

Outlook for the Economy and Lodging in Irving, TX

Highlights from May 2025 Lodging Forecast

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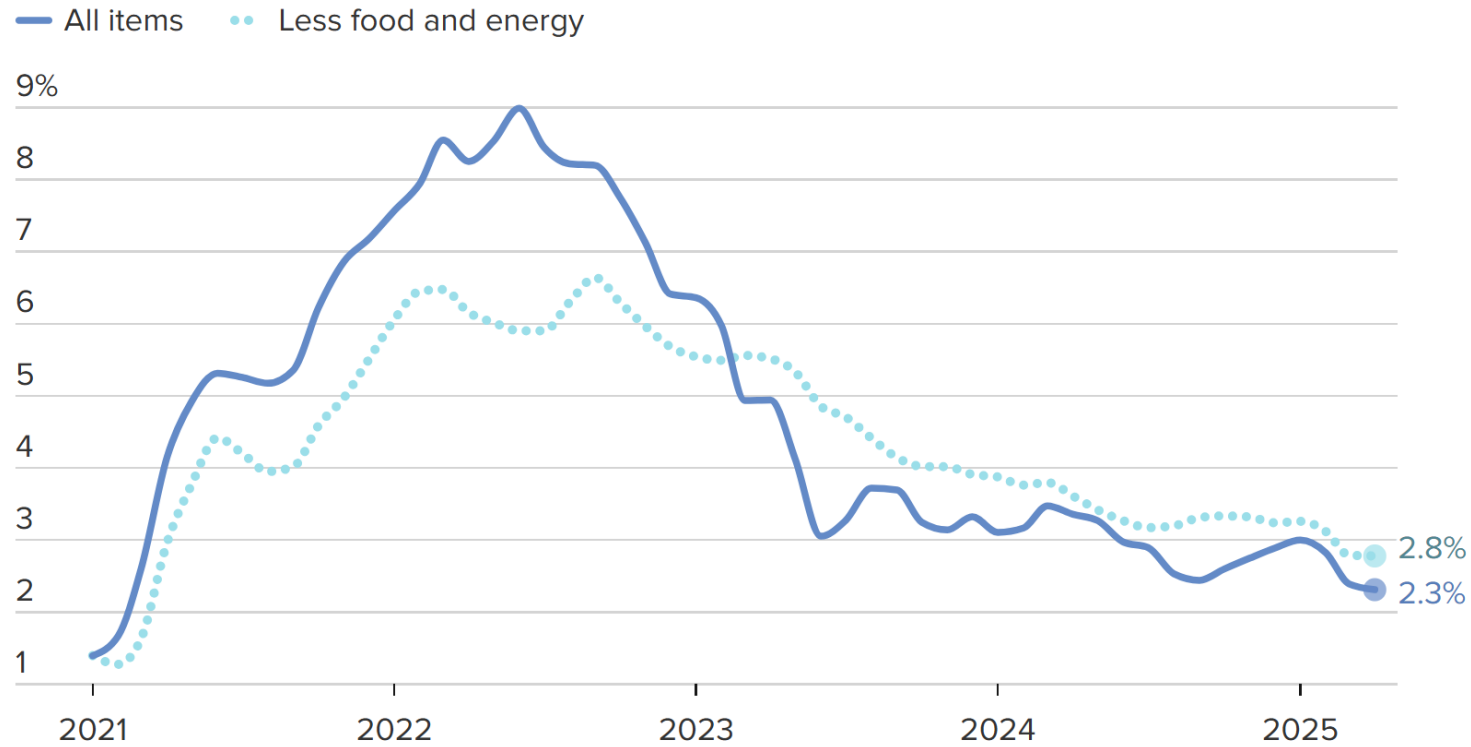


US Economic Outlook

Inflation fell to 2.3% in April

U.S. consumer price index

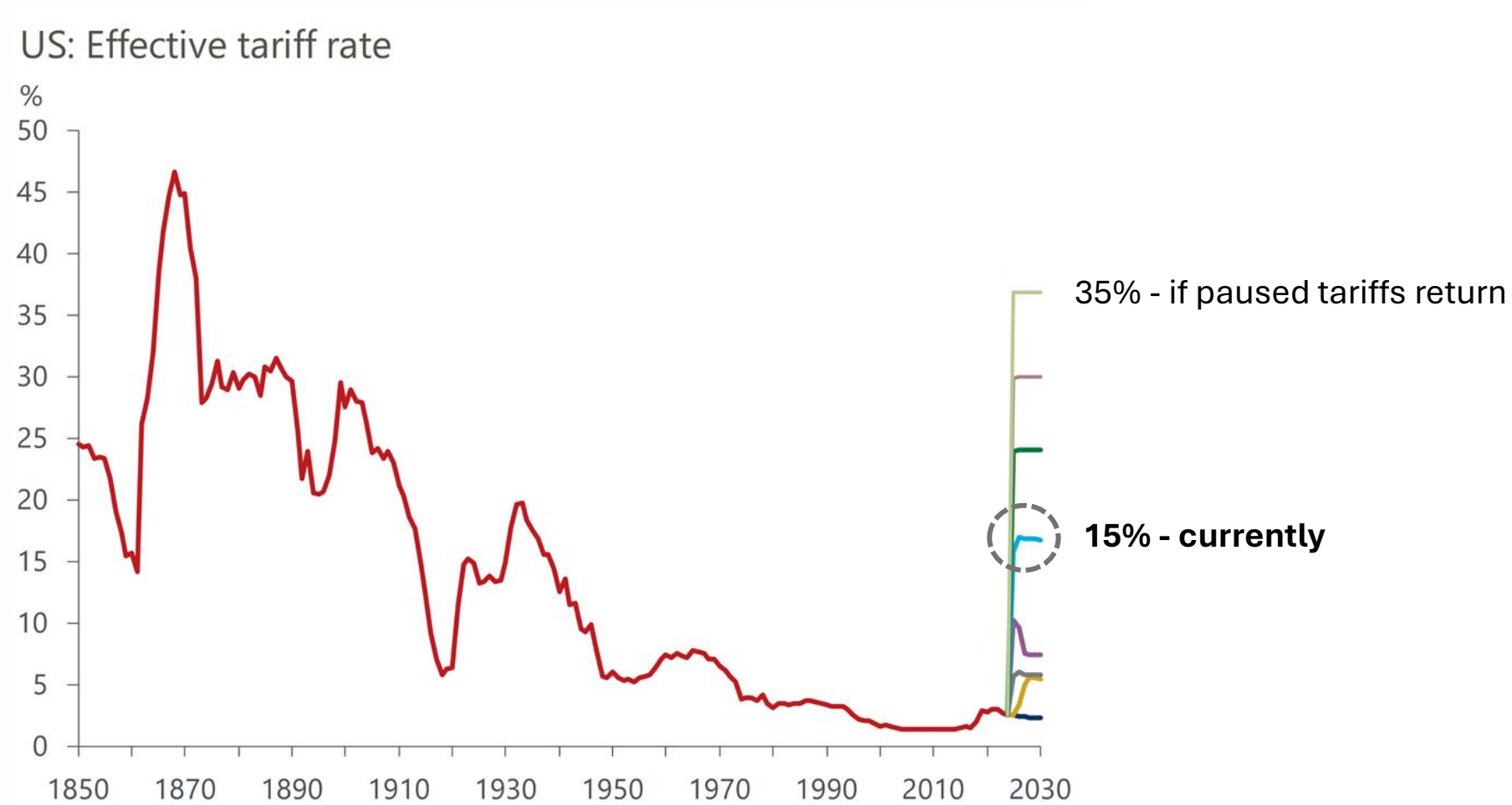
Year-over-year percent change | Jan. 2021–April 2025



Source: CNBC/Bureau of Labor Statistics

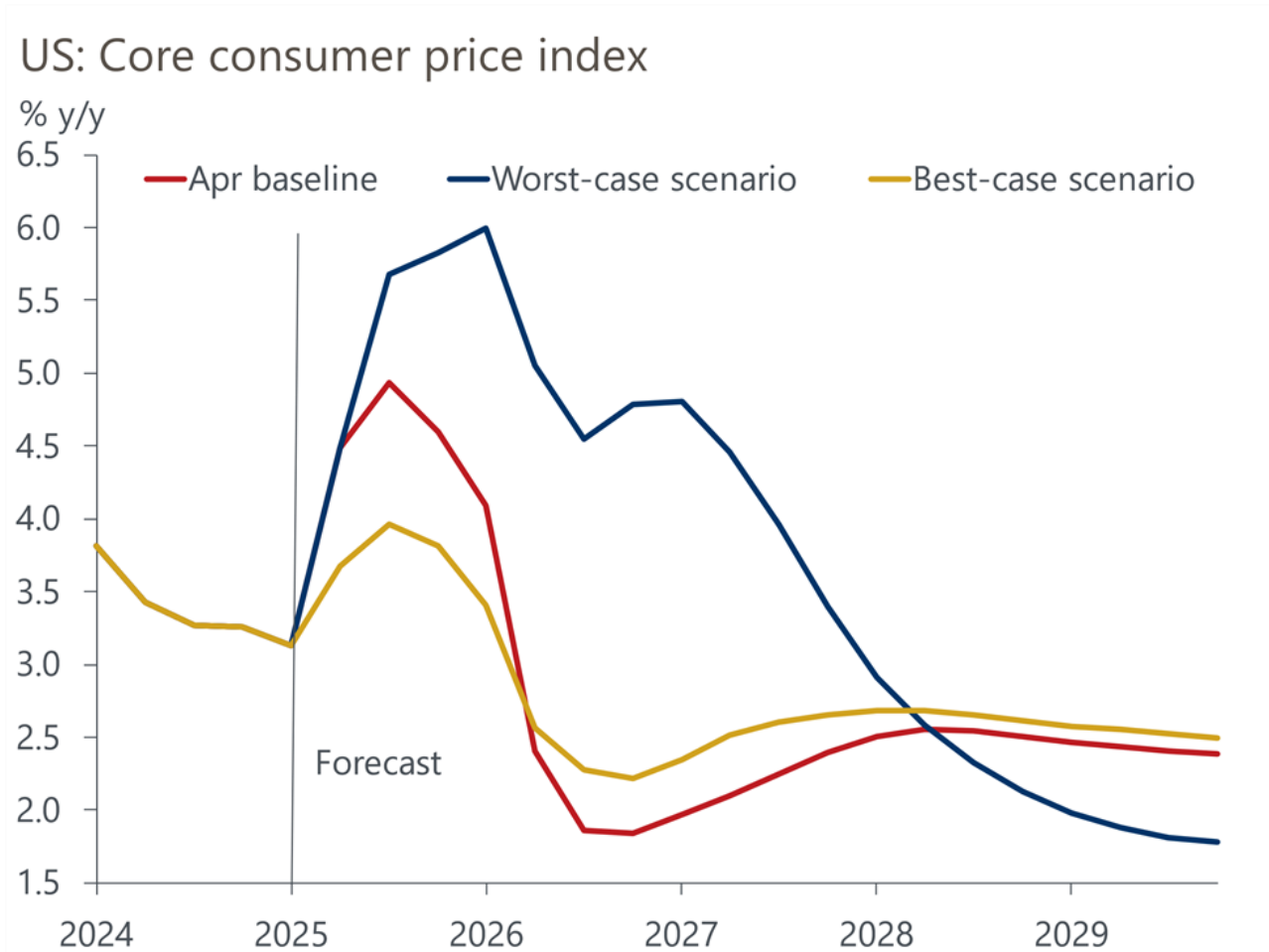
However...

Trade-weighted tariff rate highest in since 1930s



Source: Oxford Economics

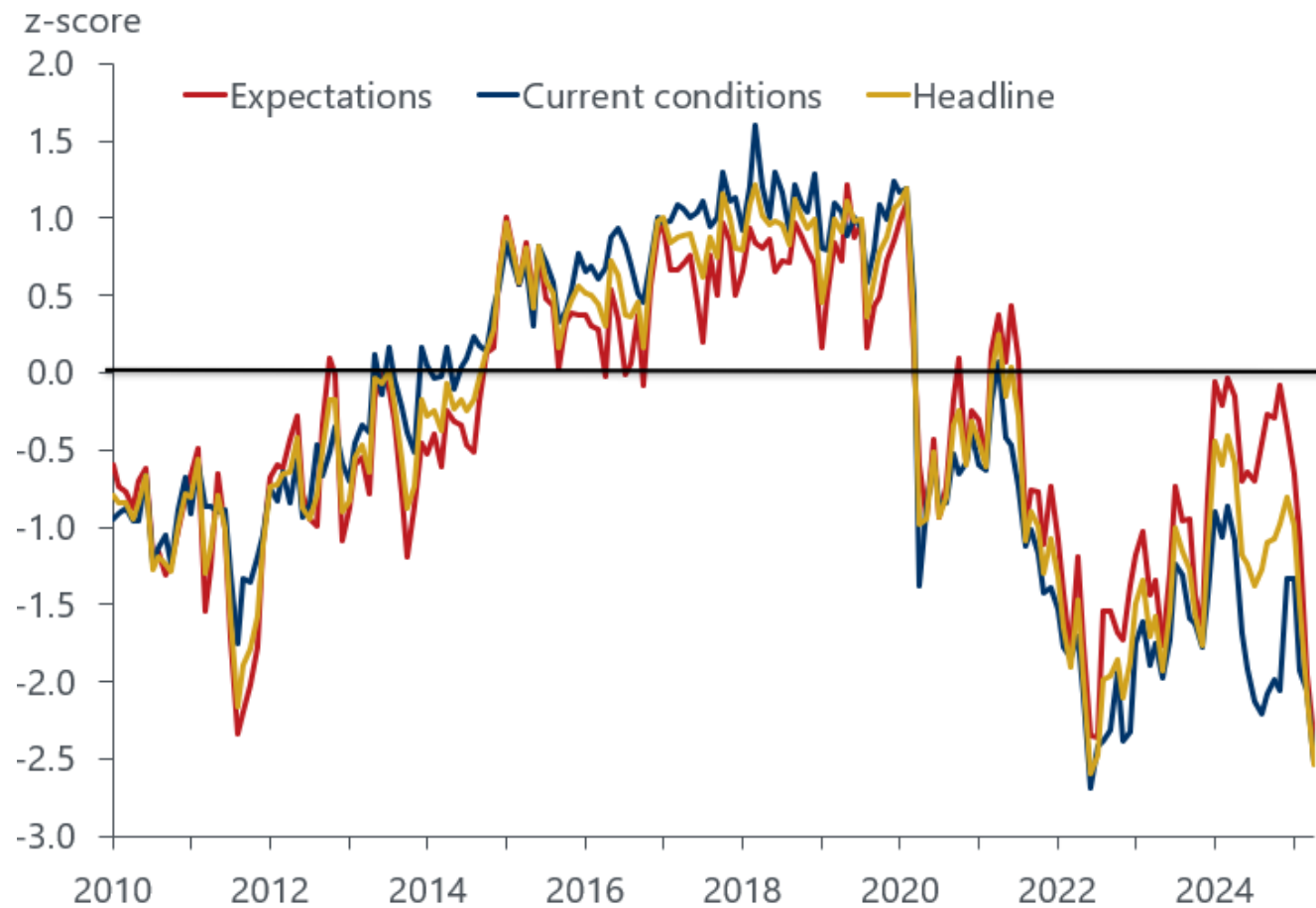
A wide range of inflation possibilities awaits



Source: Oxford Economics

Consumer sentiment is near its historic low

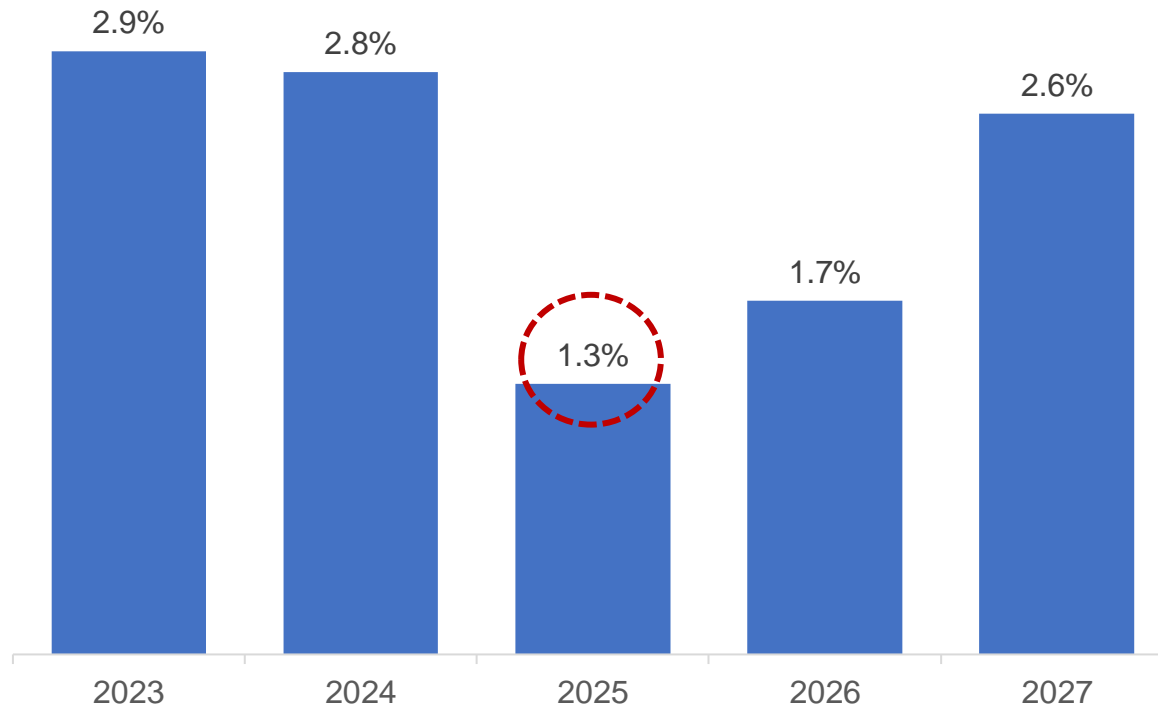
US: Michigan consumer sentiment



Economic growth will slow markedly in 2025

US Real GDP

\$ annualized



Source: Oxford Economics

The economy is vulnerable and has little margin for error.

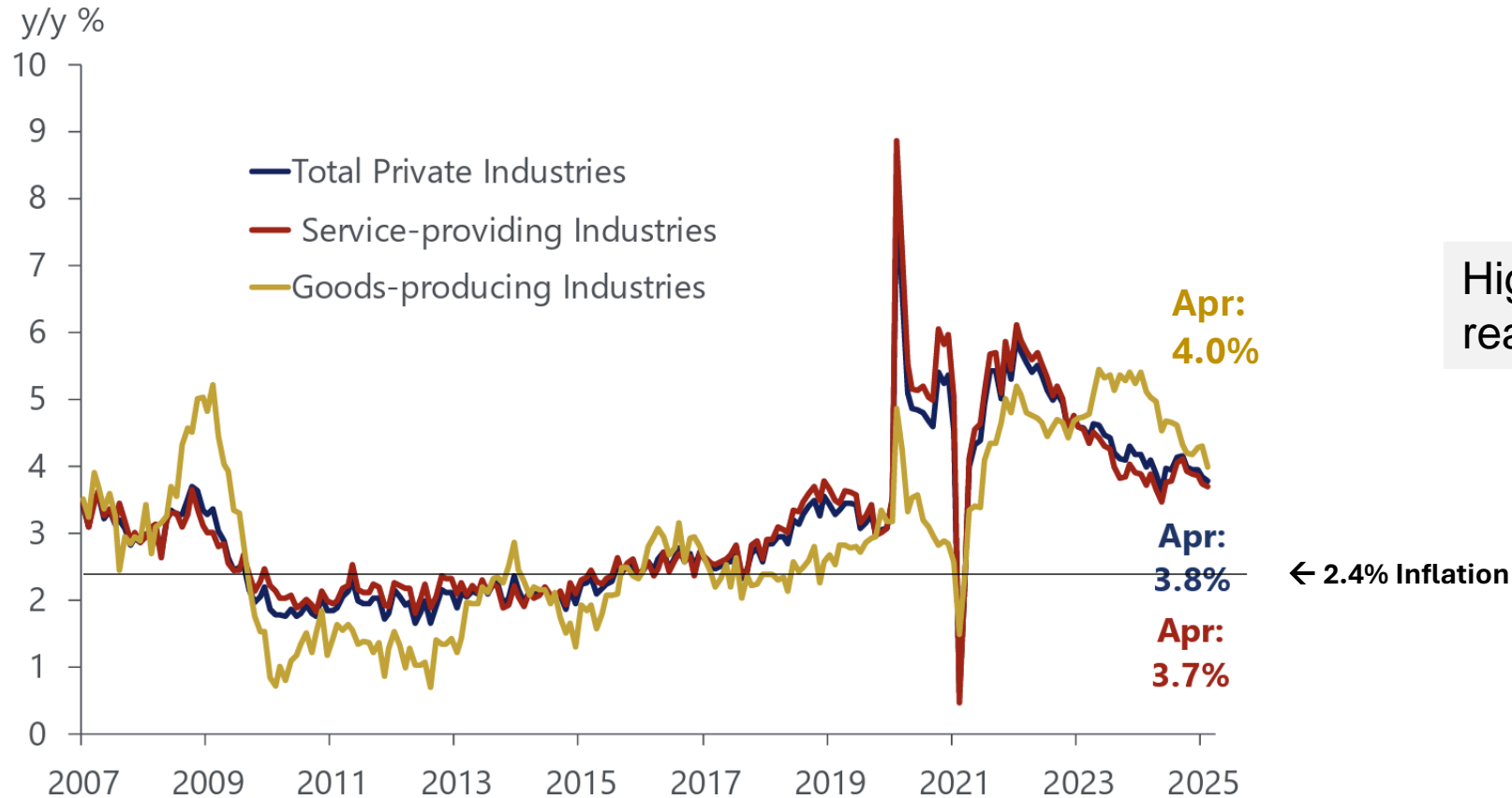
The economy will improve next year, supported by tax cuts/extensions and the fading effects of tariffs on inflation and real disposable income.

A composite image featuring a dark airplane flying over a city at night. The airplane is centered in the upper half of the frame, viewed from below. The background is a dark sky. In the foreground, there are blurred, out-of-focus lights in warm tones (yellow, orange, red) and some cooler tones (blue, green), suggesting a city skyline at night. A solid blue horizontal bar is at the very top of the image.

US Travel Outlook

Income growth will sustain some spending growth

US: Total private average hourly earnings



Higher inflation will weigh on real disposable incomes

Source: Oxford Economics/Haver Analytics

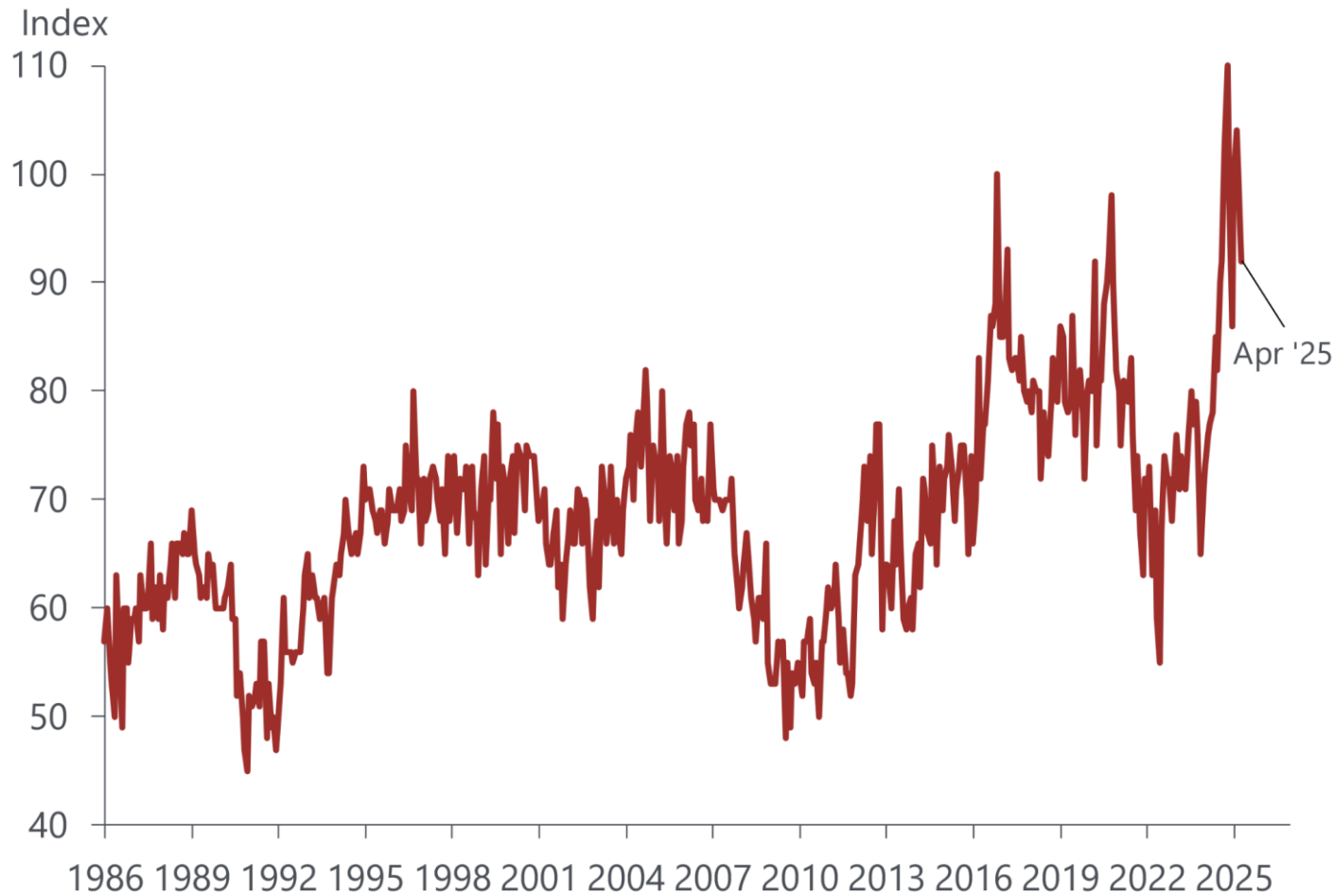
Note: Data from Jan 1985 to Feb 2007 inferred from production and nonsupervisory

MMGY's recent survey reveals weakening environment

- **4% drop in travel intentions** over the next 12 months compared to mid-February study
- In the next six to 12 months, **80% of U.S. consumers say their travel behavior will change as a result of the recent financial news.**
 - 33% say they will travel closer to home
 - **29% say they will change from an international destination to a domestic destination**
- **Over half (53%) of U.S. consumers believe that American travelers will be less welcome in other countries** as a result of the recent tariff policy decisions.

Business uncertainty poses a major risk

US: NFIB small business uncertainty

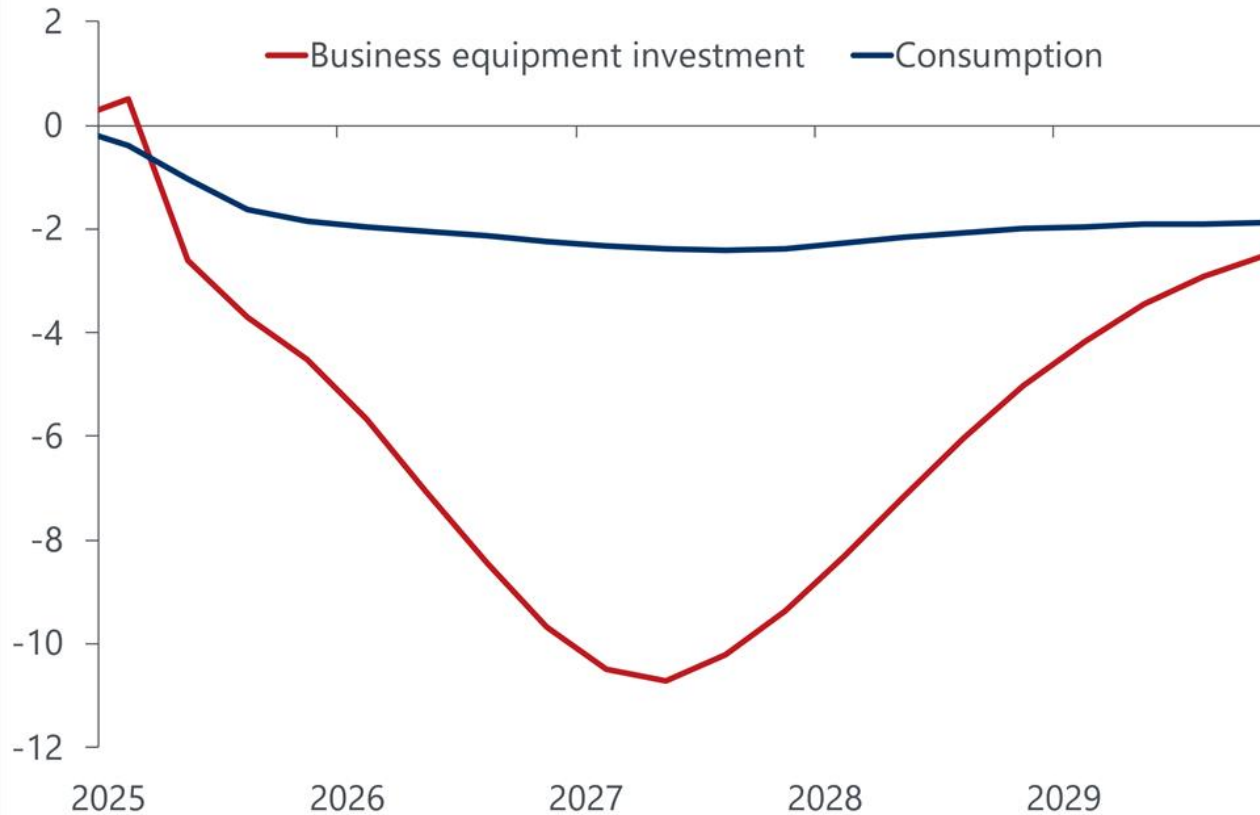


Source: Oxford Economics/NFIB

Weaker corporate investment will impact business travel

US: Change in Oxford Economics April baseline

% difference from March baseline



Capital spending by firms is held back by trade policy uncertainty, higher interest rates, and higher prices.

Business travel reaction

- **29% of global travel buyers expect a decline** in business travel volume at their companies in 2025, averaging a 21% decrease
- **20% of global travel managers have or are considering cancelling, moving or pulling attendance from meetings and events located in the US**

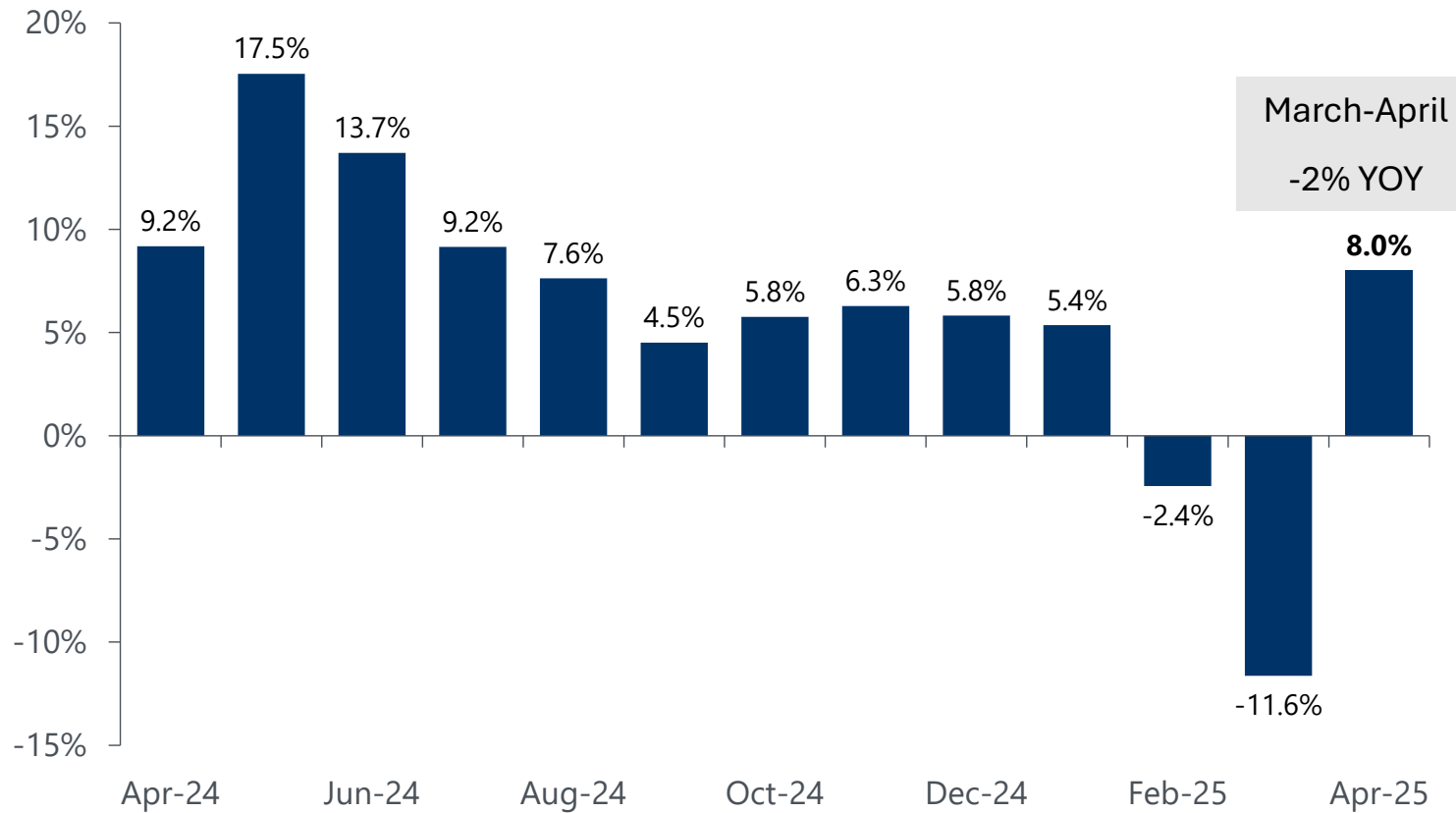
GBTA: n= 905 global travel buyers, suppliers and other industry). Fielded March 31 to April 8, 2025. [Link](#)

“Corporate travel has been softer, but stable.” – Southwest
(4/24/2025)

International travel has begun its expected decline

Overseas visitor arrivals to the US

Year-over-year change

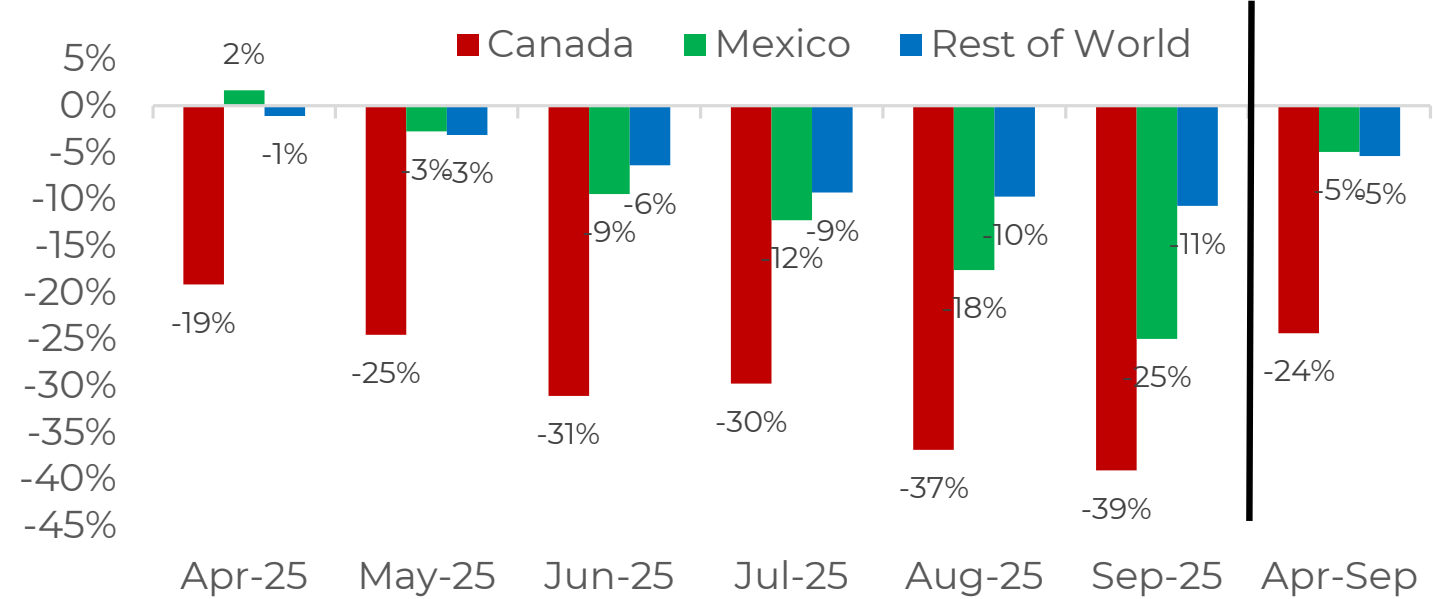


Source: National Travel and Tourism Office

Forward bookings point to steeper air declines

Air bookings as of March 2025 to the US, by month

Year-over-year % change (bookings as of March 25)



“We’ve already started the process of reducing capacity with a big drop in Canadian traffic into the US.”

United Airlines earnings call (March 11, 2025, edited for brevity)

Source: OAG

Bookings on U.S.-bound routes down about 10% amid tariff backlash: Air Canada

Mar 31, 2025 Updated Mar 31, 2025

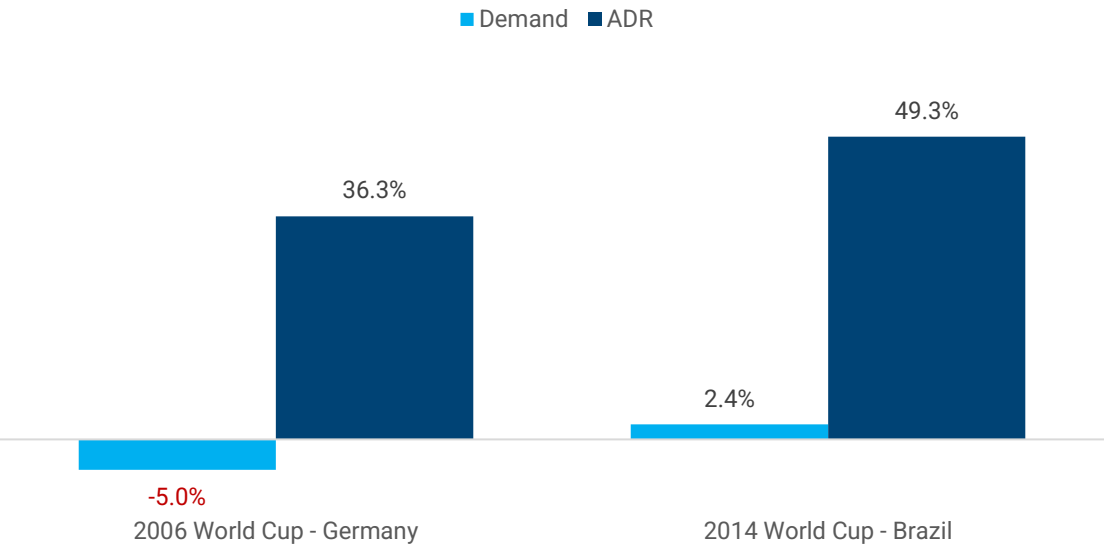


World Cup Assumptions

Selected World Cups saw heavy ADR impact

World Cup room revenue lift

Countries include all host markets, June only



Note: Markets are designated by CoStar/STR

Note: Lift is calculated by % above average between prior and following year (same month)

Note: Countries include all Host Markets only

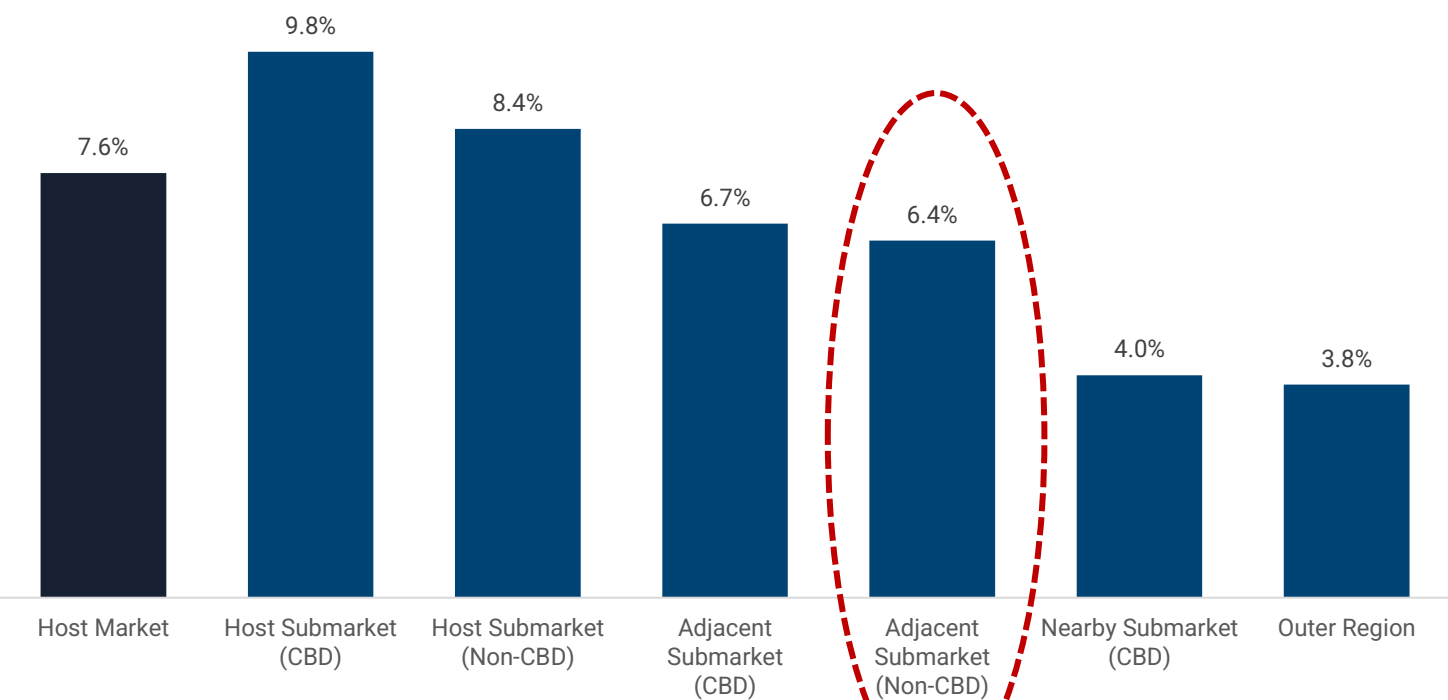
Source: Tourism Economics, CoStar/STR

There has been a limited impact on room demand in previous World Cups.

ADR uplift has been the primary driver of hotel performance improvement in host markets.

Adjacent Submarkets saw an impact to ADR

2006 FIFA World Cup - Germany
Monthly ADR lift per match, June only



Adjacent Submarkets (non-CBD) saw a notable impact on ADR due to the 2006 World Cup in Germany.

Although intrinsically different markets and situations, we assume Irving will also see impacts from the 2026 World Cup.

Note: Markets/Submarkets are defined by CoStar/STR

Note: Lift is calculated by % above average between prior and following year (same month)

Note: Nearby Submarket (CBD) must be within 20 miles of stadium and not already host or adjacent

Note: Submarkets in Outer Region are surrounding regional areas within the host market

Source: Tourism Economics, CoStar/STR

Irving ADR will also drive impact

2026 World Cup

Nine matches in June/July

Forecasted year-over-year growth

	2026-Jun	2026-Jul
Occupancy		
Irving	2.7%	1.5%
Las Colinas	4.8%	3.6%
DFW North	0.6%	-0.7%
DFW South	2.2%	0.9%
ADR		
Irving	19.1%	17.6%
Las Colinas	20.1%	19.1%
DFW North	15.8%	12.5%
DFW South	21.8%	21.5%
RevPAR		
Irving	22.4%	19.3%
Las Colinas	25.9%	23.4%
DFW North	16.4%	11.7%
DFW South	24.4%	22.6%

Source: Tourism Economics

We assume 2026 ADR will grow 19.1% and 17.6% in June and July, respectively.

We assume ADR will be the primary driver behind the impact of the World Cup.

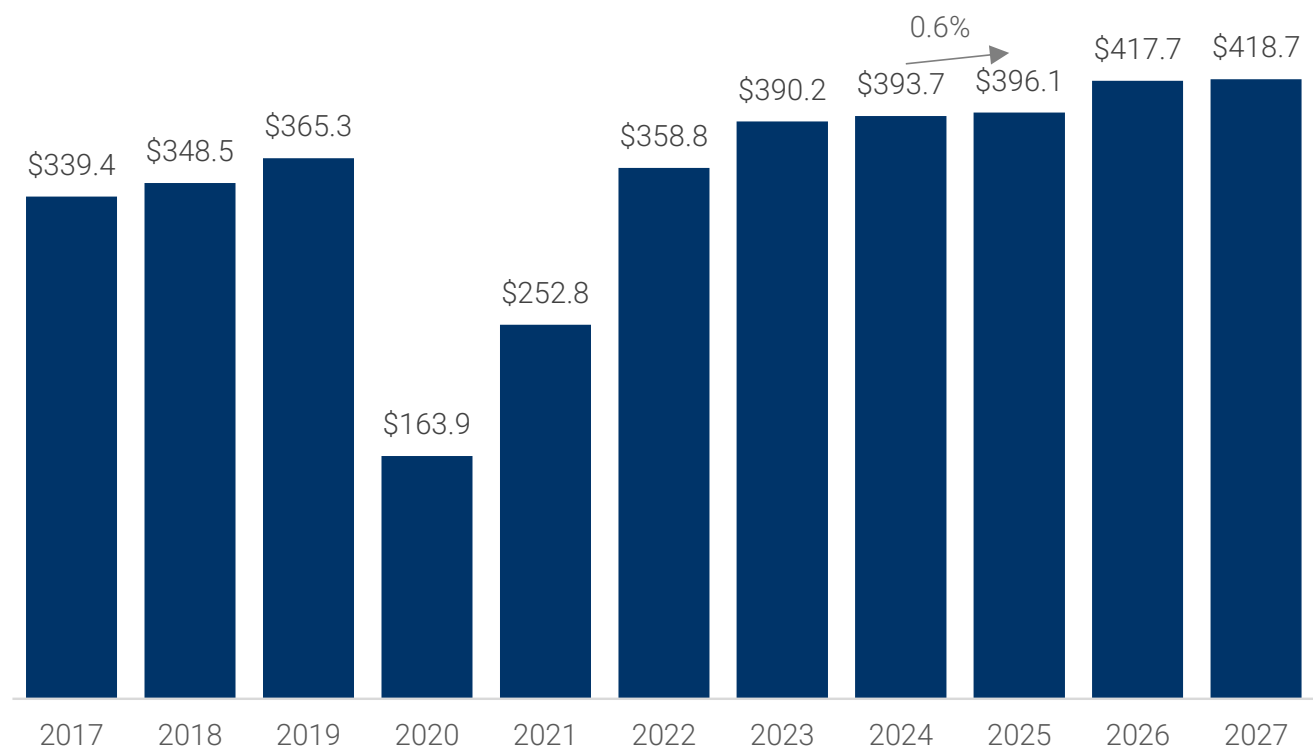
The nine matches will embolden revenue managers to hold higher rates on those nights.

Irving Forecast

A wide-angle, low-perspective shot of a modern airport terminal. The space is characterized by a high ceiling with a series of parallel wooden beams and large windows on the left side that let in natural light. The floor is highly reflective, showing the silhouettes of people and the structural elements of the building. Several people are walking through the terminal, some pulling luggage. The overall atmosphere is one of a busy, contemporary travel hub. The text 'Irving Forecast' is superimposed in a large, white, sans-serif font on the left side of the image.

Hotel room revenue to grow 0.6% in 2025

Room revenue
Irving, in millions



Source: STR, Tourism Economics

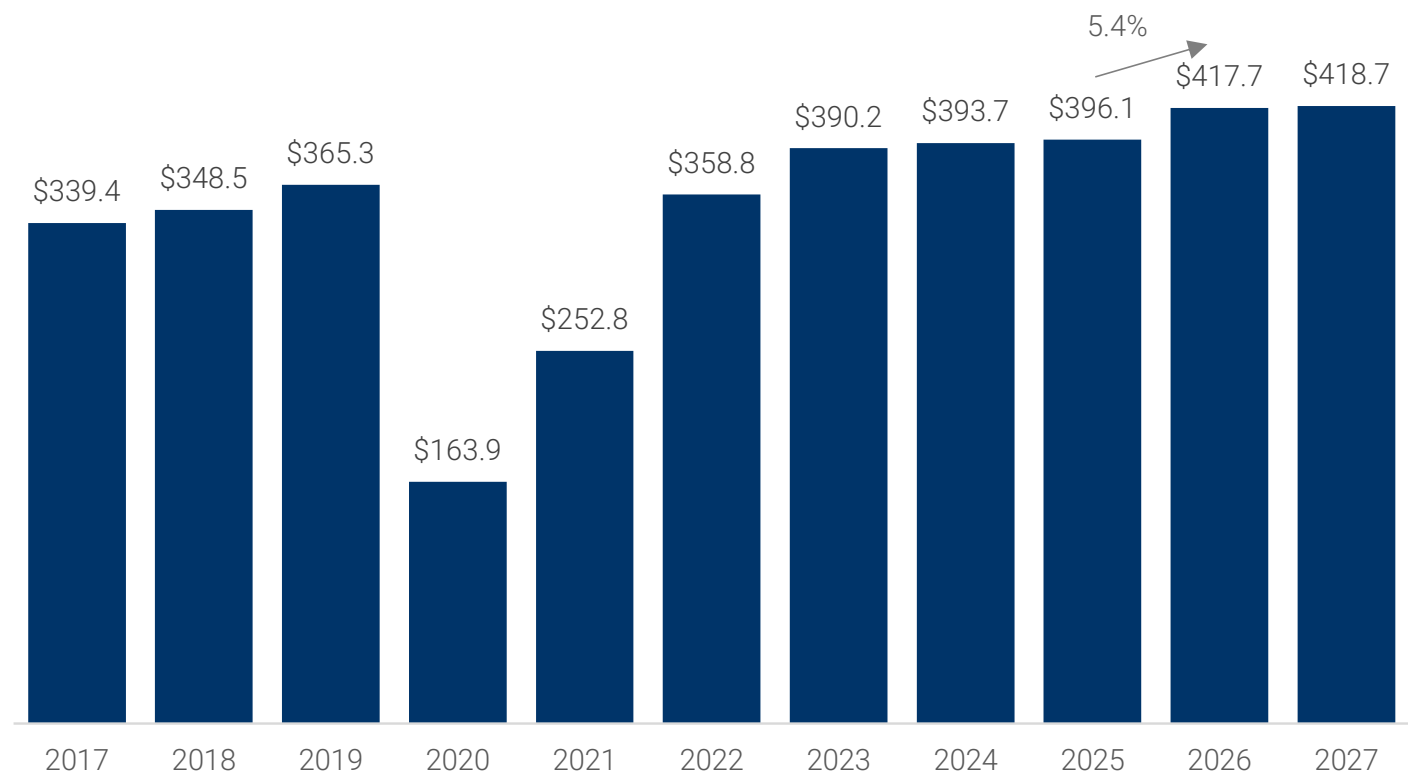
This is below previously forecasted growth of 2.8%.

This is largely due to macro economic uncertainty and declines in international travel.

Q1 2025 RevPAR/Revenue in Las Colinas and DFW North outperformed our prior forecast, while DFW South underperformed our prior forecast.

Hotel room revenue to grow 5.4% in 2026

Room revenue
Irving, in millions



Source: STR, Tourism Economics

In 2026, Dallas will host 9 matches of the FIFA World Cup as well as the International Broadcasting Centre.

We assume 2026 will also see some small recovery growth from 2025 uncertainty.

Irving Lodging Forecast (May 2025)

	2019	2020	2021	2022	2023	2024	2025	2026	2027
Occupancy	71.2%	41.6%	58.1%	67.1%	67.6%	65.2%	64.4%	63.9%	64.1%
ADR	\$110	\$87	\$94	\$115	\$122	\$128	\$128	\$133	\$131
RevPAR	\$79	\$36	\$55	\$77	\$83	\$84	\$83	\$85	\$84

Growth

Occupancy	-41.6%	39.7%	15.5%	0.7%	-3.5%	-1.3%	-0.6%	0.2%
ADR	-21.7%	8.4%	22.2%	6.6%	4.8%	0.2%	3.9%	-1.7%
RevPAR	-54.2%	51.4%	-41.2%	7.4%	1.1%	-1.1%	3.2%	-1.5%

January 2025 forecast:



0.9%



2.3%

DFW Airport passenger volumes have recovered beyond Irving lodging demand

DFW airport passenger volume and lodging demand
Difference relative to same month in 2019



Source: STR; Dallas Fort Worth International Airport; Tourism Economics

Recap

- We expect Irving hotel room revenue to grow **1.0%** in the fiscal year ending Sep-2025.
- We expect room revenue to grow **4.7%** in the fiscal year ending Sep-2026.
- Tariffs and the surrounding uncertainty are economic headwinds in the short term. Leisure, business, and group travel are not insulated from this uncertainty.
- The recent trade wars, aggressive rhetoric, and travel warnings are significant headwinds for US international inbound travel. Overall, international inbound travel is expected to decline this year.
- The FIFA World Cup in 2026 will positively affect hotel performance throughout the Dallas area, including Irving.

Forecast summary: Fiscal year

		Room revenue, Irving (STR)			
		Current forecast	Prior forecast	Difference	Percent difference
Month					
	Oct-24	\$39,587,166	\$39,587,166	\$0	0.0%
	Nov-24	30,703,874	30,703,874	0	0.0%
	Dec-24	25,055,933	24,184,890	871,043	3.6%
	Jan-25	30,368,696	30,015,339	353,358	1.2%
	Feb-25	33,541,075	30,426,846	3,114,229	10.2%
	Mar-25	36,091,588	36,449,642	-358,054	-1.0%
	Apr-25	37,569,527	39,187,569	-1,618,042	-4.1%
	May-25	36,094,147	37,099,869	-1,005,722	-2.7%
	Jun-25	34,709,086	35,939,825	-1,230,739	-3.4%
	Jul-25	31,476,407	32,606,787	-1,130,380	-3.5%
	Aug-25	28,739,827	29,489,728	-749,900	-2.5%
	Sep-25	31,982,800	34,448,862	-2,466,062	-7.2%
Total		\$395,920,126	\$400,140,396	-\$4,220,270	-1.1%
Difference from year ending Sep-2019		9.7%	10.9%		
Year-over-year growth		1.0%	2.2%		
	Oct-25	\$39,582,654	\$40,972,998	-\$1,390,343	-3.4%
	Nov-25	30,226,485	31,222,863	-996,378	-3.2%
	Dec-25	25,709,578	25,286,692	422,886	1.7%
	Jan-26	31,141,184	31,187,675	-46,491	-0.1%
	Feb-26	31,422,964	31,608,673	-185,709	-0.6%
	Mar-26	36,981,560	37,864,749	-883,189	-2.3%
	Apr-26	38,011,768	40,715,041	-2,703,273	-6.6%
	May-26	37,011,015	38,549,667	-1,538,652	-4.0%
	Jun-26	43,255,028	40,195,252	3,059,776	7.6%
	Jul-26	38,249,081	35,786,306	2,462,775	6.9%
	Aug-26	30,075,144	30,892,084	-816,940	-2.6%
	Sep-26	33,010,543	35,833,358	-2,822,815	-7.9%
Total		\$414,677,002	\$420,115,357	-\$5,438,355	-1.3%
Difference from year ending Sep-2019		14.9%	16.4%		
Year-over-year growth		4.7%	5.0%		

Source: STR, Tourism Economics



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Thank you

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