



TOURISM
ECONOMICS

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OBX Travel Outlook

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We're back!

US Travel Indicators

September 2023



Travel Spending
(Tourism Economics)

↗ **+8.1%**

September vs. 2019

↗ **+3.8%**

YTD vs. 2019



Air Passengers
(TSA)

↗ **+5.1%**

September vs. 2019

↗ **+0.7%**

YTD vs. 2019



Overseas Arrivals
(NTTO)

↘ **-15.9%**

September vs. 2019

↘ **-24.5%**

YTD vs. 2019



Hotel Demand
(STR)

↗ **+1.3%**

September vs. 2019

↘ **-1.7%**

YTD vs. 2019



Short-term Rental Demand
(AIRDNA)

↗ **+38.3%**

September vs. 2019

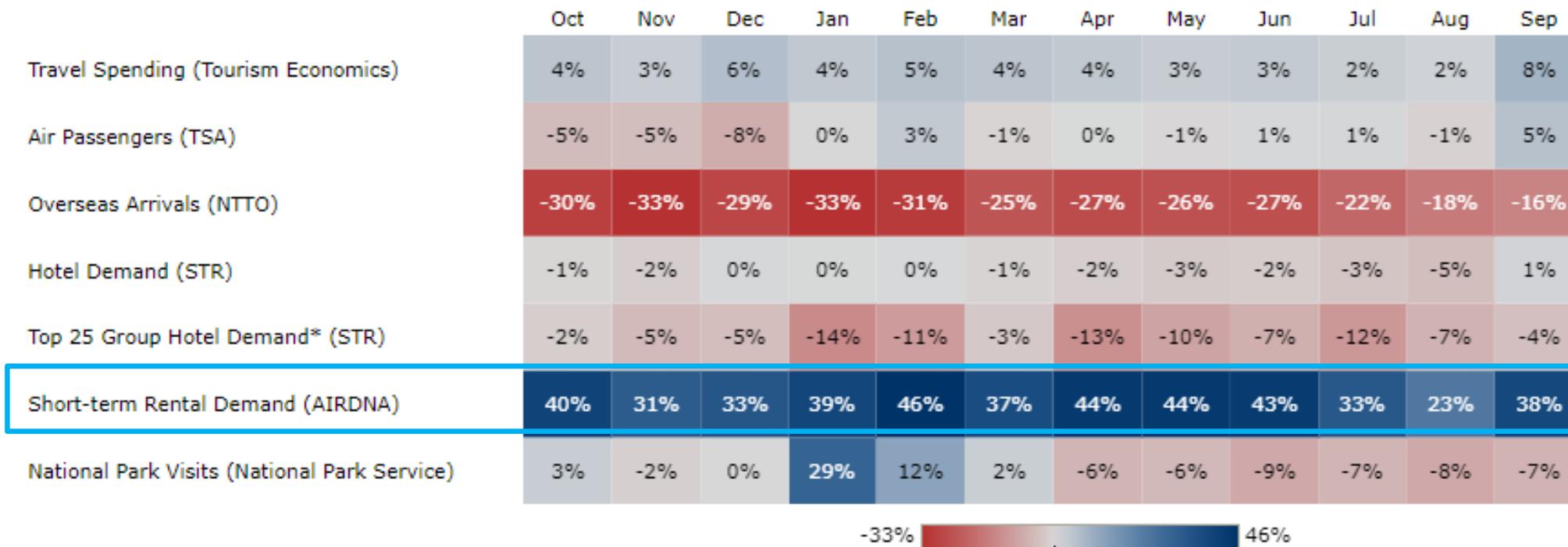
↗ **+37.7%**

YTD vs. 2019

Signs of weakness, but not in short-term rental demand

Travel Indicators

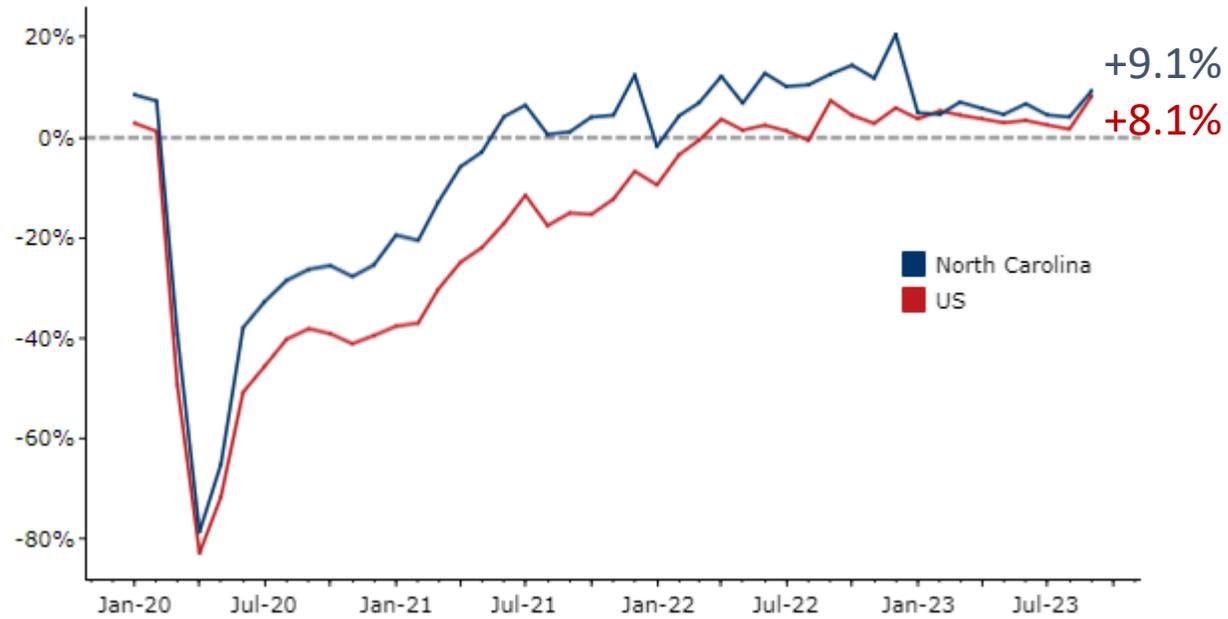
% change relative to same month vs. 2019



NC travel spending above national average, but gap is narrowing

Travel Spending

North Carolina vs U.S. total, % change vs 2019

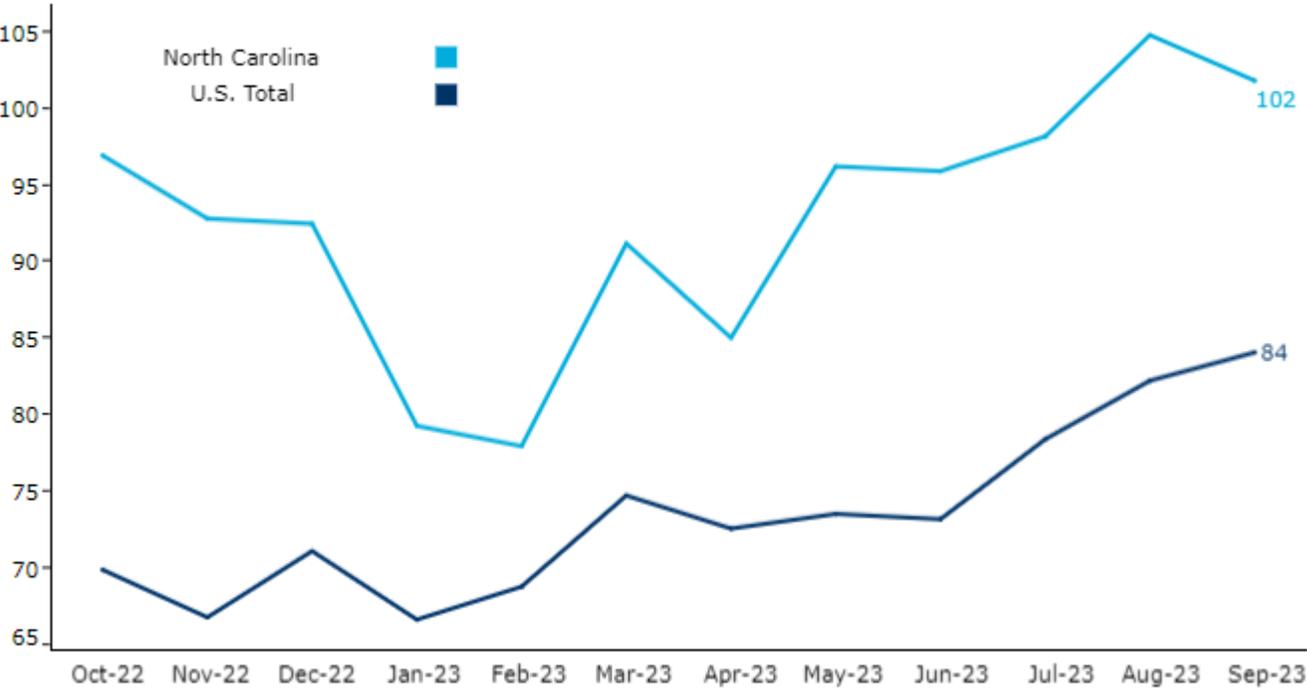


Source: Tourism Economics

Domestic is key, but NC is benefiting from a boost in overseas travel

Overseas Arrivals to U.S. Total & North Carolina

Visitor arrivals to U.S. Total & North Carolina, (Index 2019 = 100)

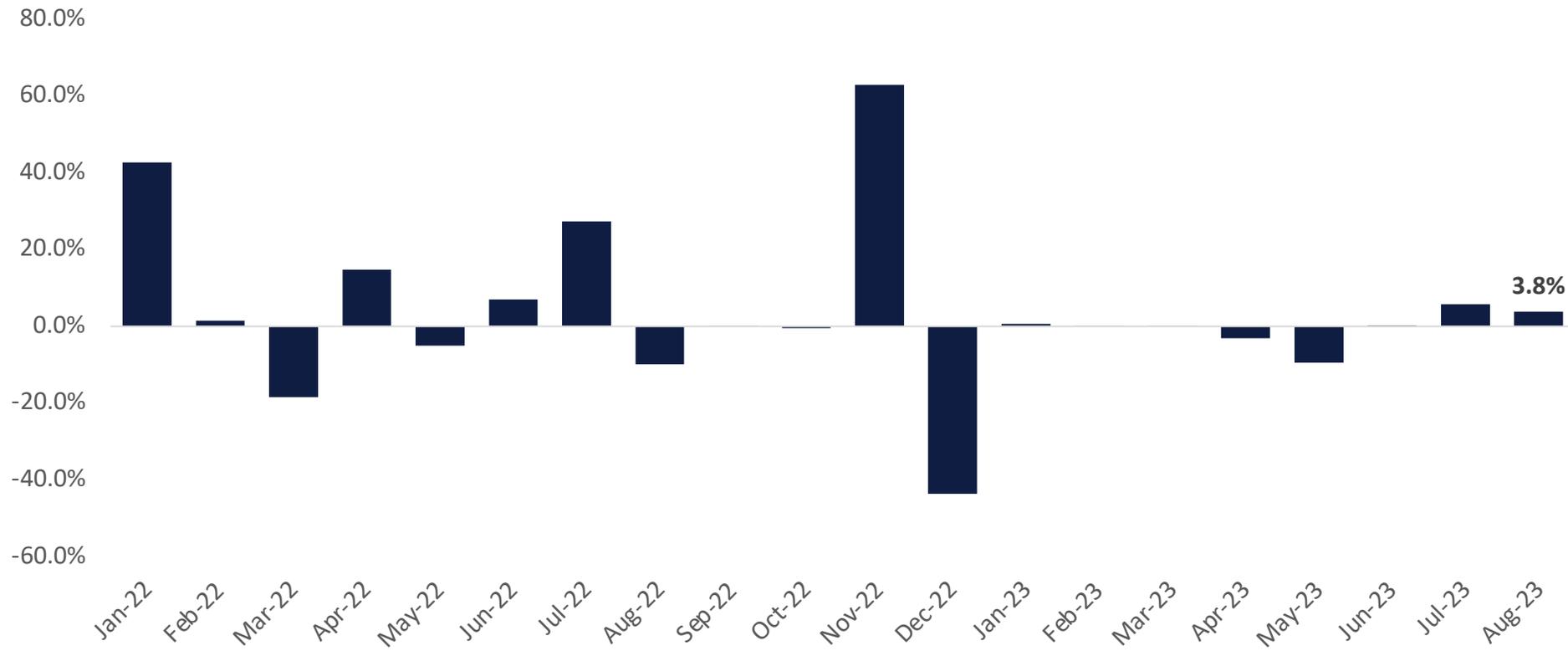


Source: NTTO (unless otherwise noted)

Growth in tax collections is slowing...

OBX Lodging Tax Collections

Total revenue, % change YOY

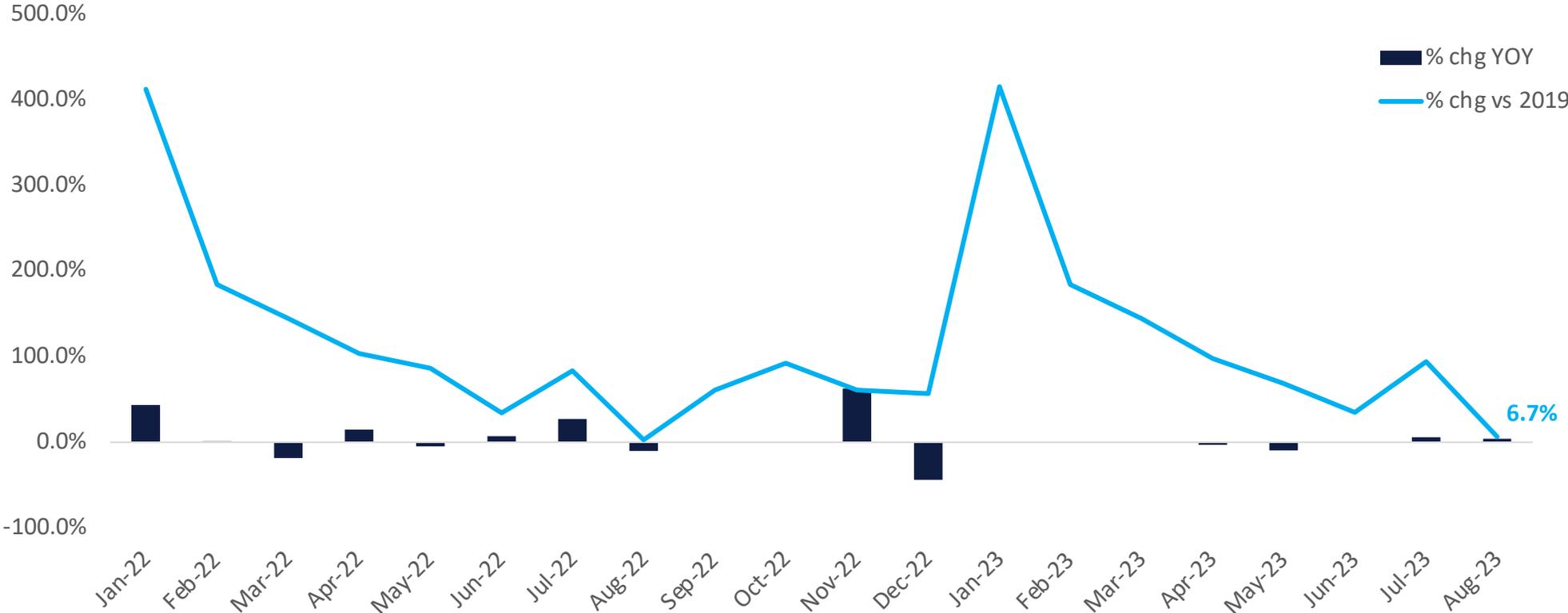


Source: The Outer Banks of North Carolina

A correction was inevitable

OBX Lodging Tax Collections

Total revenue, % change YOY and vs 2019

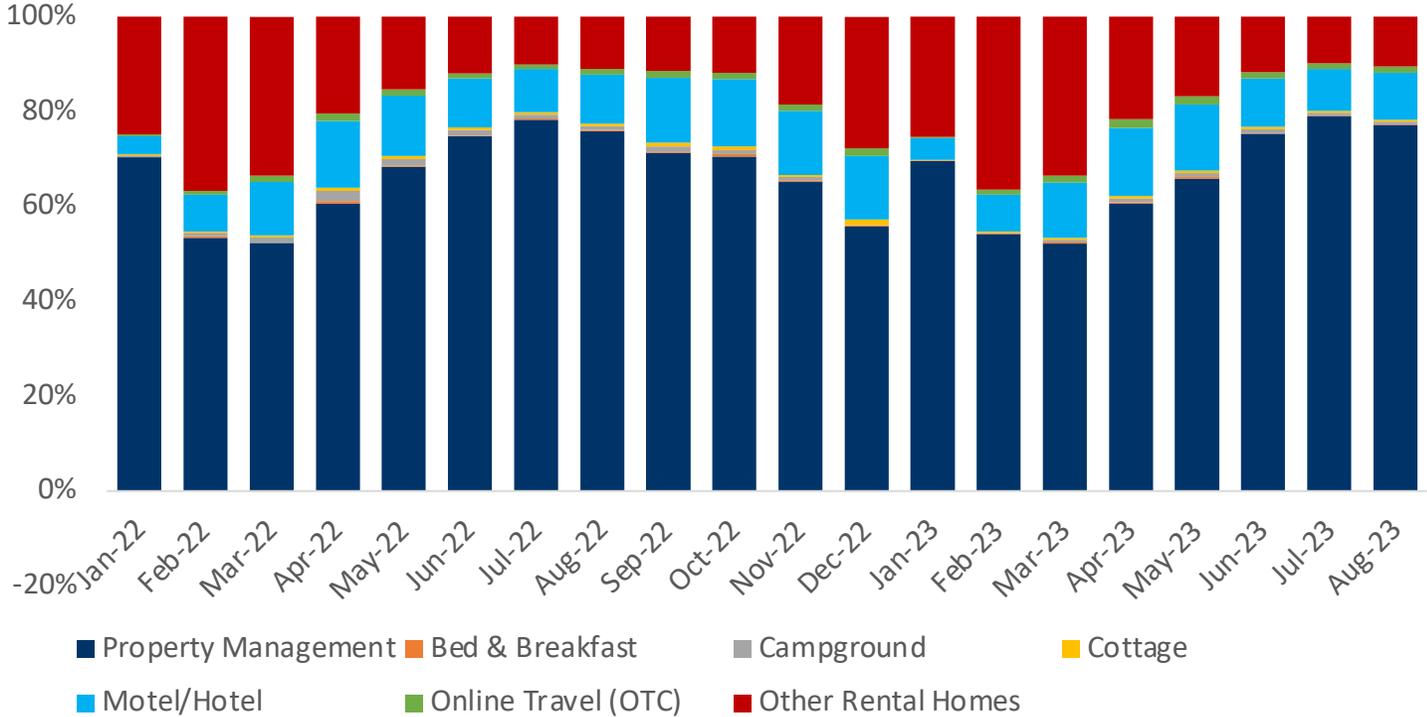


Source: The Outer Banks of North Carolina

Majority OBX of lodging revenue is coming from short-term rentals

OBX share of Lodging Tax Collections by Class

% share of total revenue

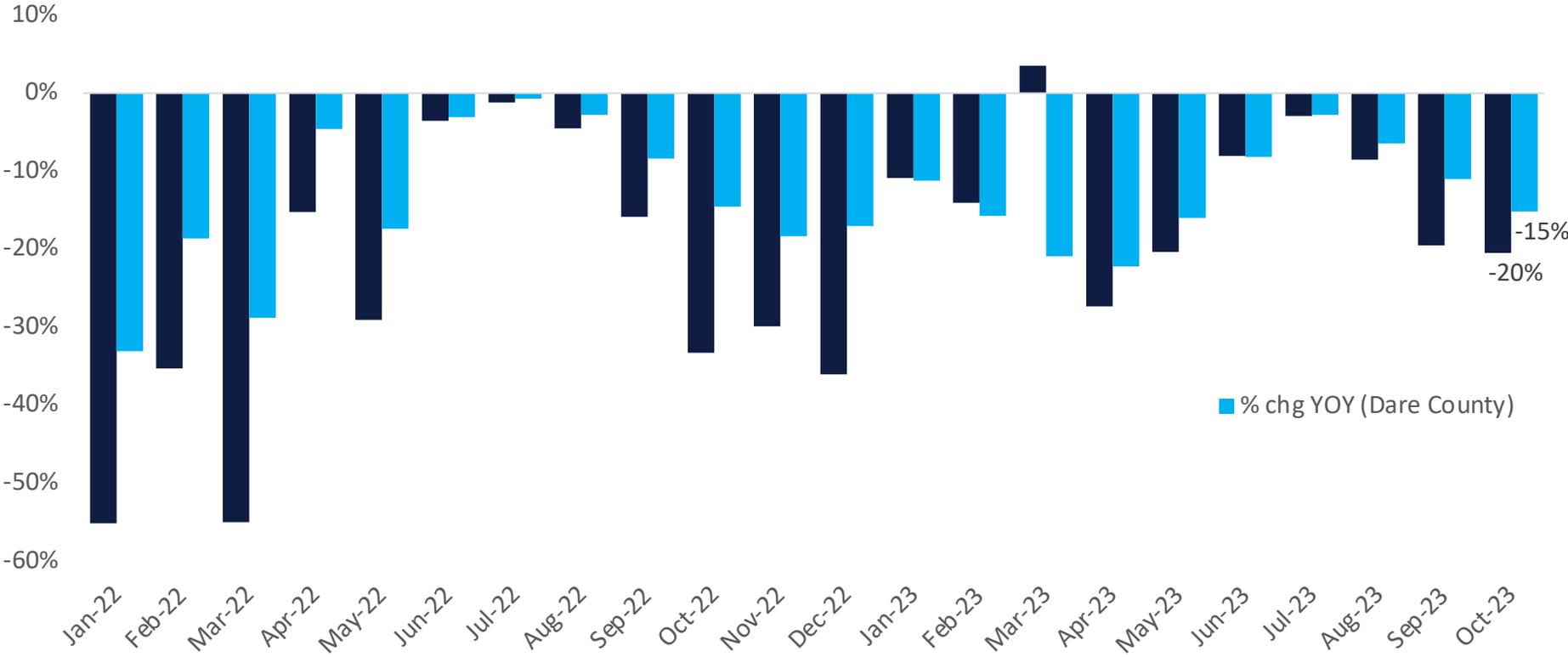


Source: The Outer Banks of North Carolina

Short-term rental demand softening YOY...

Short-term Rental Occupancy

Currituck and Dare Counties, % change YOY

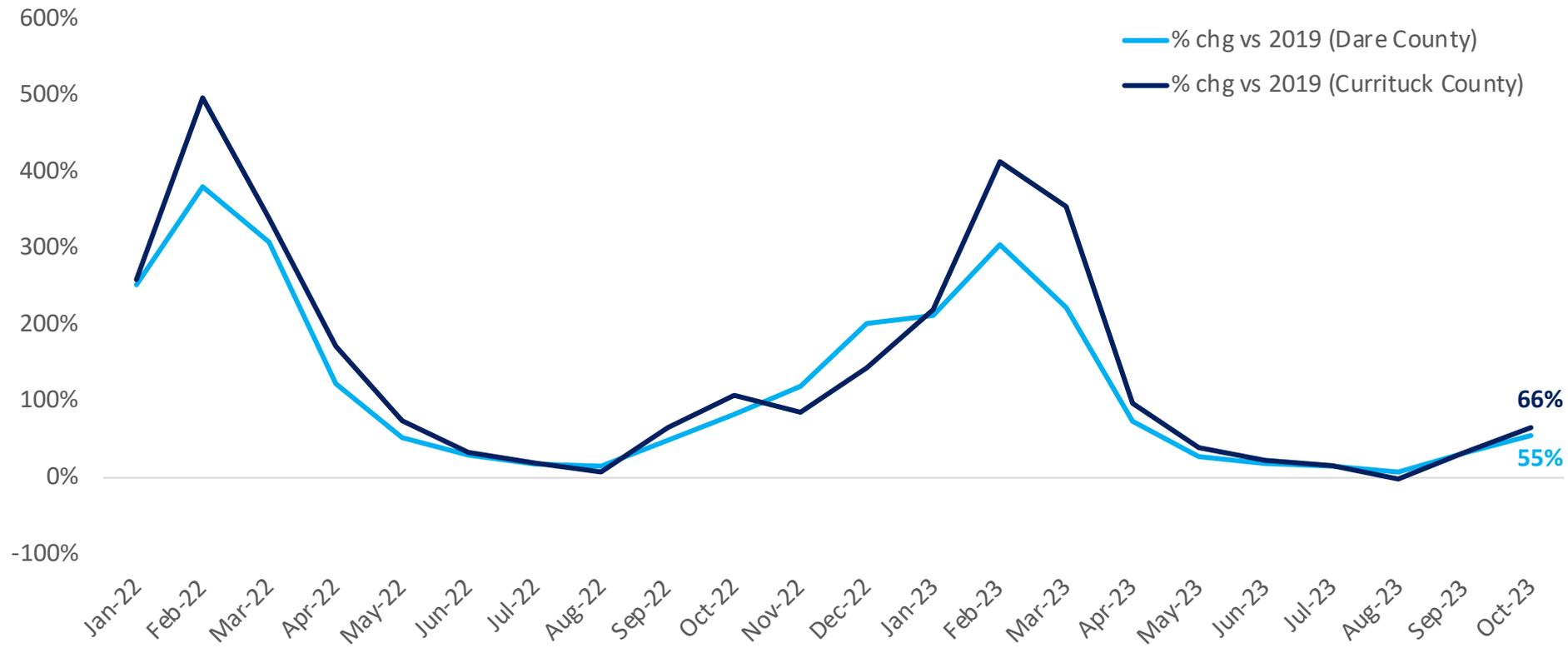


Source: KeyData

But remains elevated vs 2019

Short-term Rental Occupancy

Currituck and Dare Counties, % change YOY and vs 2019

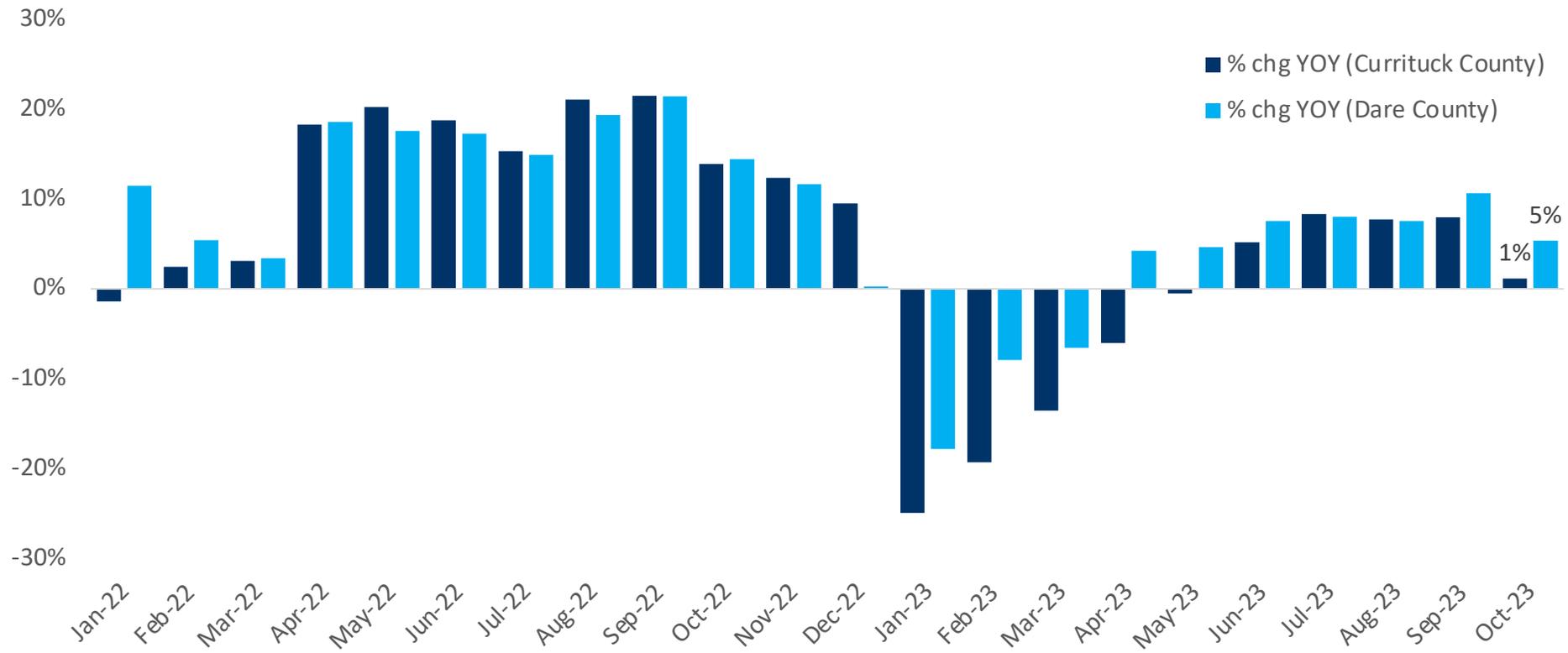


Source: KeyData

Rates have bounced back after a sluggish Q1 2023...

Short-term Rental Average Daily Rate (ADR)

Currituck County, % change YOY

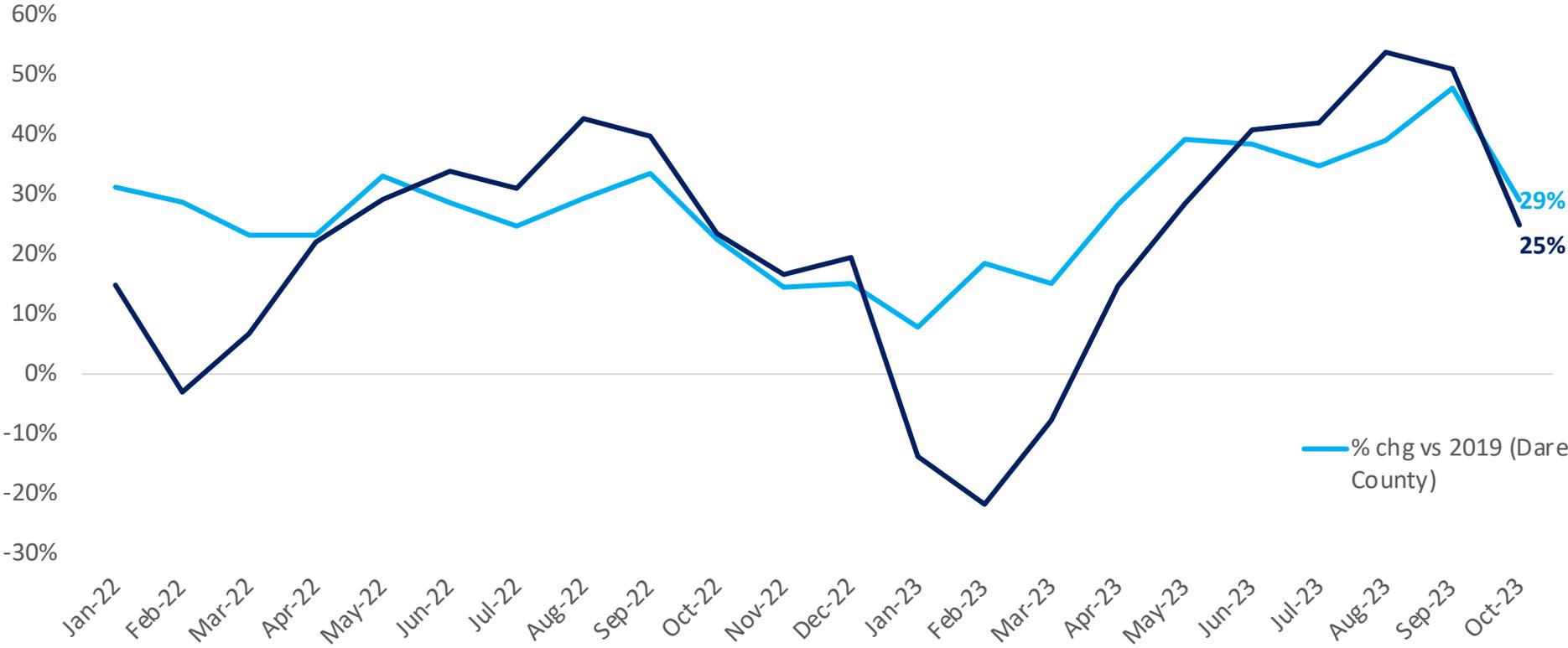


Source: KeyData

And outpacing inflation by a large margin

Short-term Rental Average Daily Rate (ADR)

Currituck County, % change YOY and vs 2019



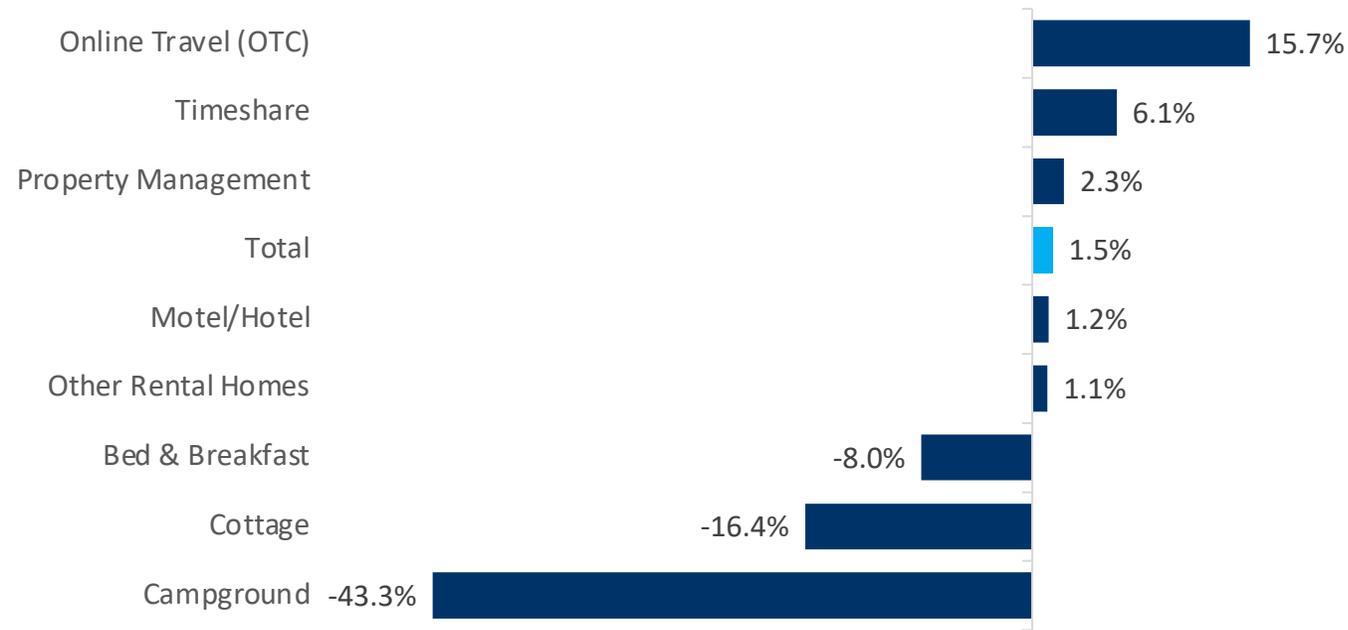
Source: KeyData

YTD performance

OBX total lodging tax collections is growing

Lodging tax collections through August 2023

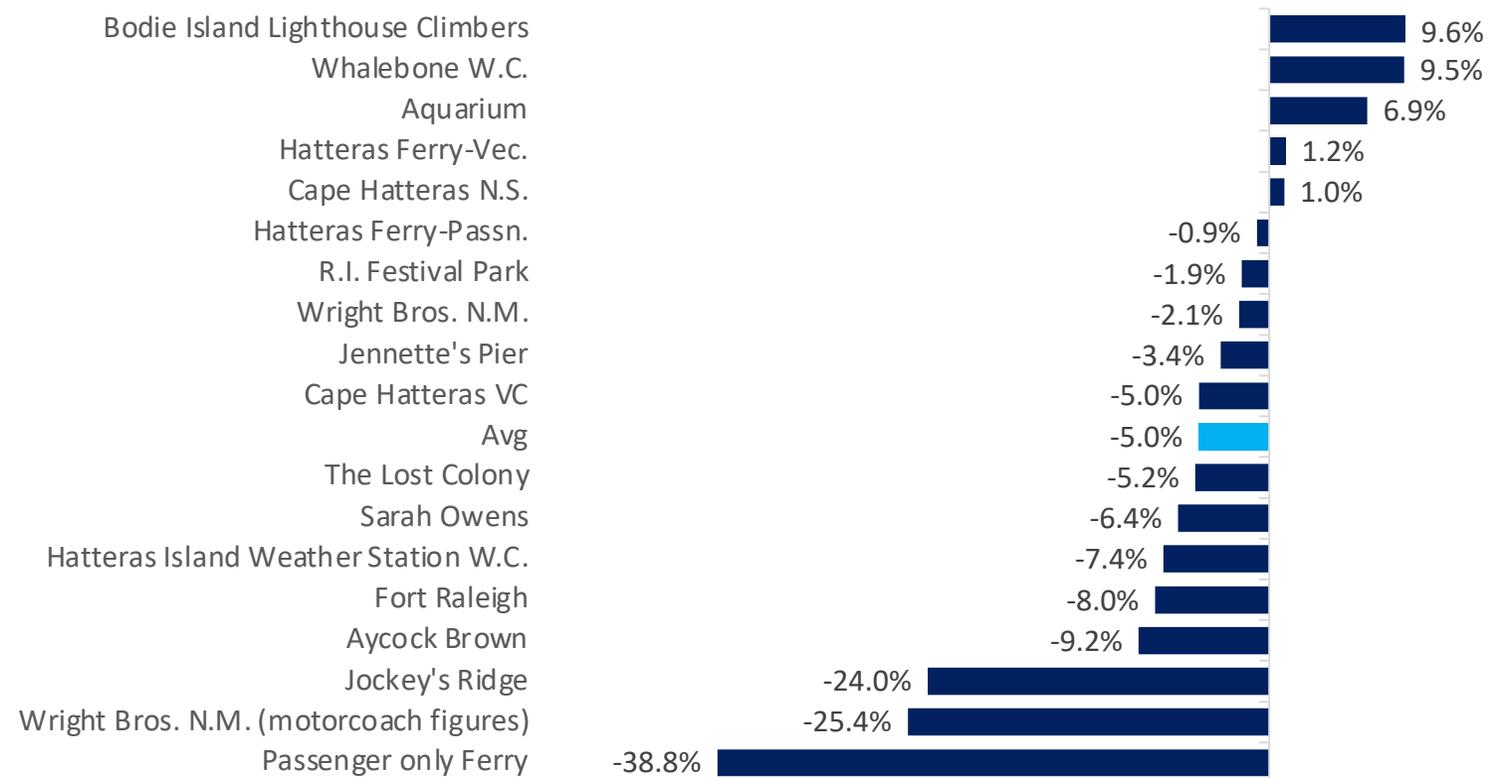
% change vs prior year, by class



Source: The Outer Banks of North Carolina

YTD Visitation Figures

Visitation YTD through August
% change vs prior year, by location

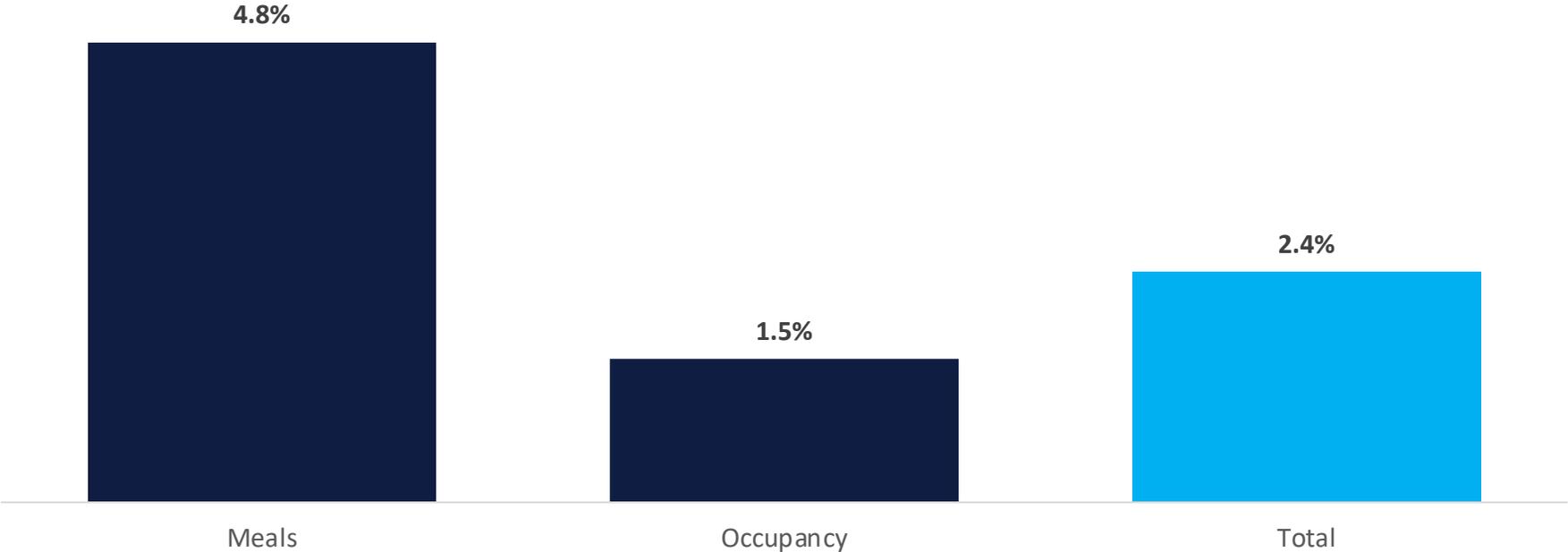


Source: The Outer Banks of North Carolina

Total tax collections outperform prior year YTD

OBX Tax Collections

Total revenue, % change YOY



Source: The Outer Banks of North Carolina

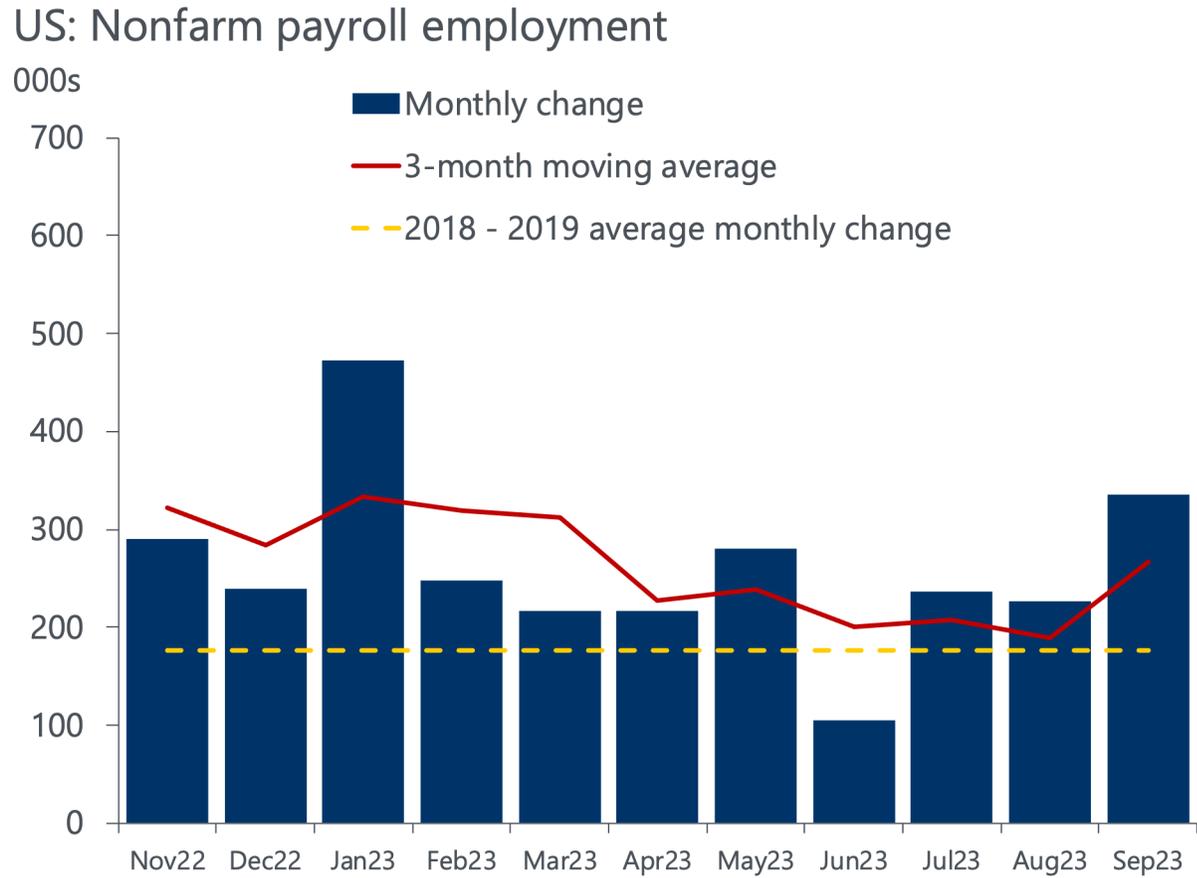
The tug-of-war that will define the outlook

**An economic
slowdown**

**The response
of travelers**

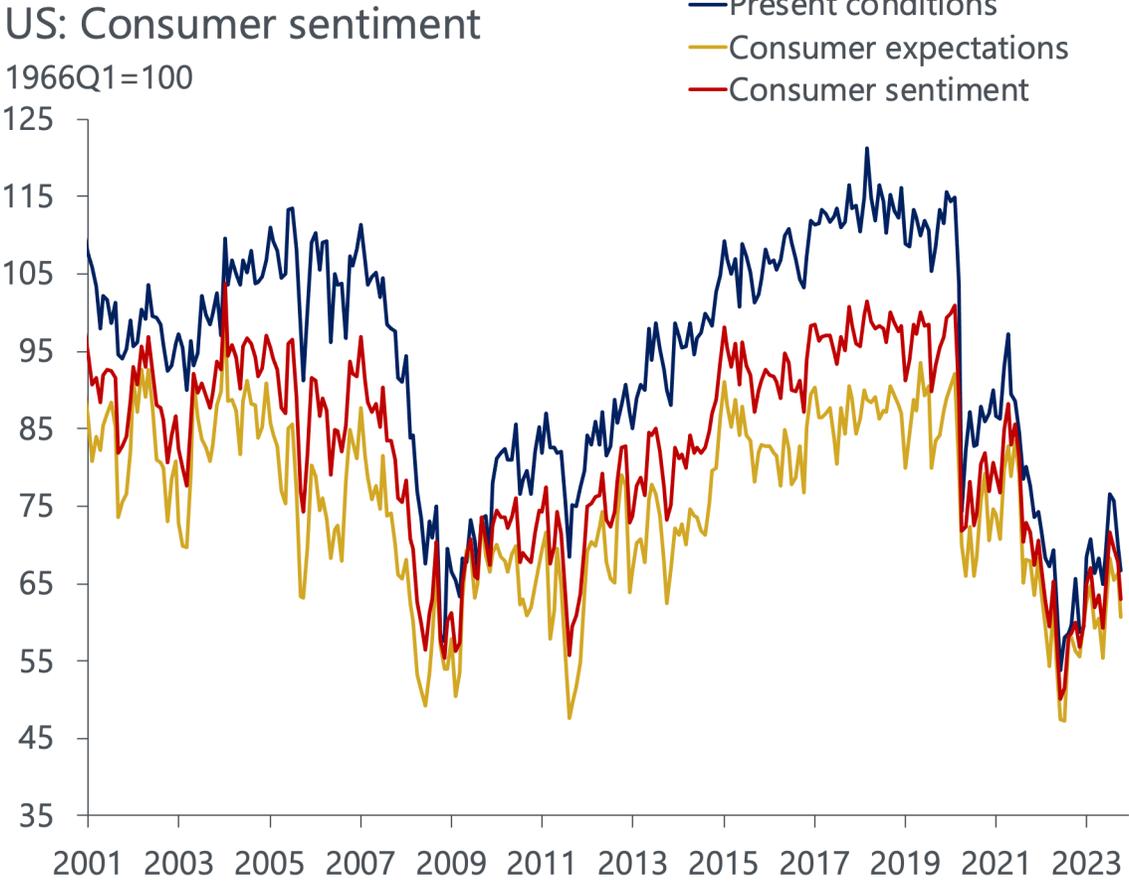


Labor market remains strong



Source: Oxford Economics/Haver Analytics

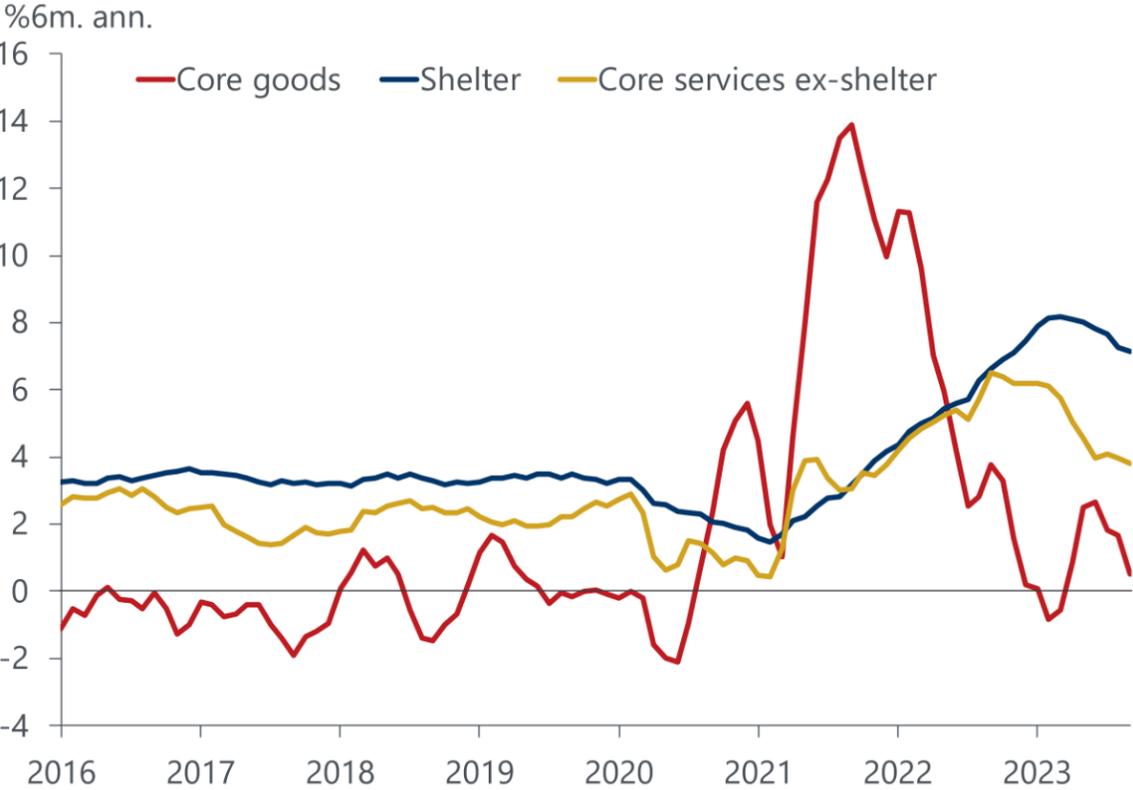
Yet, consumers are feeling unease



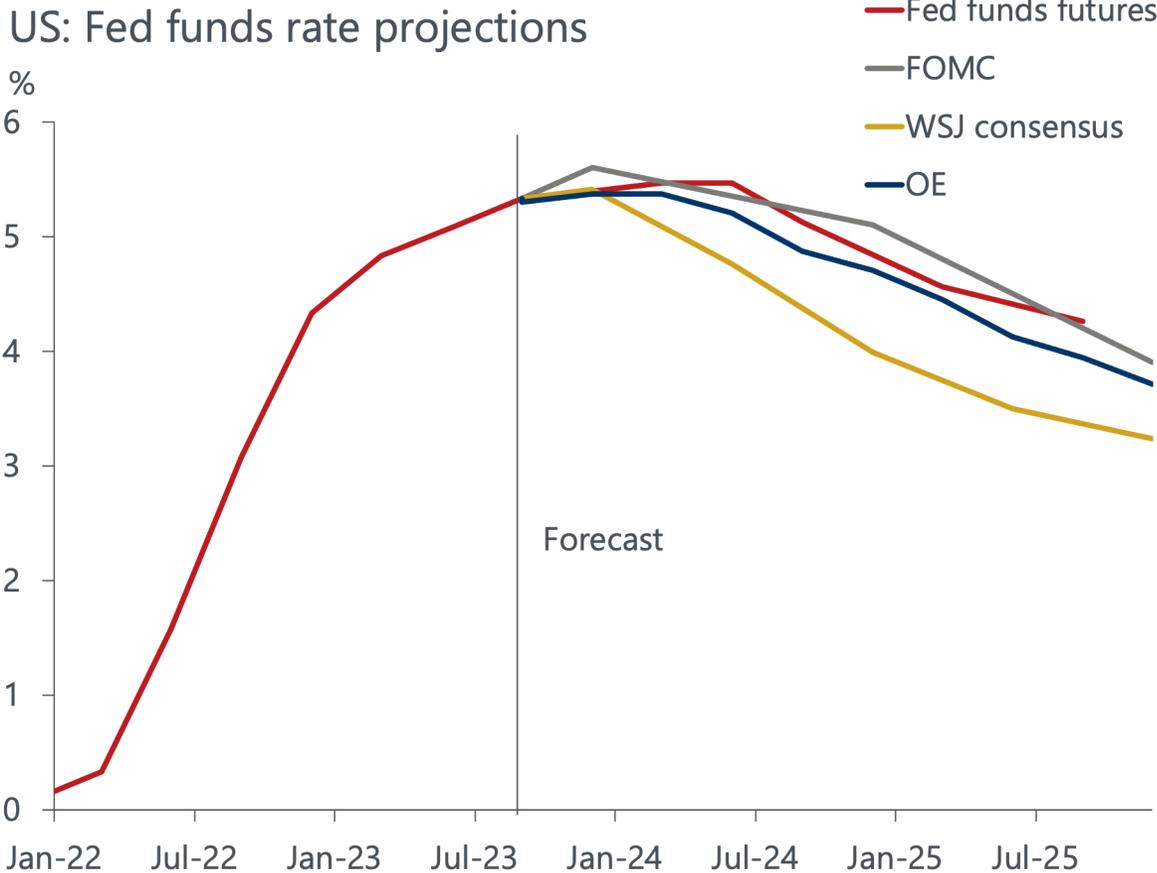
Source: Oxford Economics/Haver Analytics

Inflation remains the focus

US: Selected components of core inflation



And higher interest rates are leaving their mark



Source: Oxford Economics/Haver Analytics/Fed/WSJ

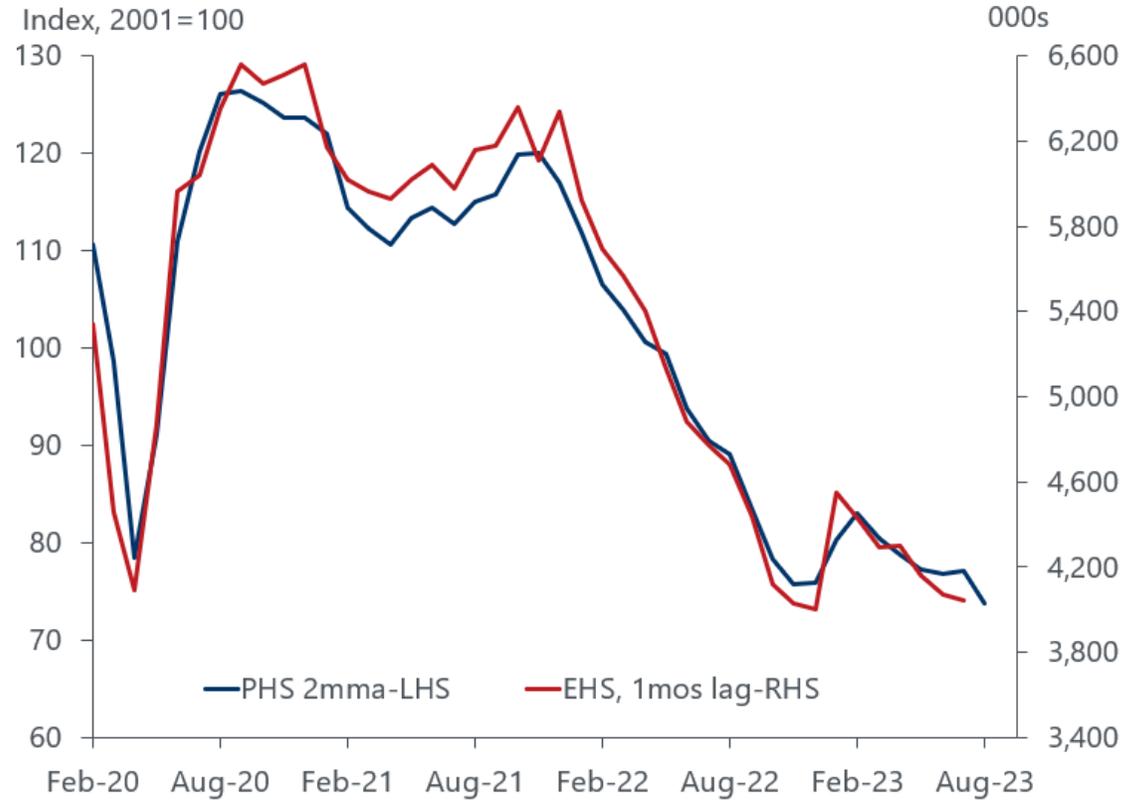
Housing market slammed by higher interest rates

US: 30-year mortgage rates



Source: Oxford Economics/Haver Analytics

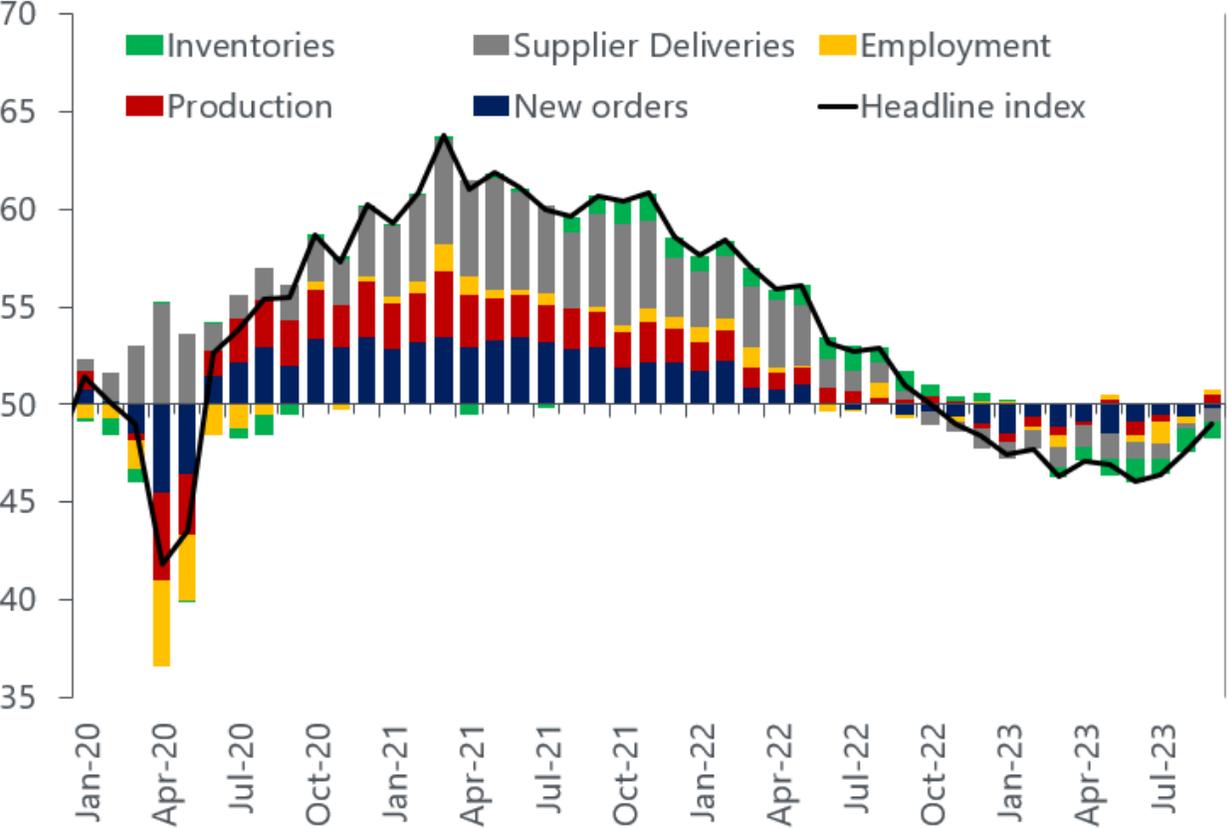
US: Pending and existing home sales



Manufacturing is on a weak footing

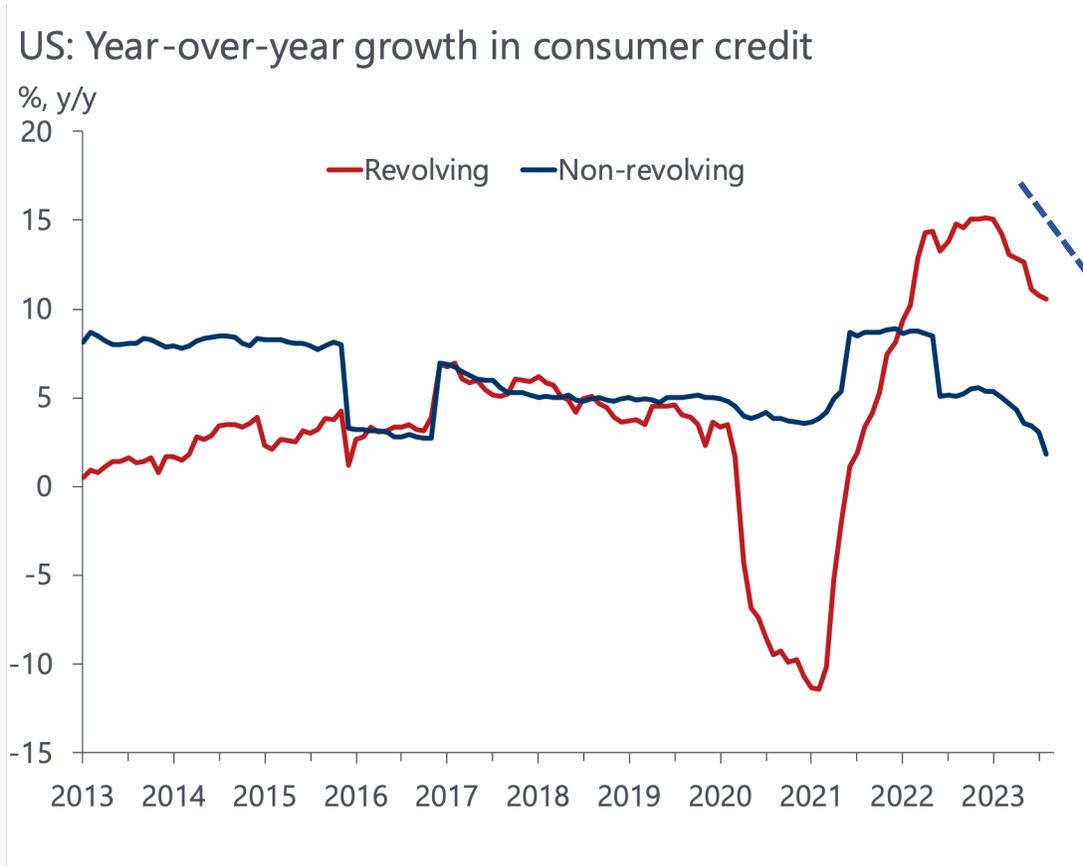
US: Contribution to ISM Manufacturing

Index; above 50=expansion



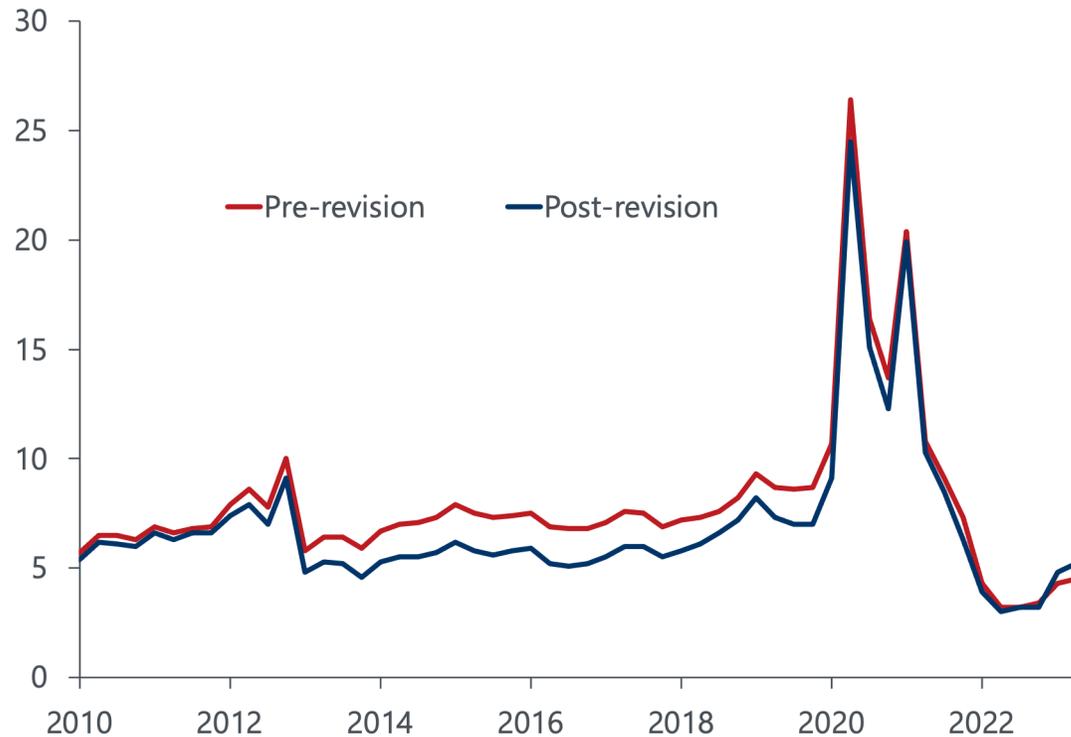
Source: Oxford Economics/Haver Analytics

Tighter credit conditions will take a toll consumer spending



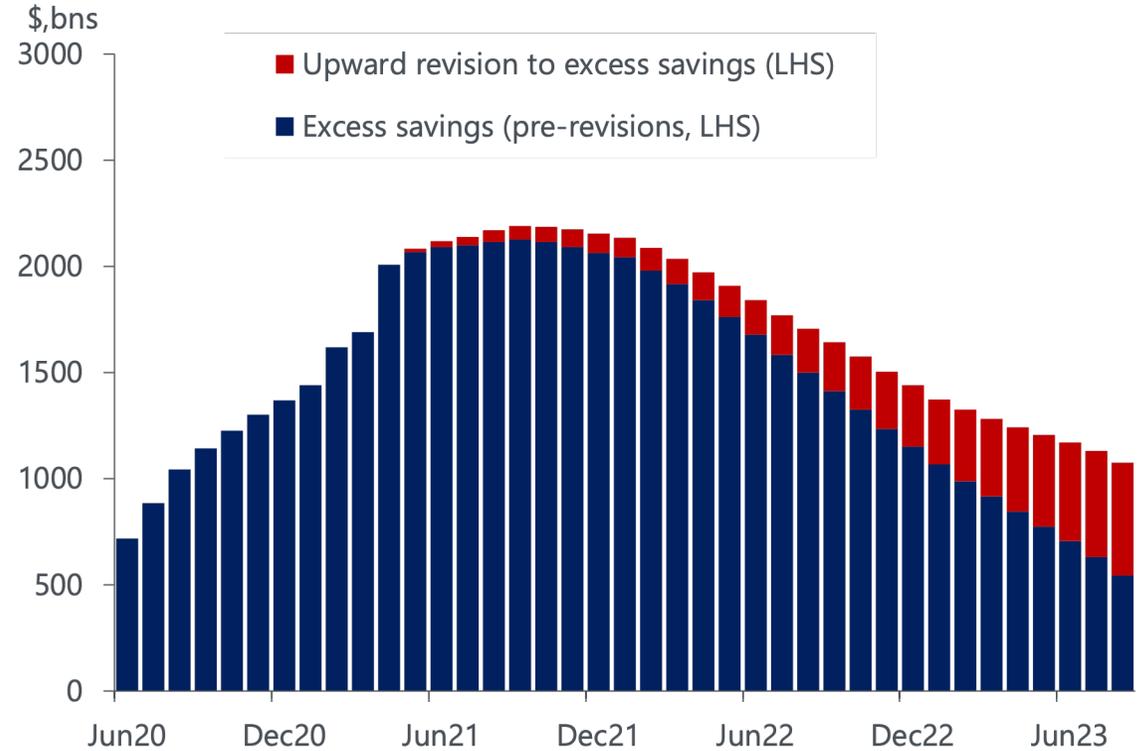
Saving rate historically low but buffer is still high

US: Personal savings rate
% of disposable personal income



Source: Oxford Economics/Haver Analytics

US: Estimated excess savings

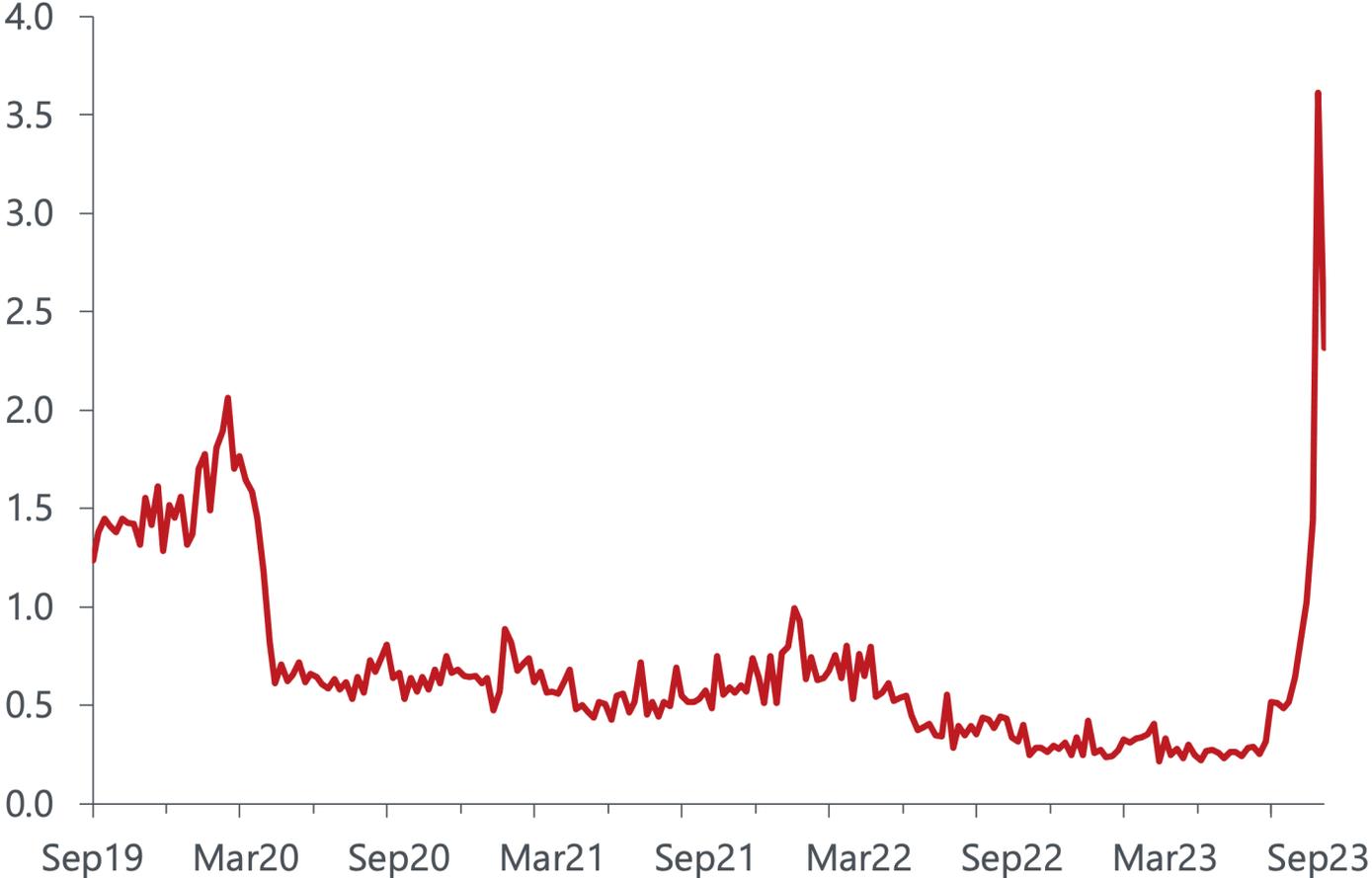


Source: Oxford Economics/Haver Analytics

Payments of student loans will eat into excess savings

US: Treasury receipts from the Department of Education

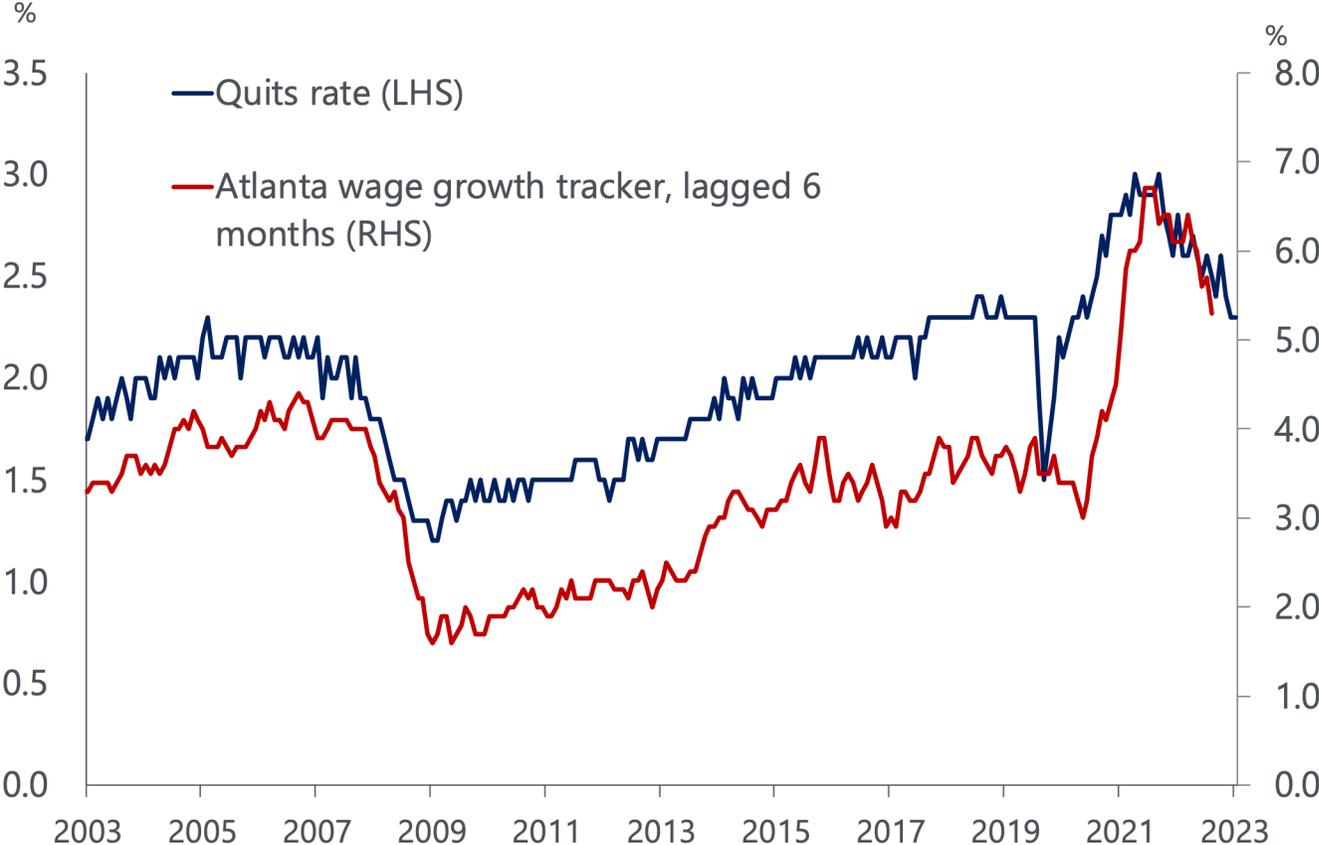
weekly totals, \$bn



Source: Oxford Economics/Haver Analytics

Workers losing some confidence

US: Quits rate versus wage growth

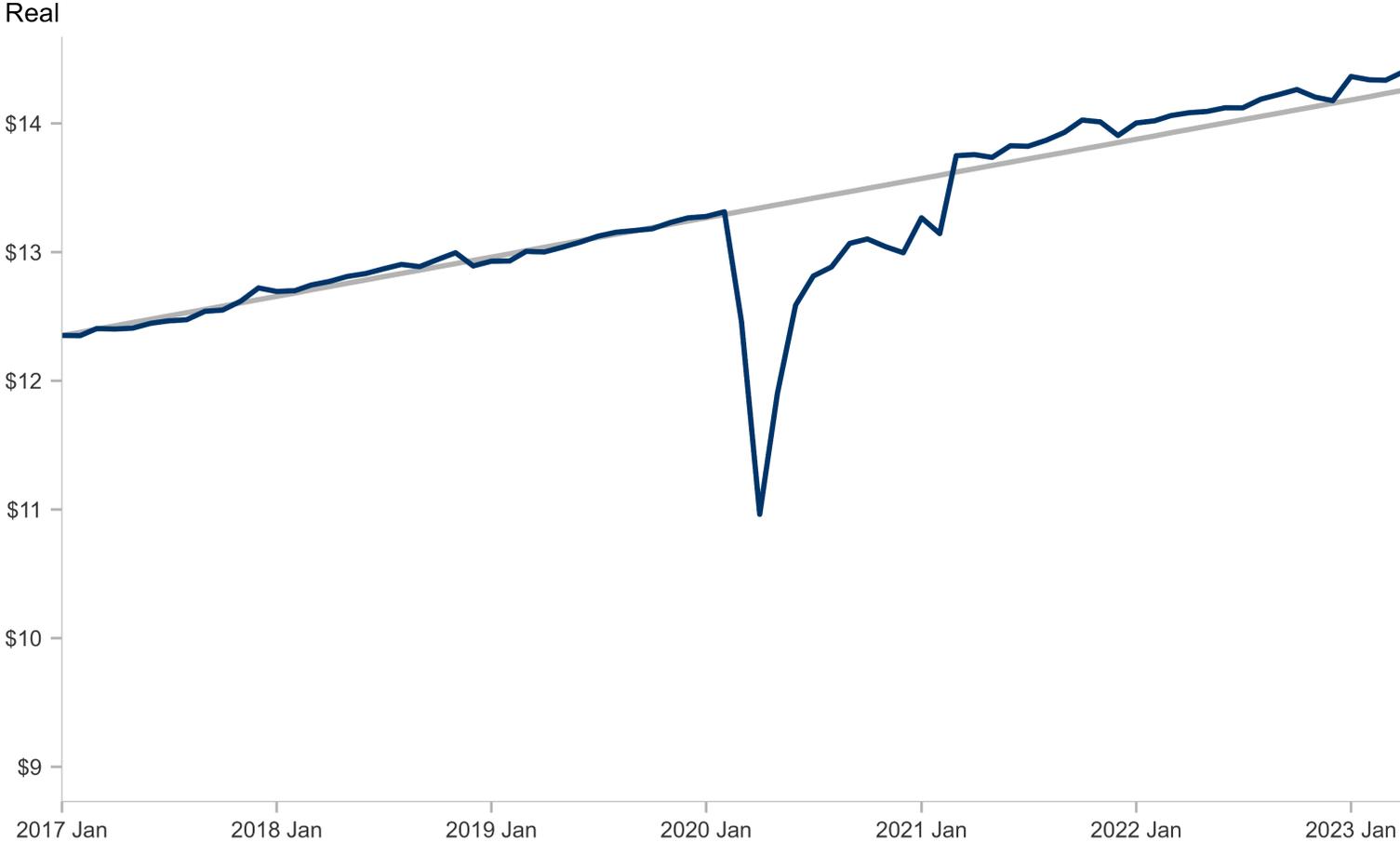


The response of travel



Post-pandemic. Bounce back to normal?

Consumer spending

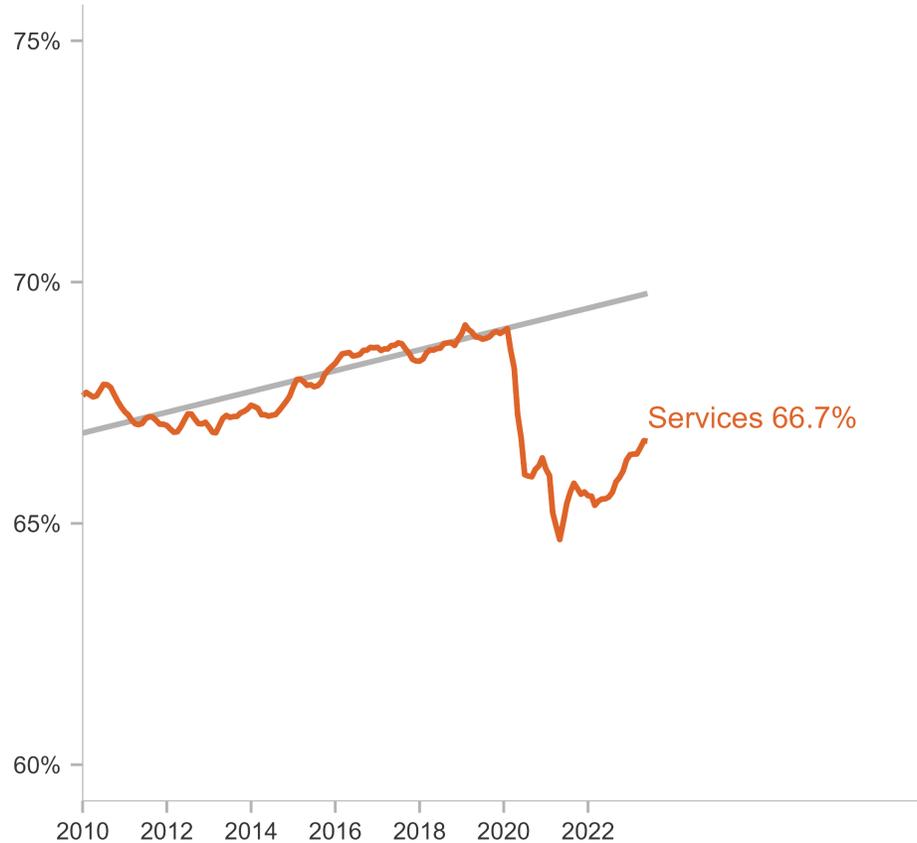


Note: Seasonally adjusted, annualized, in trillions, 2012 dollars. Monthly data through April 2023. Source: Bureau of Economic Analysis

Consumer spending is not “normal”

Share of consumer spending

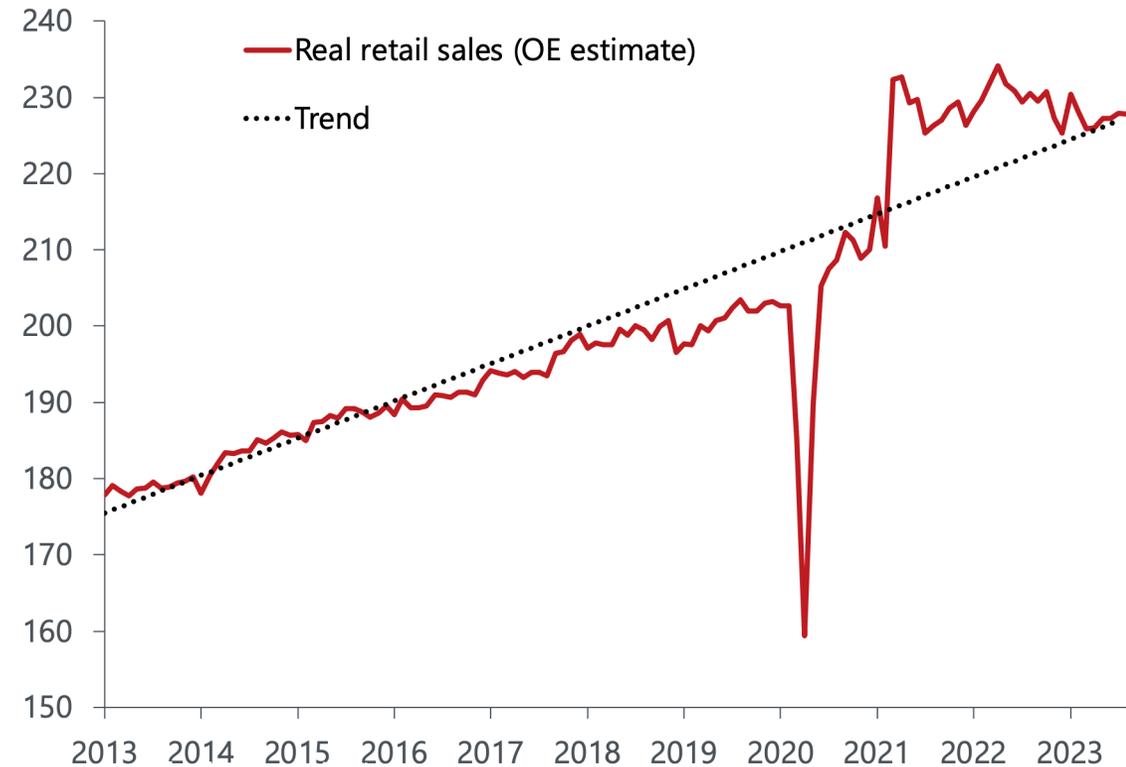
Three-month moving average, recent share in label



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

US retail sales

\$, bns

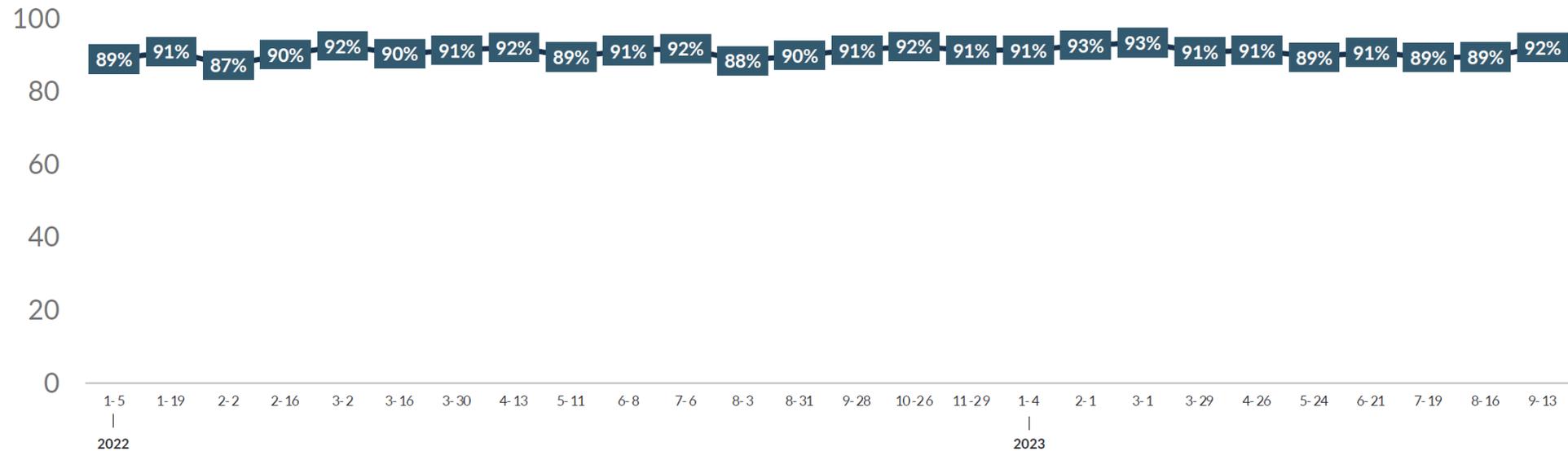


“Macroeconomic weakness is being offset with the countertrend of consumer spending continuing to rebalance back to services.”

United Airlines, 2023Q1 earnings call

Travel planning remains stable

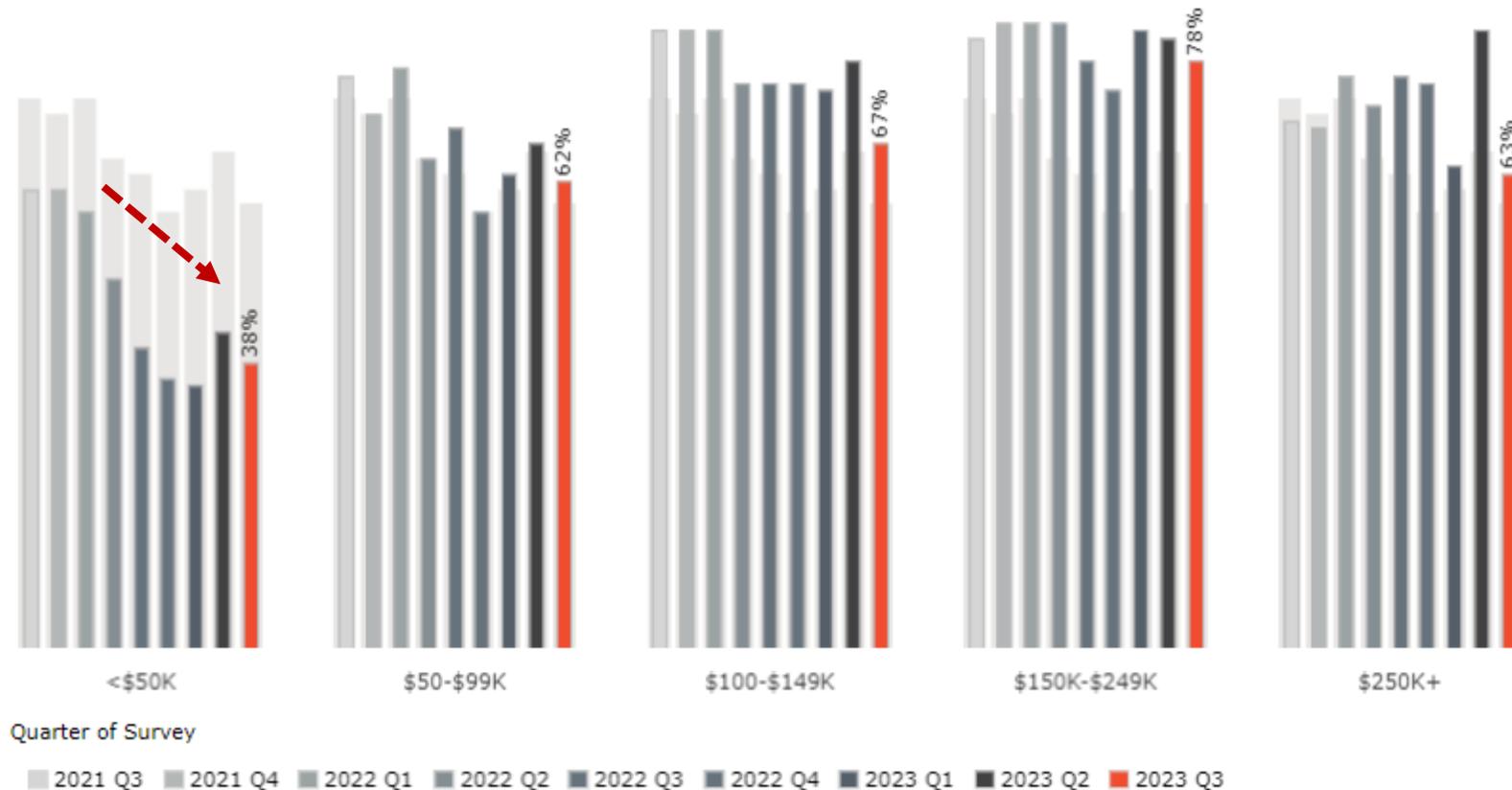
Travelers with Travel Plans in the Next Six Months Comparison



*Note: Data spanning multiple years, beginning from 1/5/2022.
Travel Sentiment Study Wave 78

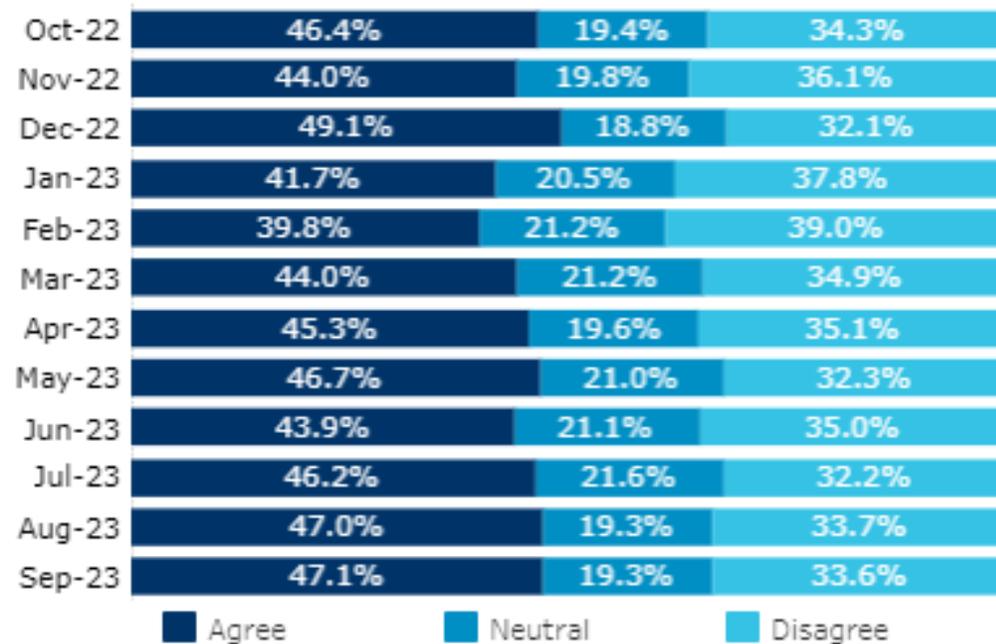
Slippage evident among lower income earners (MMGY)

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



Consumers are increasingly concerned about the cost of travel

Have high travel prices kept you from traveling in the past month?

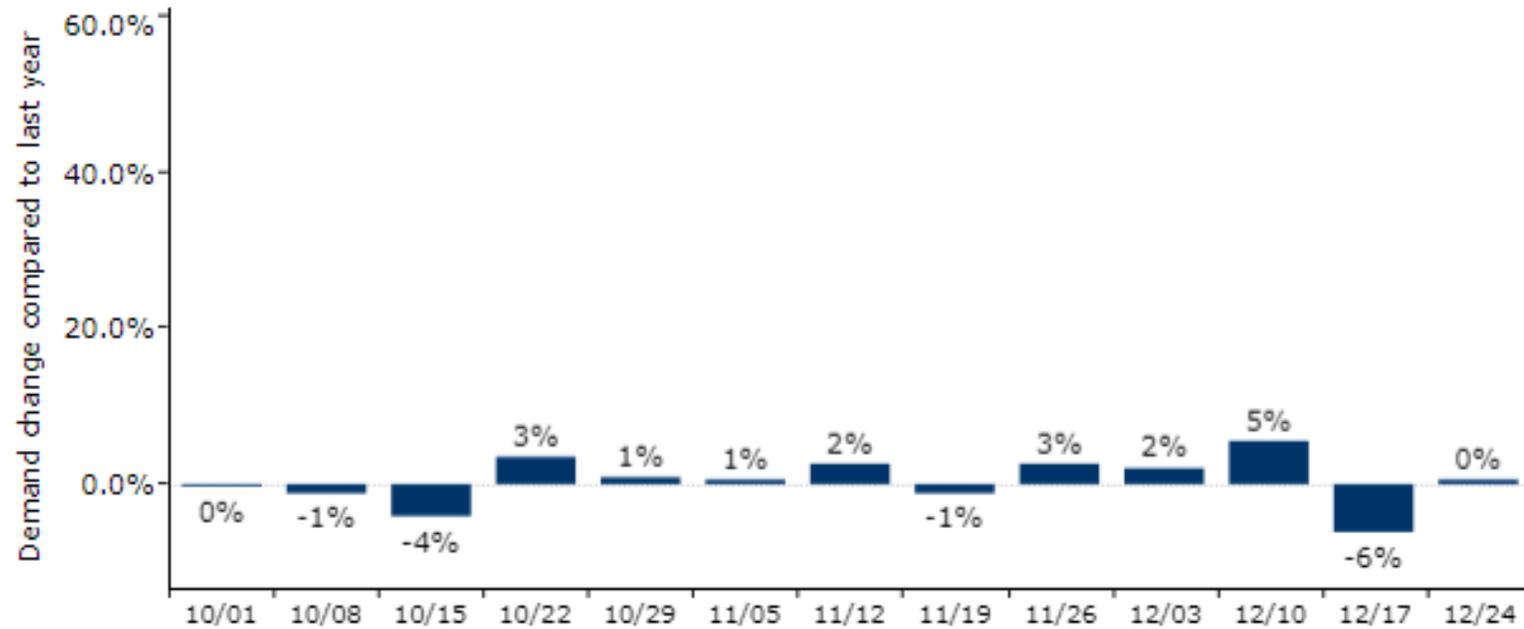


Source: Future Partners

US leisure travel demand slightly ahead of 2022 pace

U.S. Hotel Leisure Demand Pace

Leisure (include both leisure & business) hotel booking pace vs same time last year, as of 10/16/2023

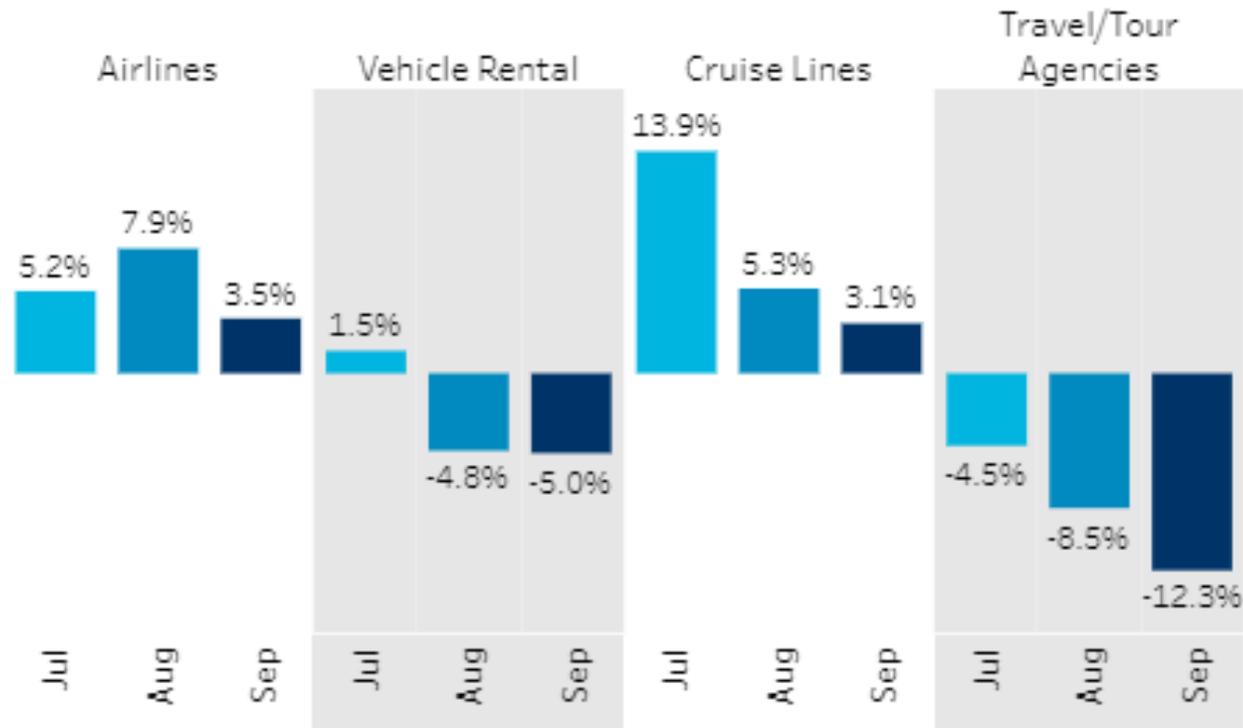


Source: Amadeus

But credit card spending among consumers is contracting

US Consumer Credit Card Spend

2023 3-month trend, % change YOY

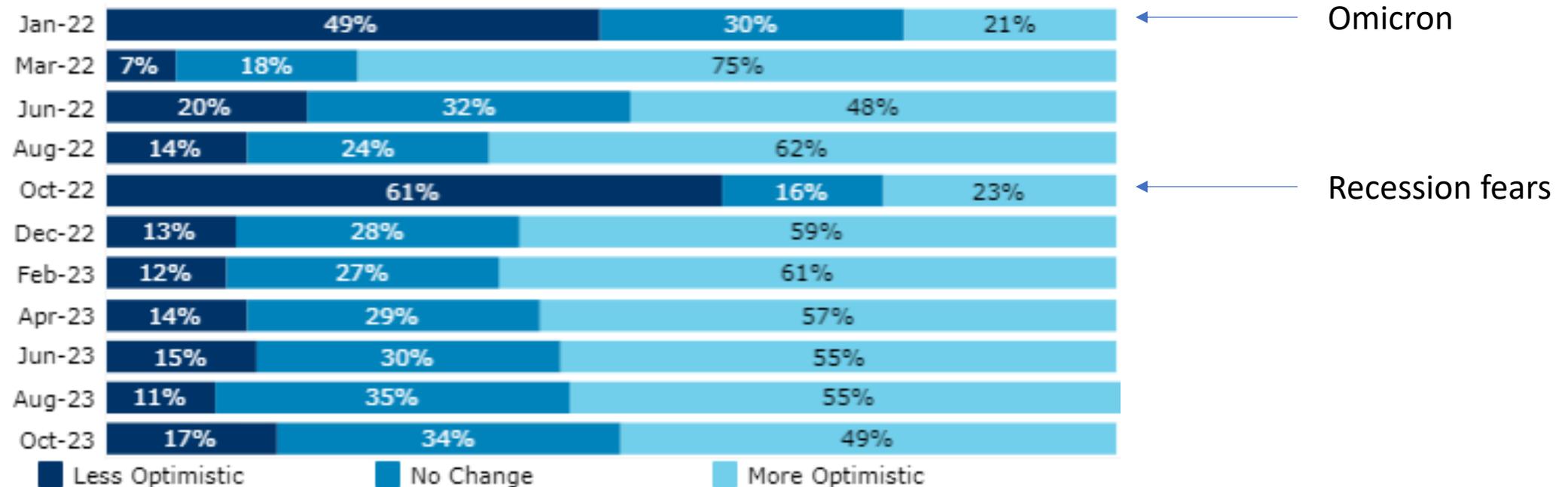


Source: Comerse Signals, a Transunion Company

Meeting planners generally growing in optimism

Meeting Planner Outlook

How the outlook for recovery has changed among meeting planners the past six weeks

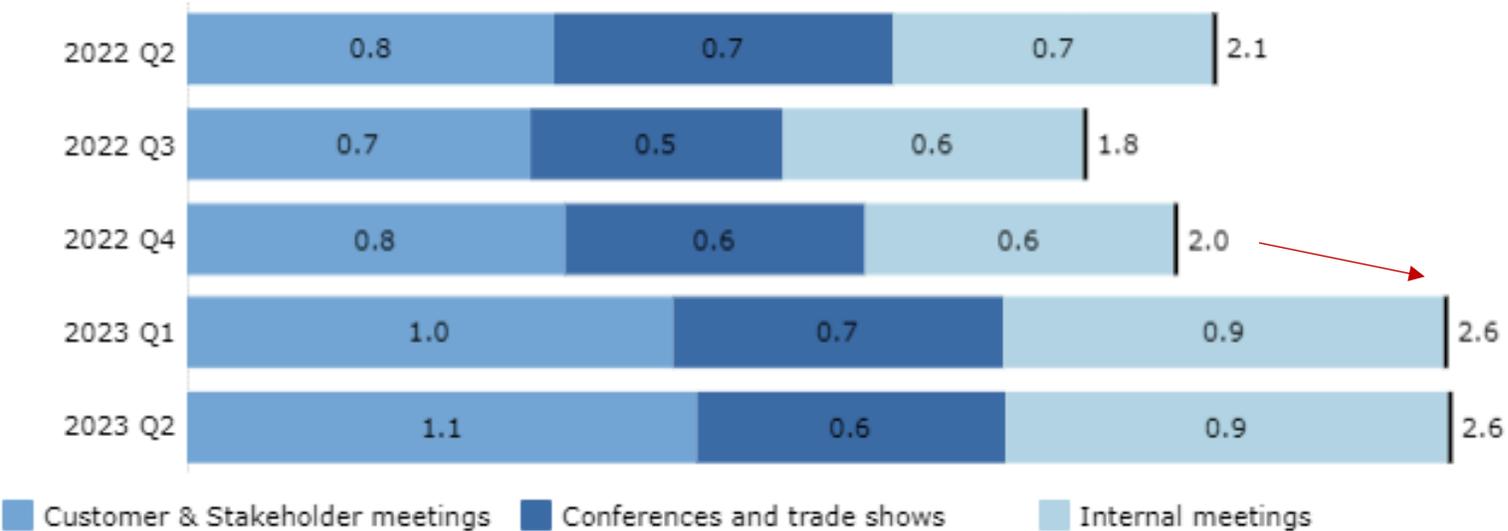


Source: Northstar Meetings Group and Cvent (Meetings industry PULSE survey), as of October 2023

And business travelers are getting back on the road!

Business Trip Count by Purpose of Trip

Business Travelers expected trips per month over the next 6-months



Source: Tourism Economics; U.S. Travel Association; and J.D. Power

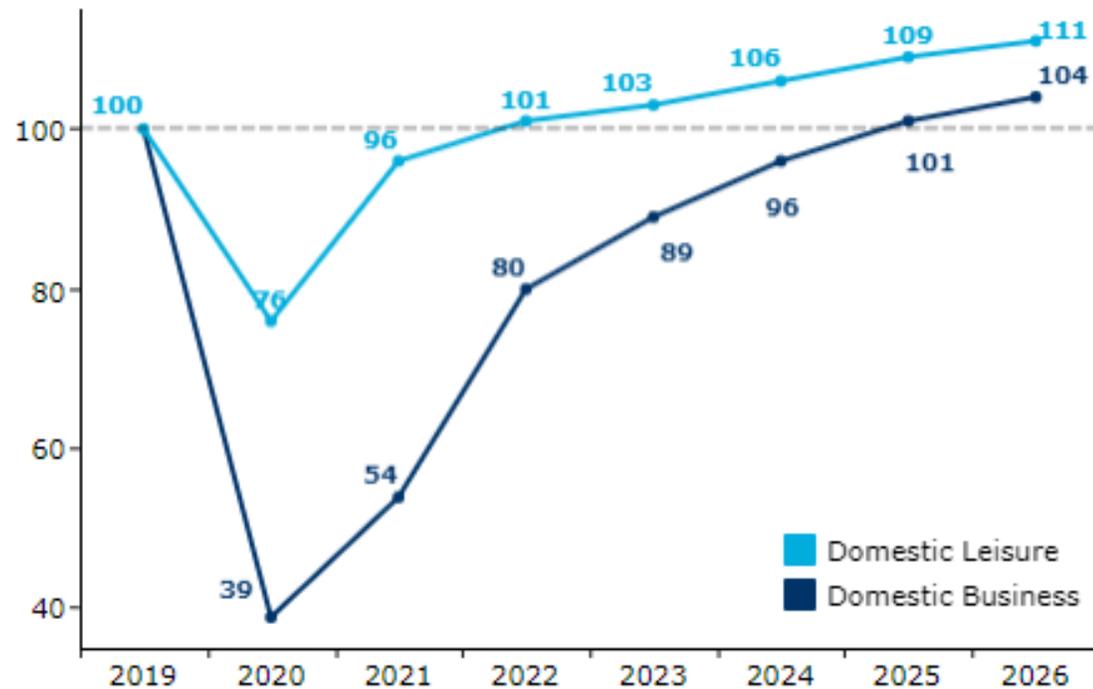
“As we look to the back half of the year, we expect continued strength driven by recovery in international markets, business transient and group demand.”

Hilton, 2023Q2 earnings call

Leisure travel volume to hit a record-high in 2023...

Leisure vs. Business Travel Volume

Forecasted recovery, relative to 2019 (index, 2019=100)



Source: Tourism Economics

And is less dependent on drive-markets than prior years

Auto vs. Air Travel Volume

Forecasted recovery, relative to 2019 (index, 2019=100)



Source: Tourism Economics

And domestic leisure travel spending will continue to grow

Real Domestic Leisure Travel Spending

Forecasted recovery, relative to 2019 (index, 2019=100)



Leisure travel spending to fully recover in 2023. Business travel related spending to reach 85% of 2019 levels this year.

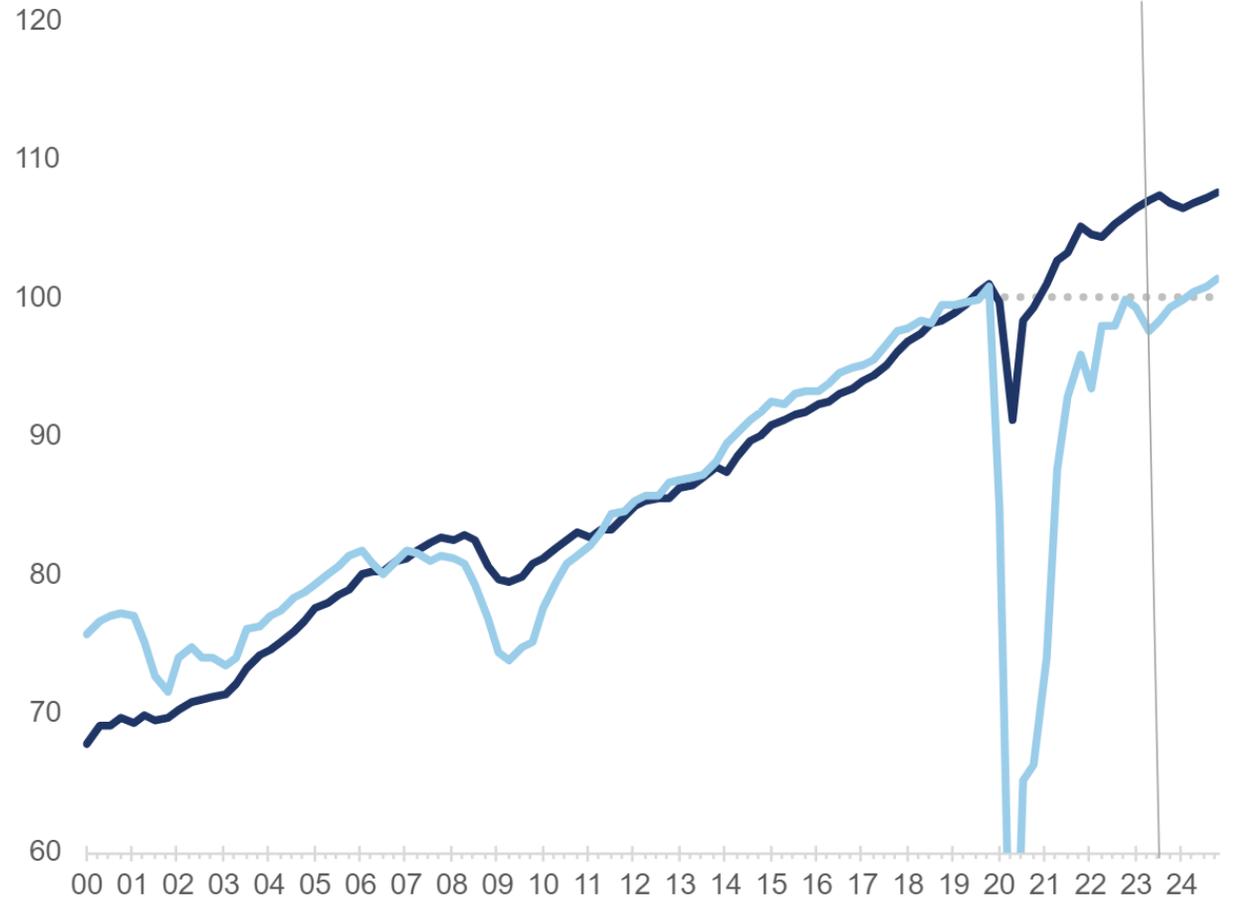
Source: Tourism Economics

Forecasting a “new normal”

1. Consumers shift spending back to services to boost leisure travel
2. Leisure travel to remain strong but growth rates to slow down
3. Business and group travel continues to rebuild toward 2019 volumes
4. International continue to grow in 2024
5. While growth rates may slow down, visitation will continue to increase

GDP and hotel room demand

Index (2019 = 100)



Note: Real GDP, seasonally adjusted.

Source: BEA; STR; Oxford Economics



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Thank You!



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