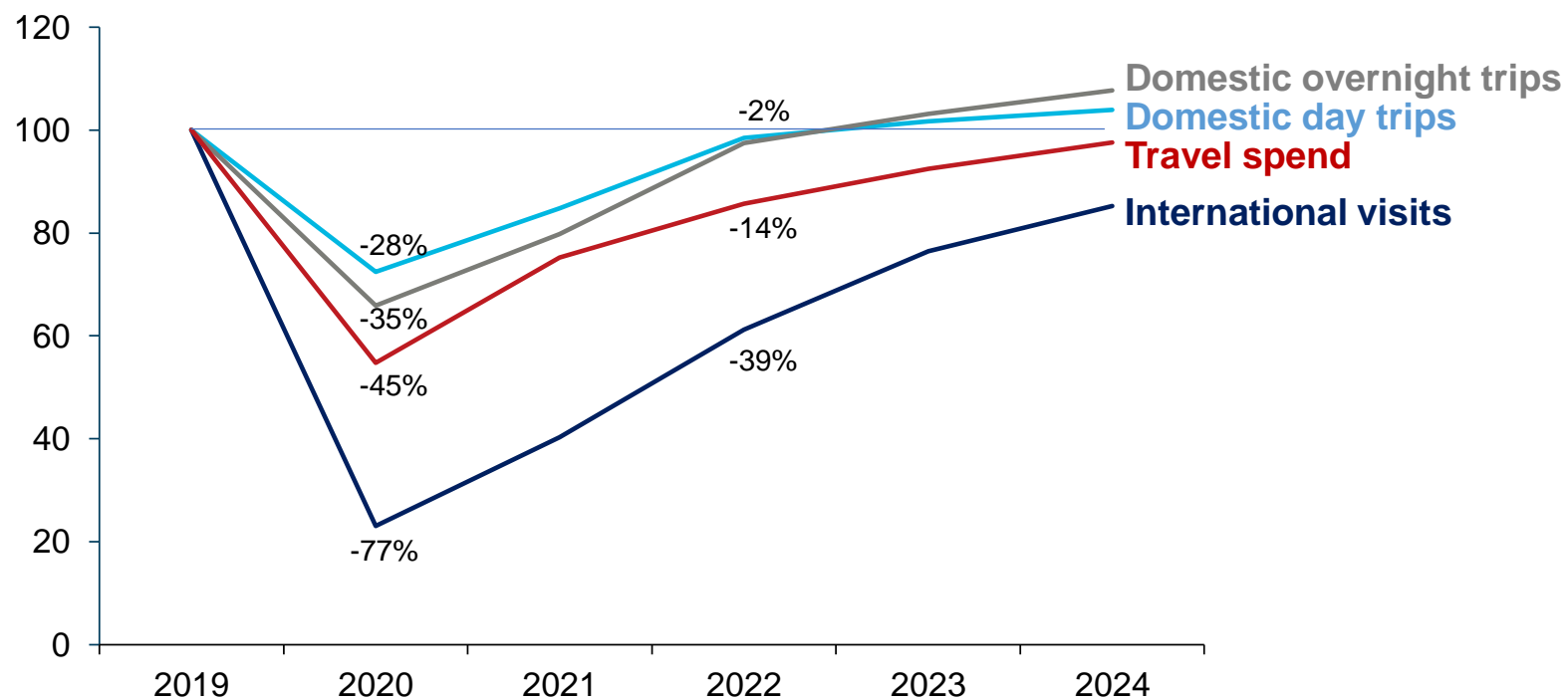


97% of volumes in 2022
102% in 2023

Spending will lag the trip recovery

US Trips and Visitor Spending

Index (2019 = 100)

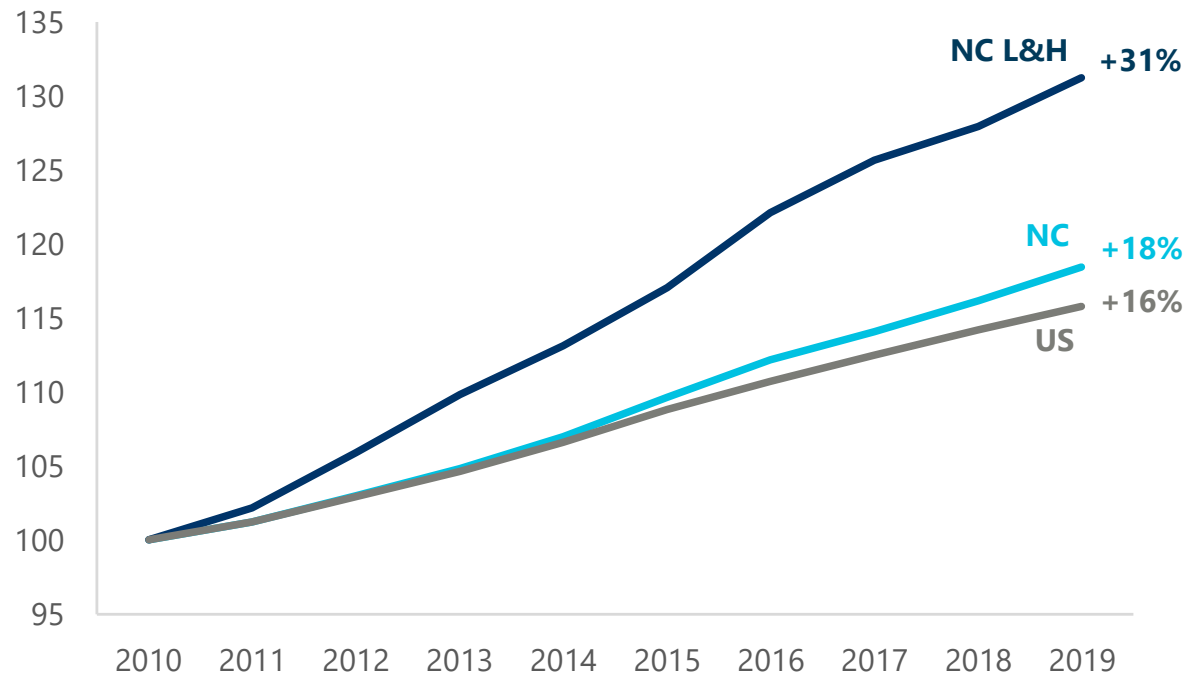


**How do we advocate for
the industry during this
crisis?**

Leisure & hospitality sector has led job growth

L&H employment in North Carolina

Index (2010=100)

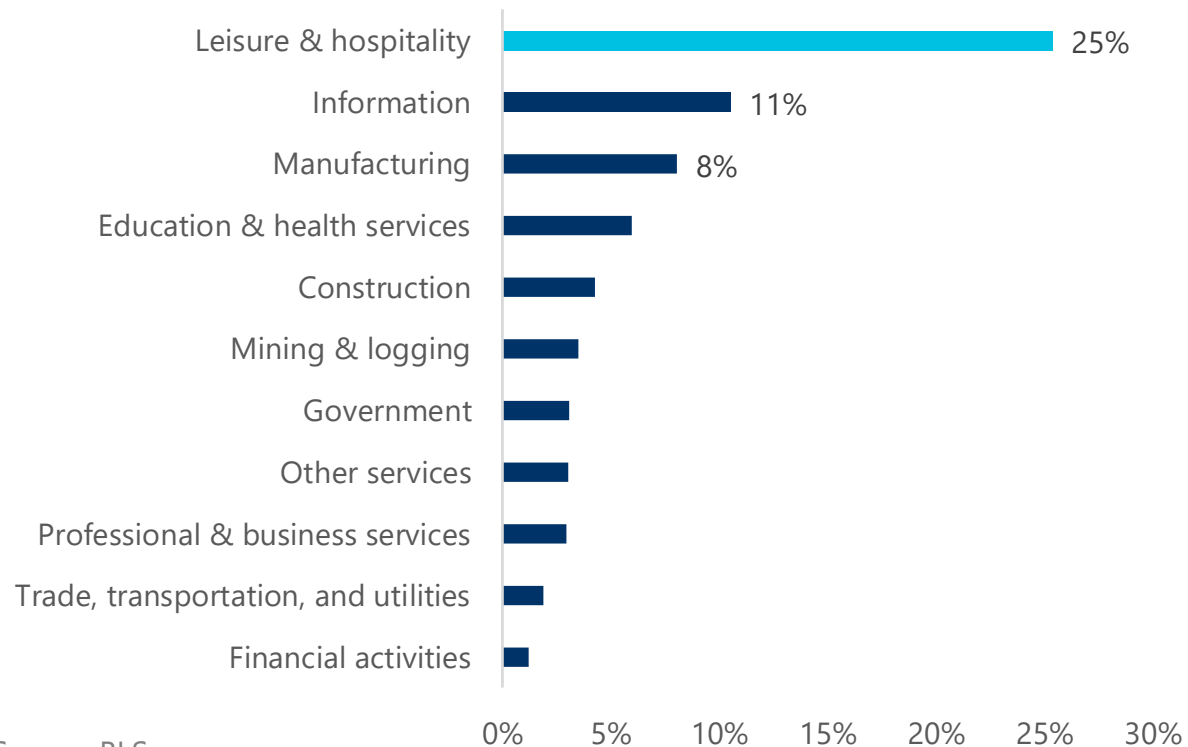


Source: BLS

But no sector has been hit as hard at travel

North Carolina employment loss by industry

% of industry lost since February

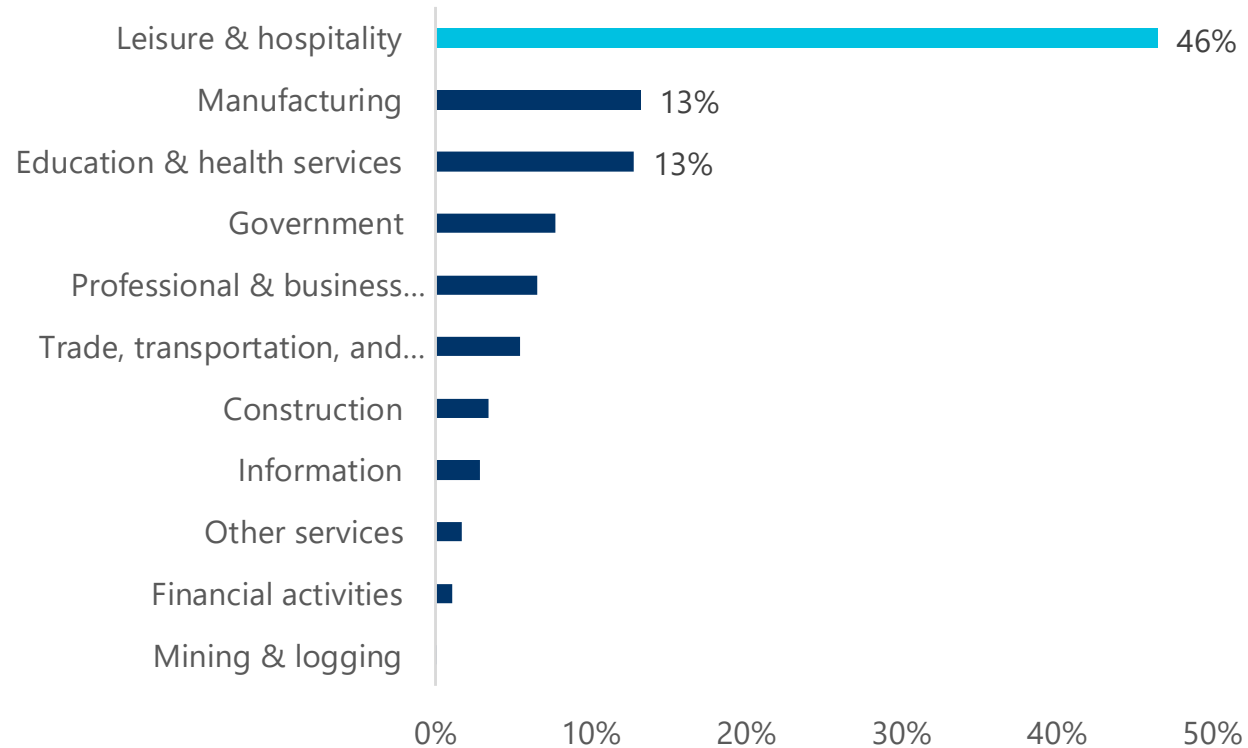


Source: BLS

...but now represents nearly half of all jobs lost

North Carolina employment share of employment loss

% of all jobs lost since February



Source: BLS

This should not be controversial



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President, Tourism Economics

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

402 • 58 Comments

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

Gratitude.

THANK YOU!

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