



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Outlook for the Economy and Lodging in Irving, TX

Highlights from January 2025 Lodging Forecast

Andrew Turner | Economist, Tourism Economics | aturner@oxfordeconomics.com

US economy headed toward a “soft-landing”

US: GDP Forecast
% annualized



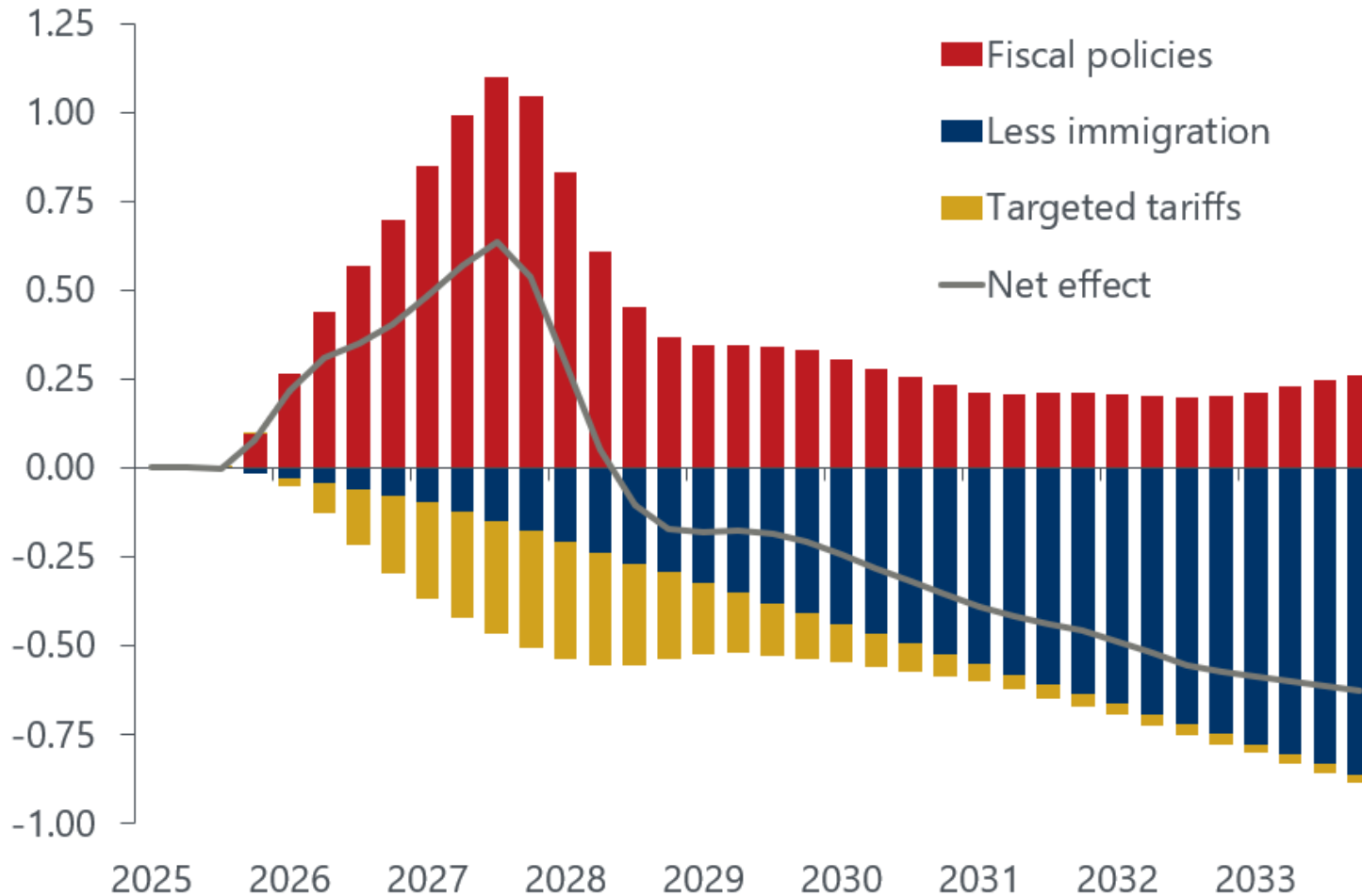
GDP will grow 2.6% in 2025

Source: Oxford Economics (December 2024 Forecast)

Oxford Economics assumes a limited Trump scenario

US: Real GDP in the limited Trump scenario

Deviation from baseline, %

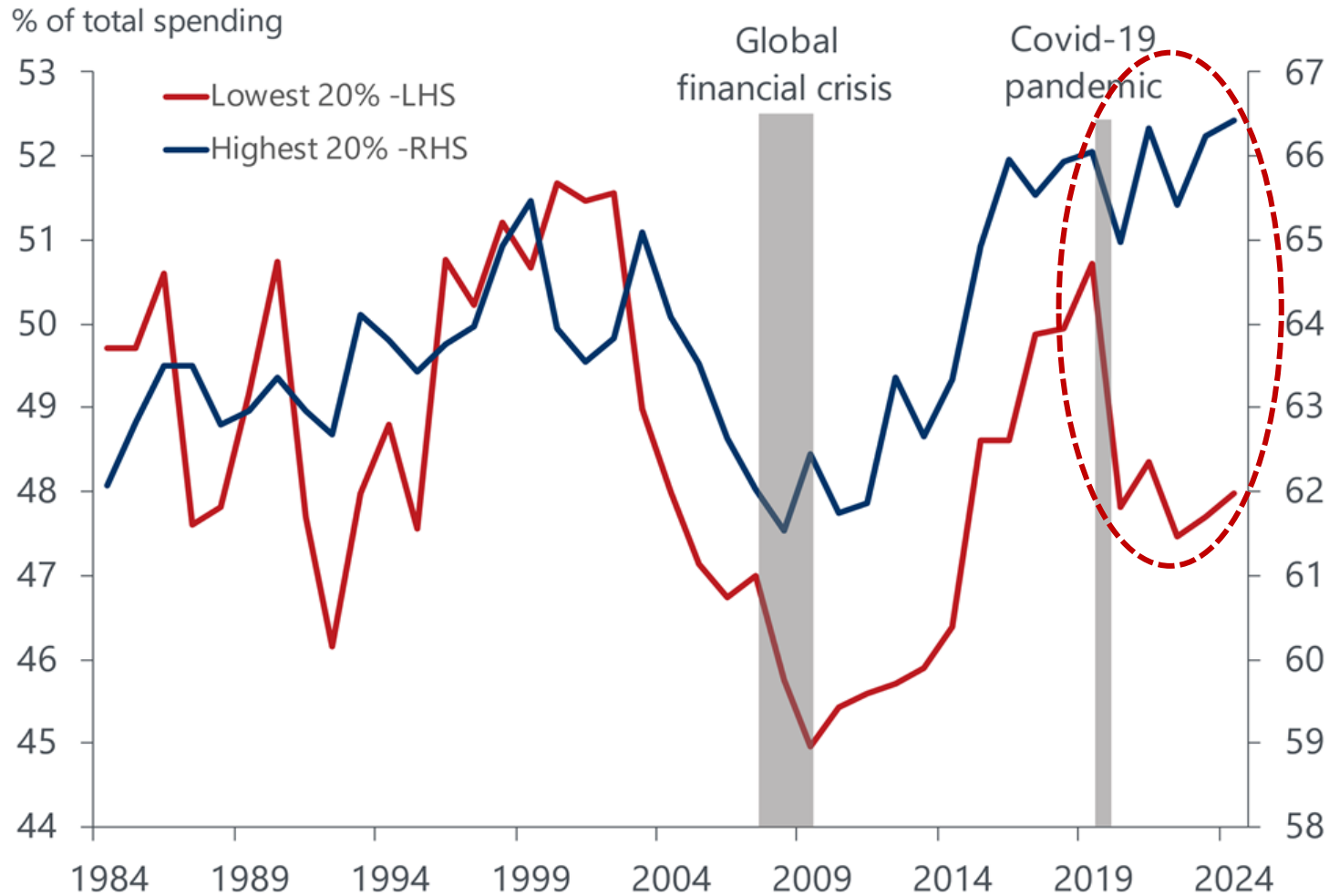


Effects of known changes will start at the end of 2025

Source: Oxford Economics

Discretionary spending is uneven across incomes

US: Share of spending on discretionary items by income



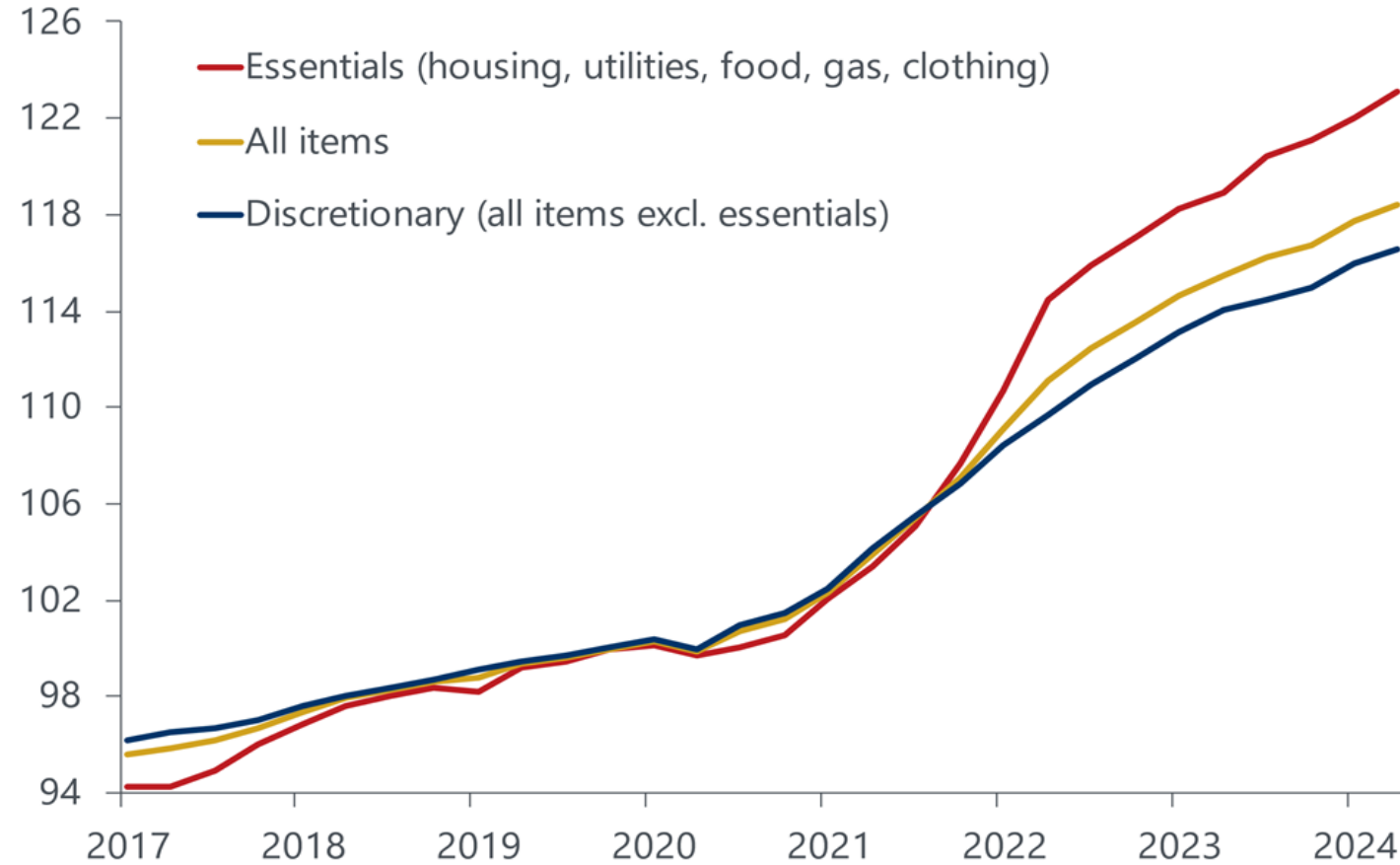
Low-income discretionary spending has barely begun its recovery

Source: Oxford Economics/Haver Analytics

Inflation has hit essentials harder than discretionary purchases

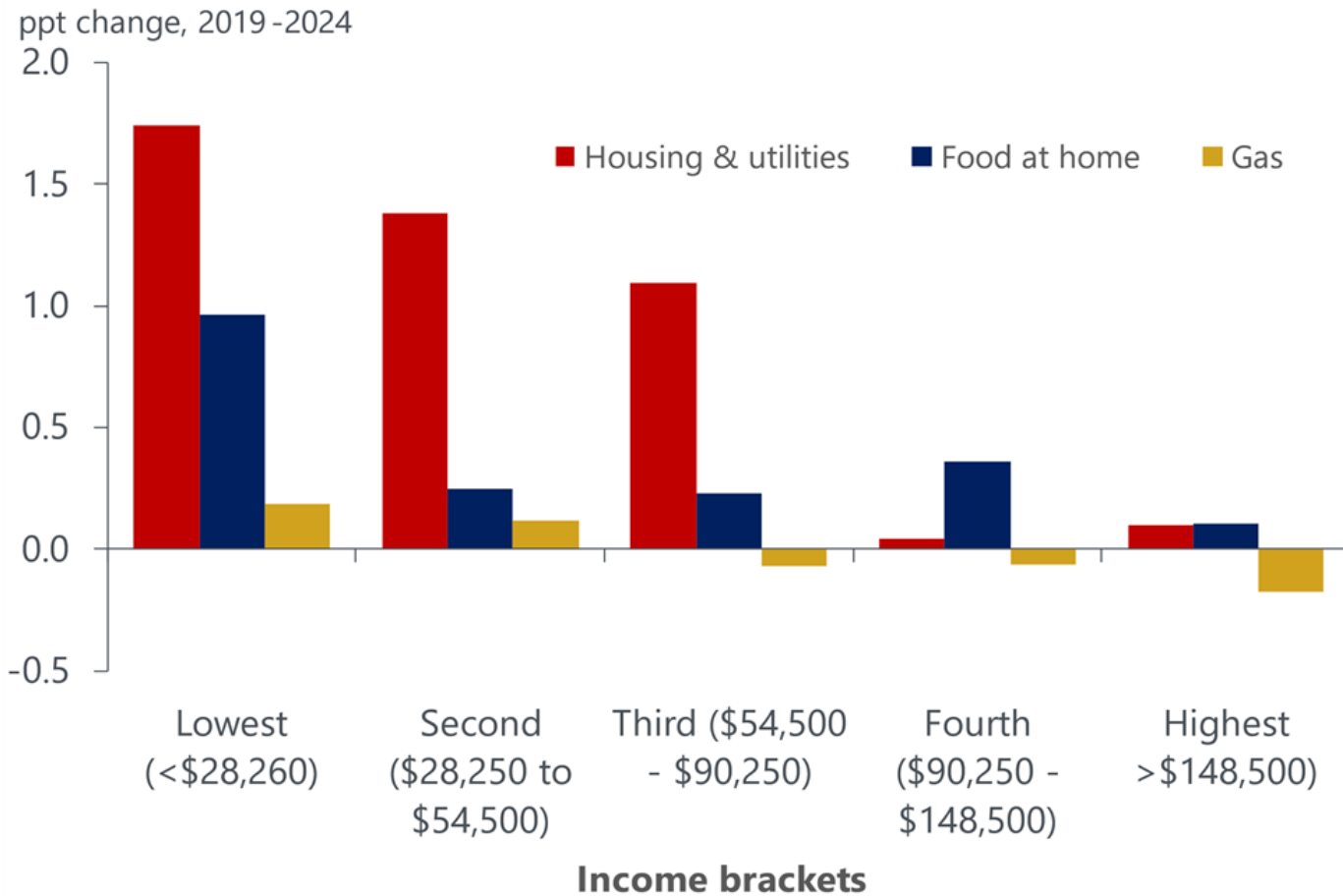
US: PCE price index

2019 Q4 = 100



Essentials are consuming more of low-income budgets

US: Spending share on essentials by income quintile



Low-income households are dedicating more of their budgets to essentials than high-income households

The spending contrast correlates to the US chain scales

US Room Demand

By chain scale, quarterly

	Total	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent
Year-over-year growth								
2023 Q1	6.4%	20.4%	22.3%	10.7%	6.1%	0.0%	-5.2%	2.6%
2023 Q2	-0.5%	1.4%	4.5%	2.9%	1.4%	-2.1%	-6.6%	-3.7%
2023 Q3	-0.2%	3.9%	3.9%	2.8%	0.9%	-1.8%	-5.2%	-2.8%
2023 Q4	-1.1%	6.2%	3.2%	1.4%	-0.4%	-3.8%	-5.1%	-3.9%
2024 Q1	-1.2%	9.3%	3.2%	0.1%	-0.8%	-4.2%	-4.4%	-3.5%
2024 Q2	1.7%	11.7%	4.7%	2.8%	2.3%	1.0%	-1.5%	-0.5%
2024 Q3	0.3%	10.0%	3.2%	1.3%	0.9%	0.1%	-2.3%	-2.0%
Relative to 2019								
2023 Q1	-0.1%	-6.5%	-2.7%	7.4%	9.0%	3.8%	-8.3%	-7.1%
2023 Q2	-2.3%	-5.2%	-2.2%	5.7%	5.8%	-1.3%	-10.8%	-9.4%
2023 Q3	-2.5%	-5.3%	-1.4%	5.1%	5.7%	-2.0%	-11.5%	-9.3%
2023 Q4	-2.0%	-2.4%	-1.8%	4.0%	6.1%	-1.7%	-9.7%	-8.6%
2024 Q1	-1.3%	2.2%	0.4%	7.5%	8.1%	-0.5%	-12.4%	-10.3%
2024 Q2	-0.6%	5.9%	2.4%	8.6%	8.2%	-0.3%	-12.1%	-9.8%
2024 Q3	-2.2%	4.2%	1.7%	6.5%	6.6%	-1.9%	-13.5%	-11.1%

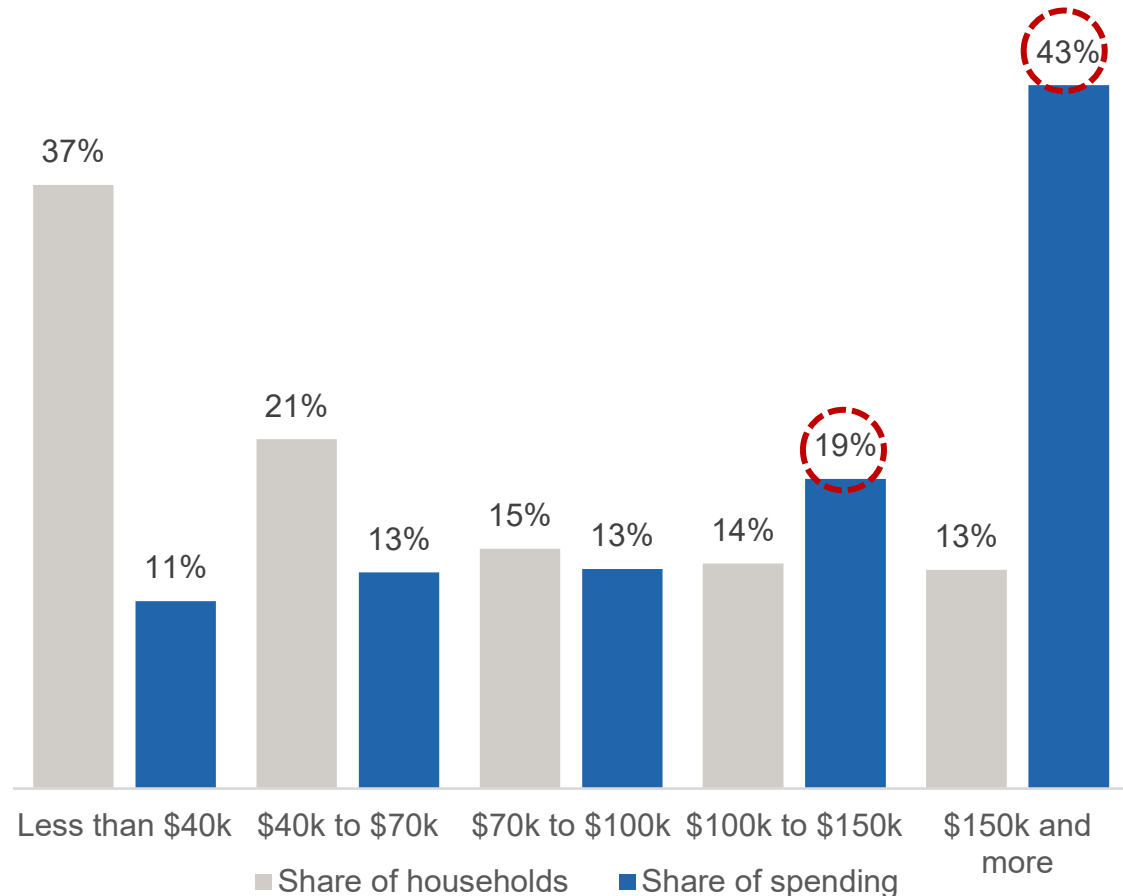
Luxury demand has grown while economy has declined

Source: STR, Tourism Economics

High-income households are foundational to lodging spend

Lodging spending by household income

Leisure travel

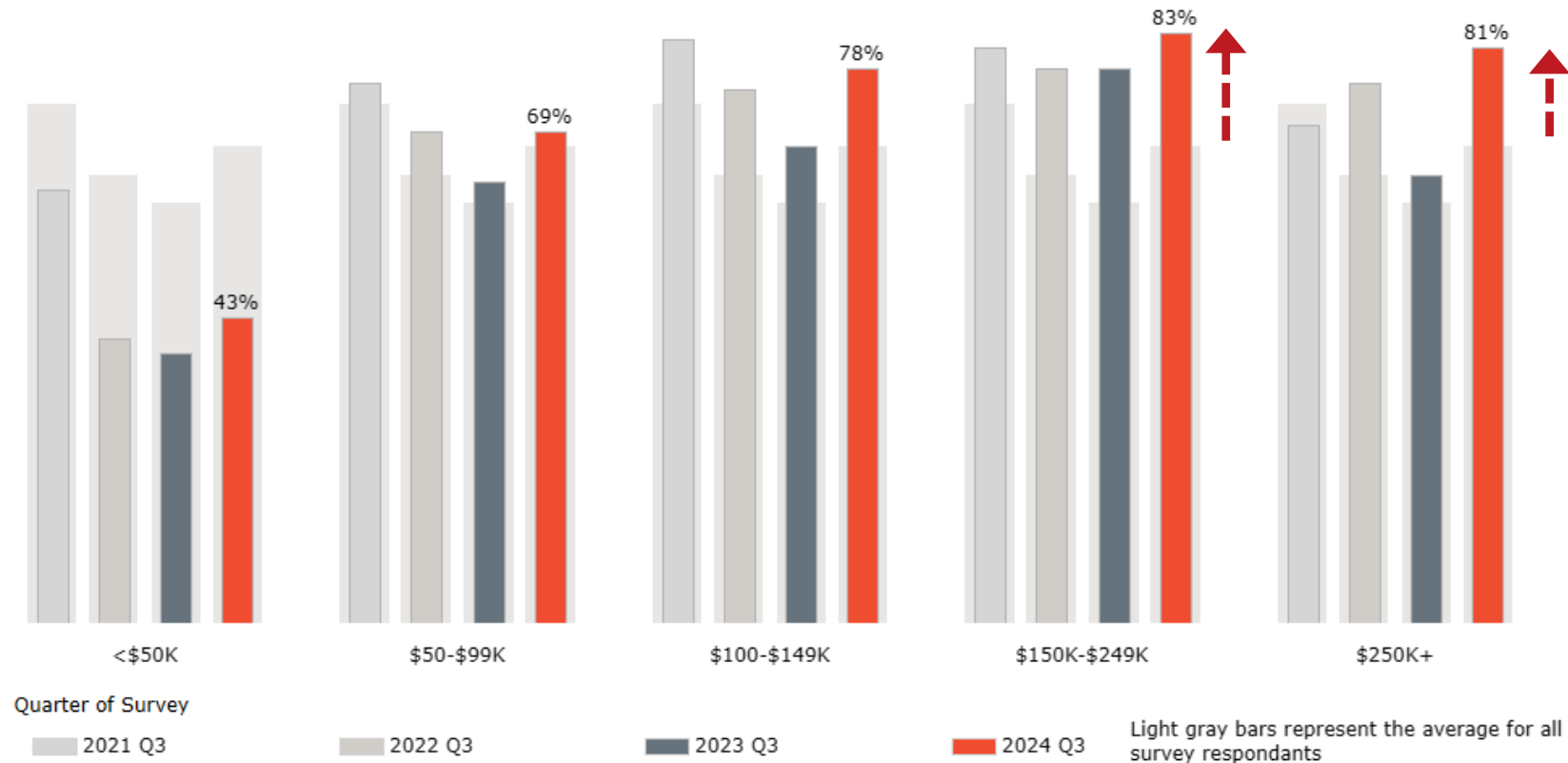


Households that earn more than \$100k account for more than 60% of leisure lodging spending

Note: Based on three-year average through 2020.
Source: BLS, Tourism Economics

Leisure travel intentions remain resilient for high-income households

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

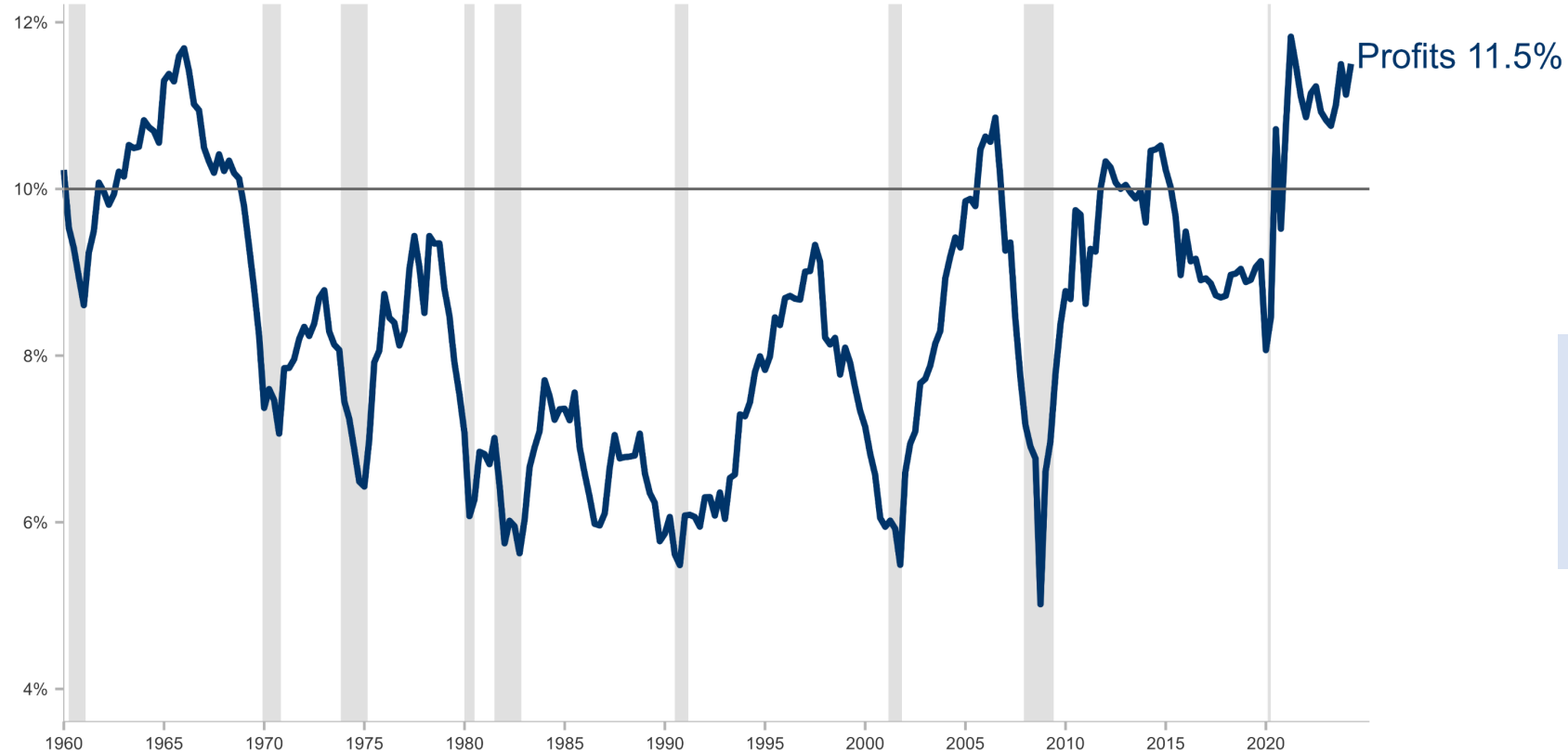


Source: MMGY Portrait of American Travelers; Tourism Economics Symphony

Corporate profit margins look strong

Corporate profit margins

Corporate profits before tax as a ratio to GDP

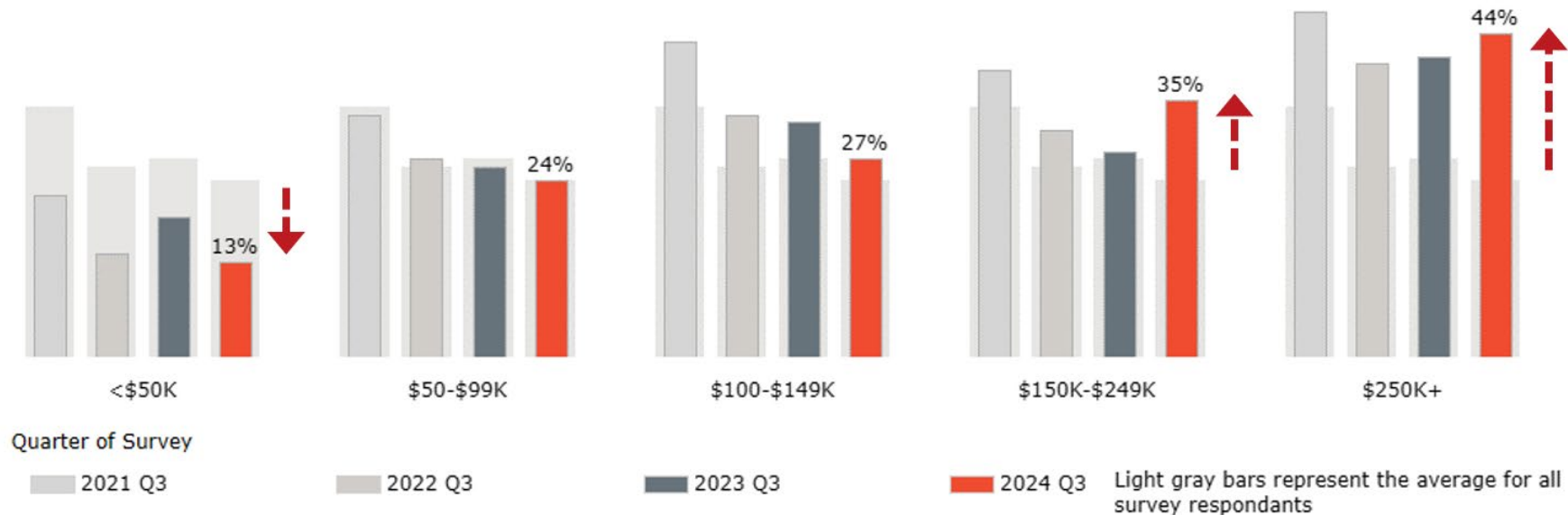


**Equity analysts expect
2024 earnings growth for
S&P of 9%
FactSet Research**

Note: Quarterly data through 2024Q2. Grey bars indicate recessions. Based on corporate profits with inventory valuation and capital consumption adjustments, domestic industries. Source: BEA, NBER

Business travel intentions are growing

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

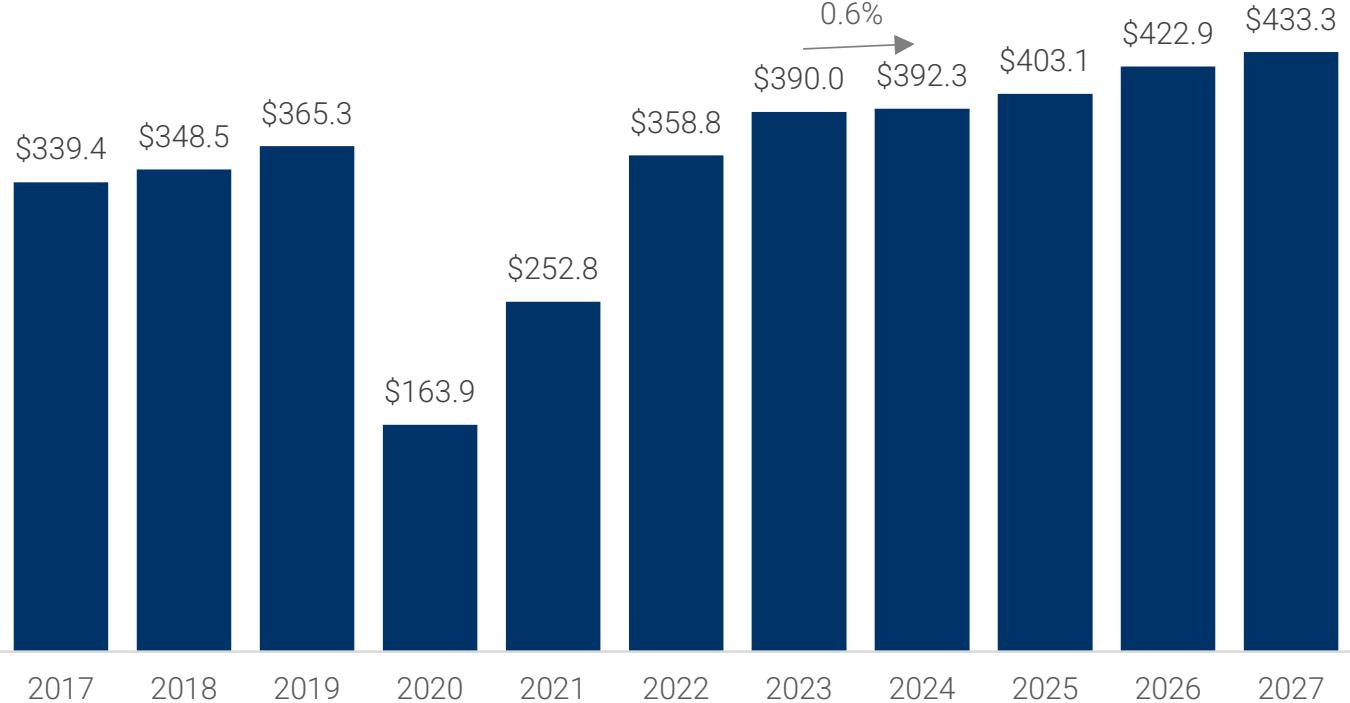


Source: MMGY Portrait of American Travelers; Tourism Economics Symphony

Hotel room revenue grew 0.6% in 2024

Room revenue

Irving, in millions



This is below previously forecasted growth of 1.9%.

DFW North and Las Colinas slightly outperformed the previous forecast.

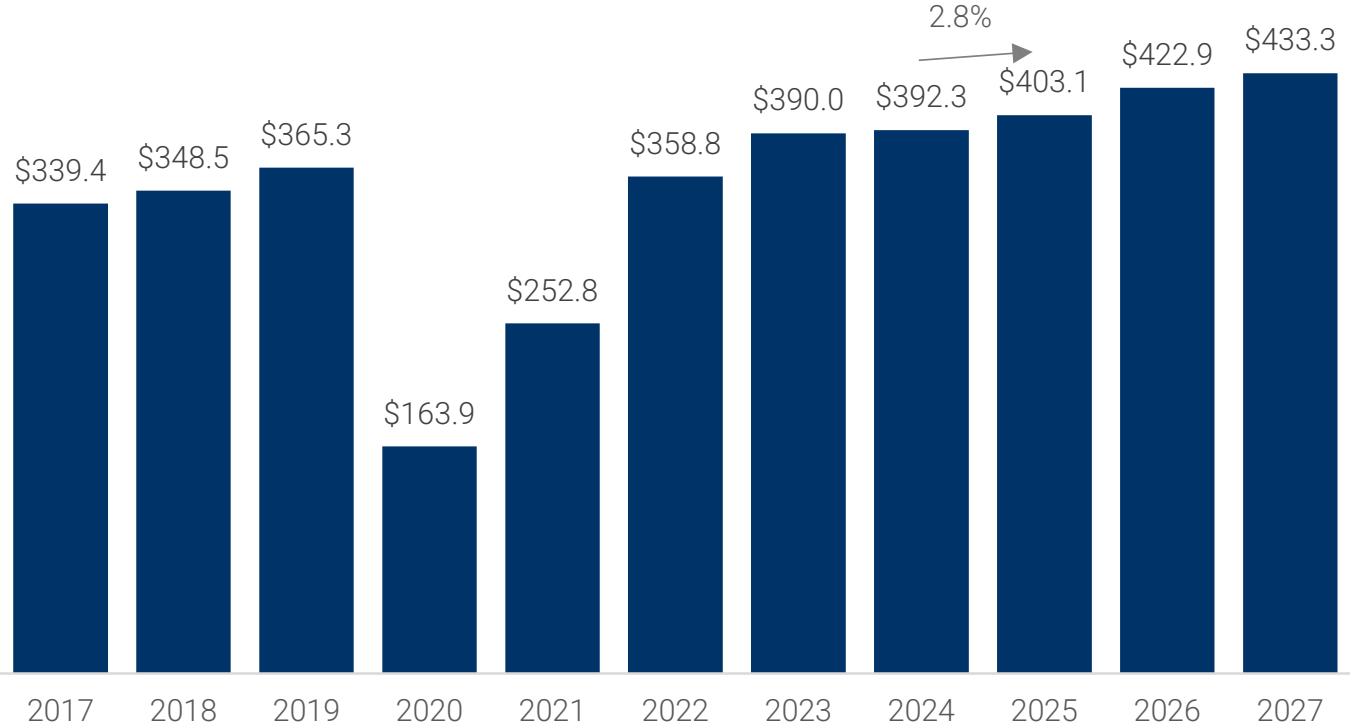
DFW South notably underperformed the previous forecast, particularly demand.

Source: STR, Tourism Economics

Hotel room revenue to grow 2.8% in 2025

Room revenue

Irving, in millions



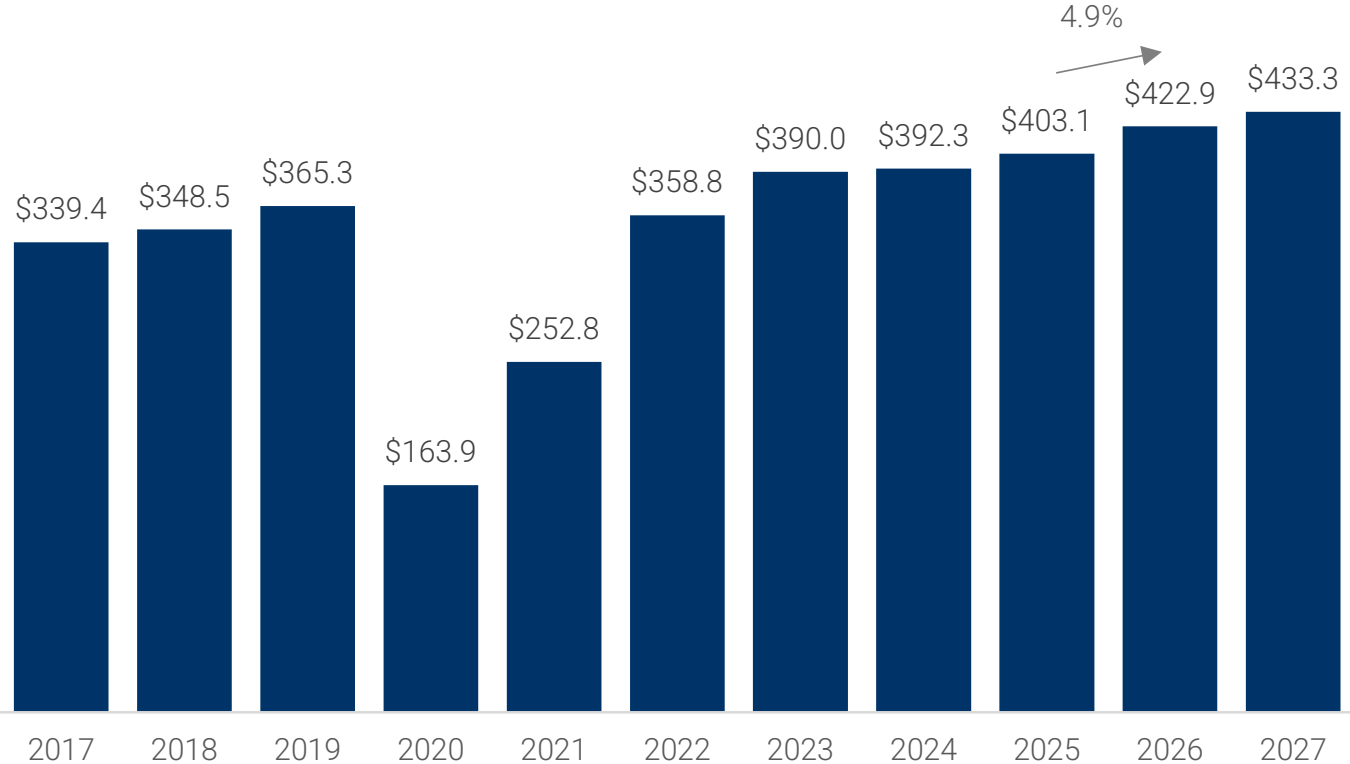
With all the previously mentioned factors in play, we expect more normalized room revenue growth in Irving in 2025.

Source: STR, Tourism Economics

Hotel room revenue to grow 4.9% in 2026

Room revenue

Irving, in millions



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

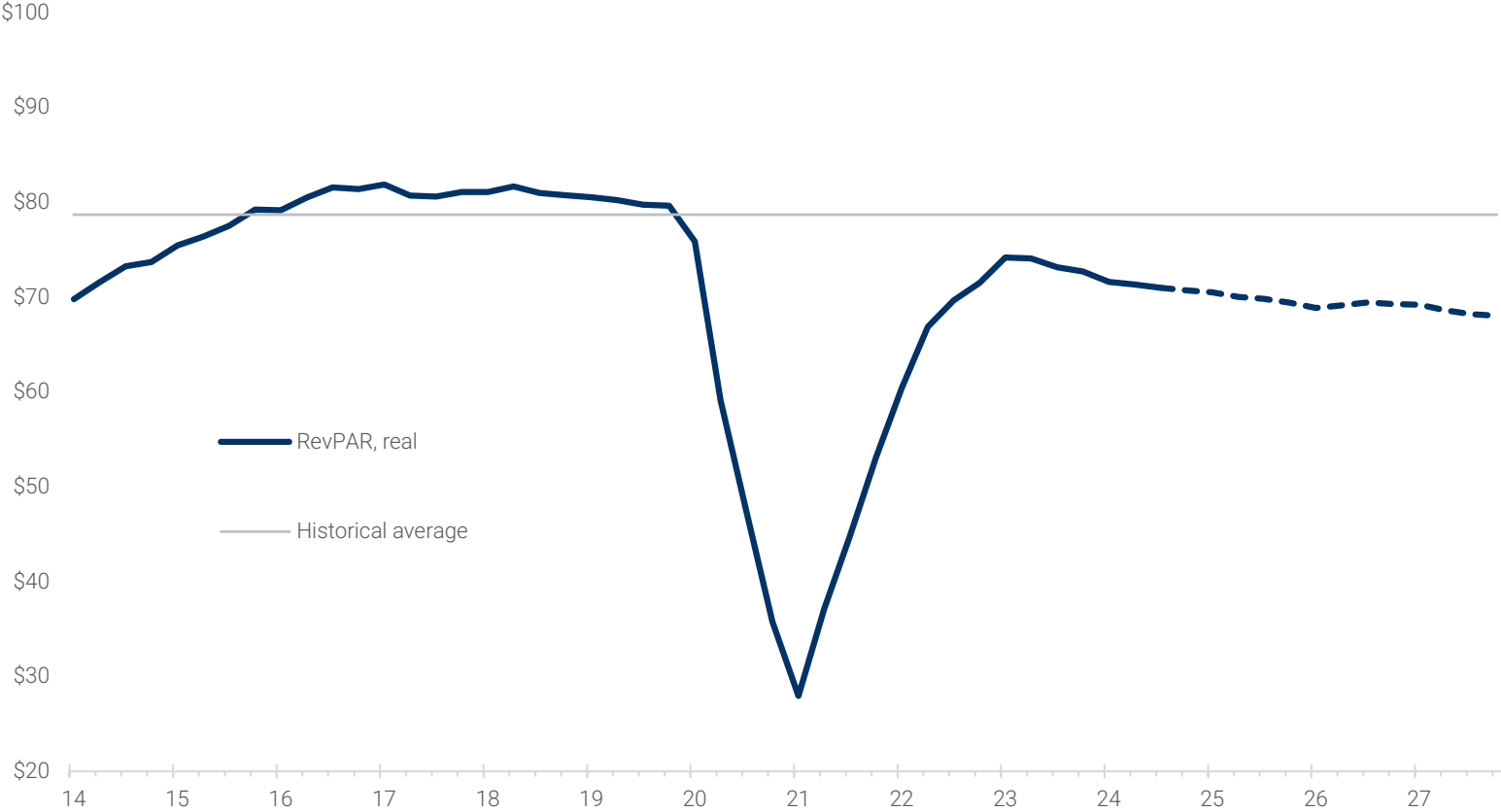
Irving may host a few teams' base camps with the added possibility of the convention center's use for the event.

Source: STR, Tourism Economics

Real RevPAR will remain below its historical average

Real RevPAR: Irving

In 2020 dollars, trailing twelve-month average, dashed lines indicate forecast



Moderate supply increases in the coming years are expected to add some negative pressure to real RevPAR

Note: Historical average based on 2014 to 2019. Forecast through 2027 Q4.
Source: STR, Tourism Economics

Irving Lodging Forecast (January 2025)

	2019	2020	2021	2022	2023	2024	2025	2026	2027
Occupancy	71.2%	41.6%	58.1%	67.1%	67.6%	65.4%	65.3%	65.4%	65.4%
ADR	\$110	\$87	\$94	\$115	\$122	\$128	\$129	\$132	\$133
RevPAR	\$79	\$36	\$55	\$77	\$83	\$84	\$84	\$86	\$87

Growth

Occupancy	-41.6%	39.7%	15.5%	0.8%	-3.3%	-0.1%	0.1%	0.1%
ADR	-21.7%	8.4%	22.2%	6.6%	4.6%	1.0%	2.2%	0.6%
RevPAR	-54.2%	51.4%	-41.2%	7.4%	1.2%	0.9%	2.3%	0.7%

March 2024 forecast:



0.6%

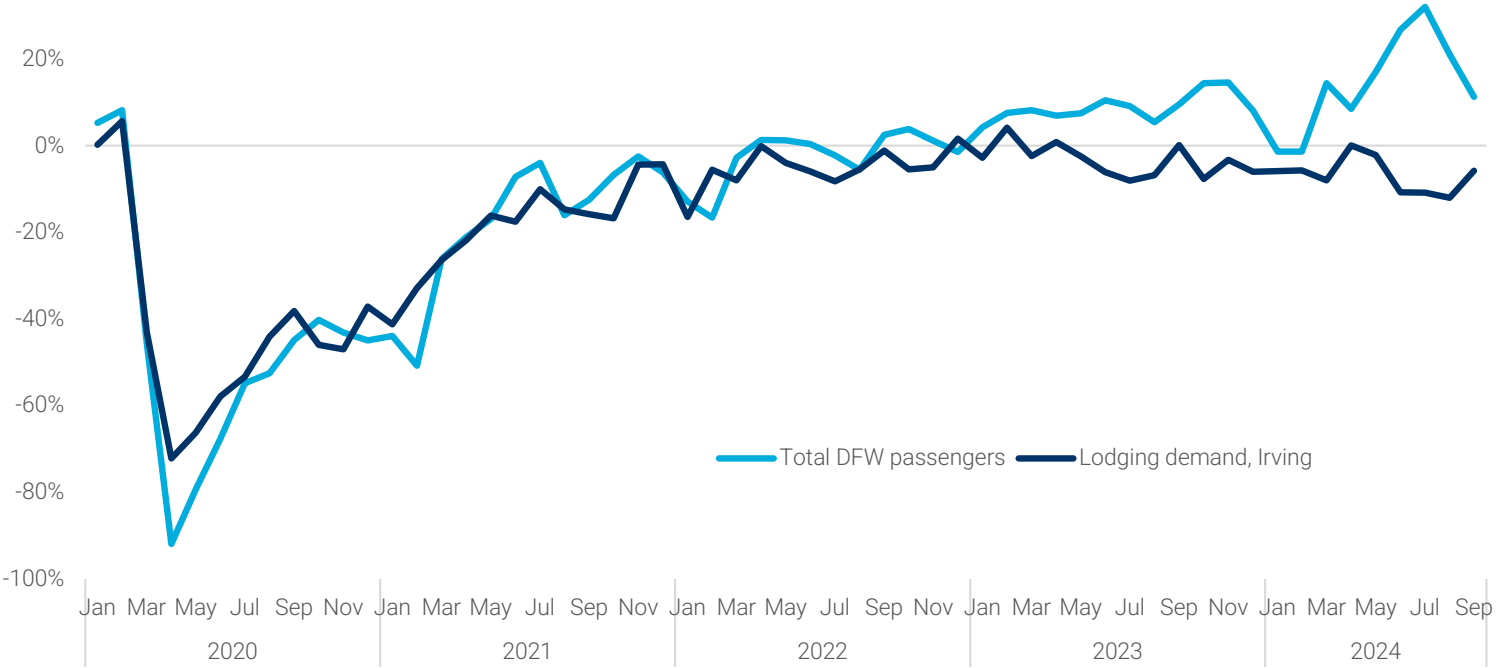


2.2%

Slight declines in hotel lodging demand despite gains in DFW Airport passenger volumes

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 **2.2%** in fiscal year ending Sep-2025.
- We expect room revenue to grow **5.0%** in fiscal year ending Sep-2026.
- High income earners continue to spend, including on travel/lodging. Low-income earners are dedicating more of their budgets toward essentials due to inflation.
- The economy is headed for a “soft landing”. The results of the election and the current “limited Trump” scenario will positively affect the short term, with negative effects in the long term.
- 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)			
Month		Current forecast	Prior forecast	Difference	Percent difference
	Oct-24	\$39,587,166	\$40,472,550	-\$885,384	-2.2%
	Nov-24	30,703,874	32,401,445	-1,697,571	-5.2%
	Dec-24	24,184,890	26,013,100	-1,828,210	-7.0%
	Jan-25	30,015,339	32,083,358	-2,068,019	-6.4%
	Feb-25	30,426,846	32,031,767	-1,604,921	-5.0%
	Mar-25	36,449,642	38,944,330	-2,494,687	-6.4%
	Apr-25	39,187,569	38,170,279	1,017,290	2.7%
	May-25	37,099,869	38,123,670	-1,023,801	-2.7%
	Jun-25	35,939,825	36,968,965	-1,029,140	-2.8%
	Jul-25	32,606,787	31,834,445	772,342	2.4%
	Aug-25	29,489,728	31,905,116	-2,415,388	-7.6%
	Sep-25	34,448,862	35,182,175	-733,313	-2.1%
	Total	\$400,140,396	\$414,131,198	-\$13,990,802	-3.4%
	Difference from year ending Sep-2019	10.9%	14.8%		
	Year-over-year growth	2.2%	5.9%		
	Oct-25	\$40,972,998	\$42,275,797	-\$1,302,799	-3.1%
	Nov-25	31,222,863	33,074,784	-1,851,921	-5.6%
	Dec-25	25,286,692	27,241,655	-1,954,963	-7.2%
	Jan-26	31,187,675	33,339,089	-2,151,414	-6.5%
	Feb-26	31,608,673	33,290,575	-1,681,902	-5.1%
	Mar-26	37,864,749	40,480,221	-2,615,472	-6.5%
	Apr-26	40,715,041	39,670,451	1,044,590	2.6%
	May-26	38,549,667	39,628,545	-1,078,878	-2.7%
	Jun-26	40,195,252	39,541,844	653,408	1.7%
	Jul-26	35,786,306	36,661,479	-875,173	-2.4%
	Aug-26	30,892,084	33,144,663	-2,252,579	-6.8%
	Sep-26	35,833,358	36,521,091	-687,733	-1.9%
	Total	\$420,115,357	\$434,870,193	-\$14,754,836	-3.4%
	Difference from year ending Sep-2019	16.4%	20.5%		
	Year-over-year growth	5.0%	5.0%		

Source: STR, Tourism Economics