

# COVID-19 Visitor Economy Update

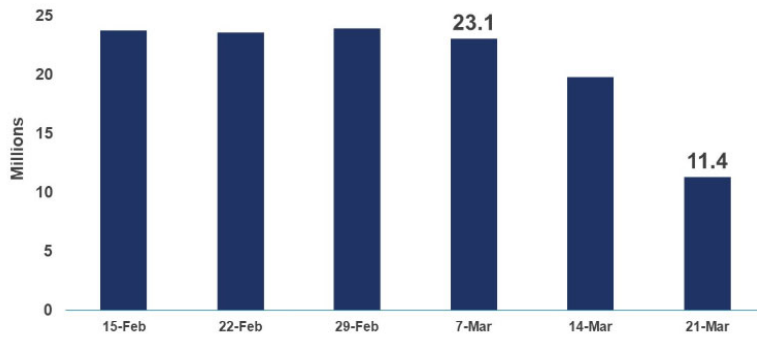
Irving City Council  
3/31/2020

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## US Snapshot

**Weekly Room Demand: Still 11 Millions Rooms Sold**  
Total U.S., by Week



Source: STR, 2020 © CoStar Realty Information, Inc. 1

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“The industry was already set for a non-growth year, now throw in this ultimate ‘black swan’ event, and we’re set to see occupancy drop to an unprecedented low,” said Jan Freitag, STR’s senior VP of lodging insights. “Our historical database extends back to 1987, and the worst we have ever seen for absolute occupancy was 54.6% during the financial crisis in 2009. With roughly six of 10 rooms on average empty, already wavering pricing confidence will take a significant hit and drop ADR to a six-year low.”

SOURCE: STR

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**Travel industry losses will far exceed that of any other sector. This is 7 times the impact of 9/11**

A \$400 billion decline in travel spending in the US this year will translate into a total economic loss of \$910 billion in economic output. This is more than seven times the impact of 9/11 on travel sector revenue.

In the second quarter, travel-related jobs will fall by 4.7 million and result in a total employment loss of 5.9 million jobs in the US (including indirect impacts).

A decline of \$62 billion in taxes will be realized as a result of travel declines in 2020.

This equates to a 34% decline in travel economic impacts for the entire year.

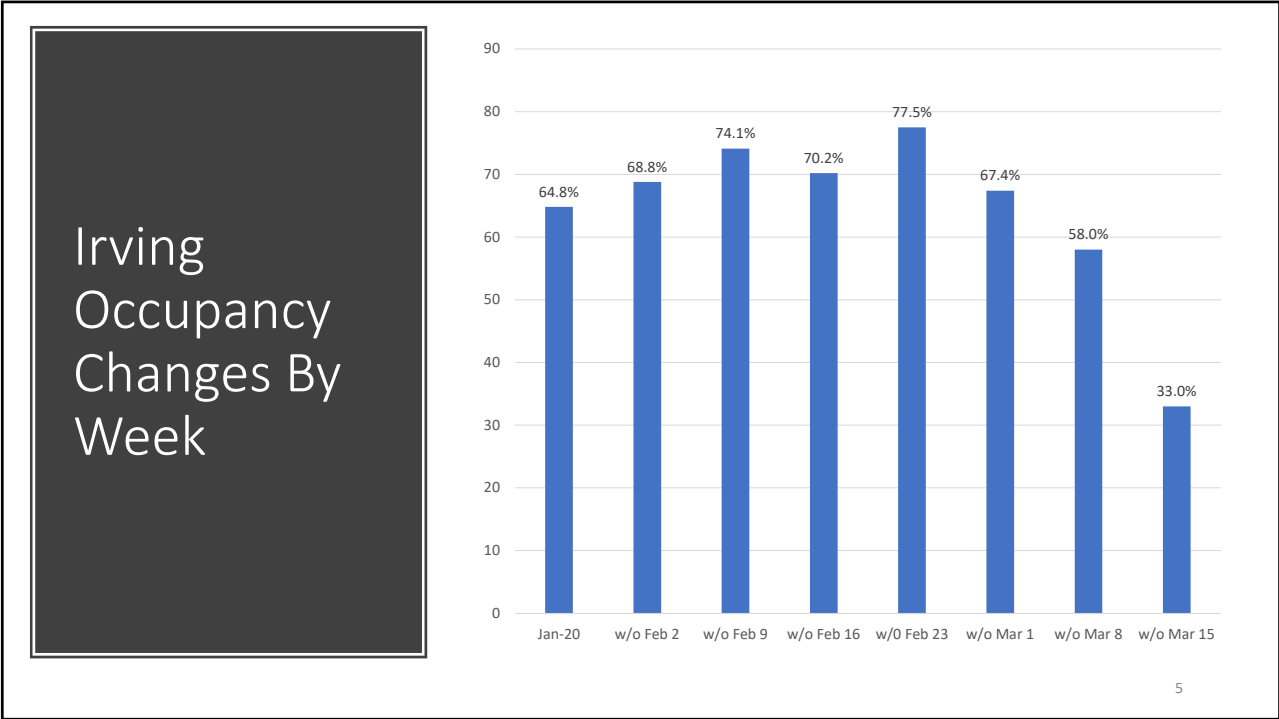
| Oxford Economics

**Expected Travel-Related Losses in 2020**

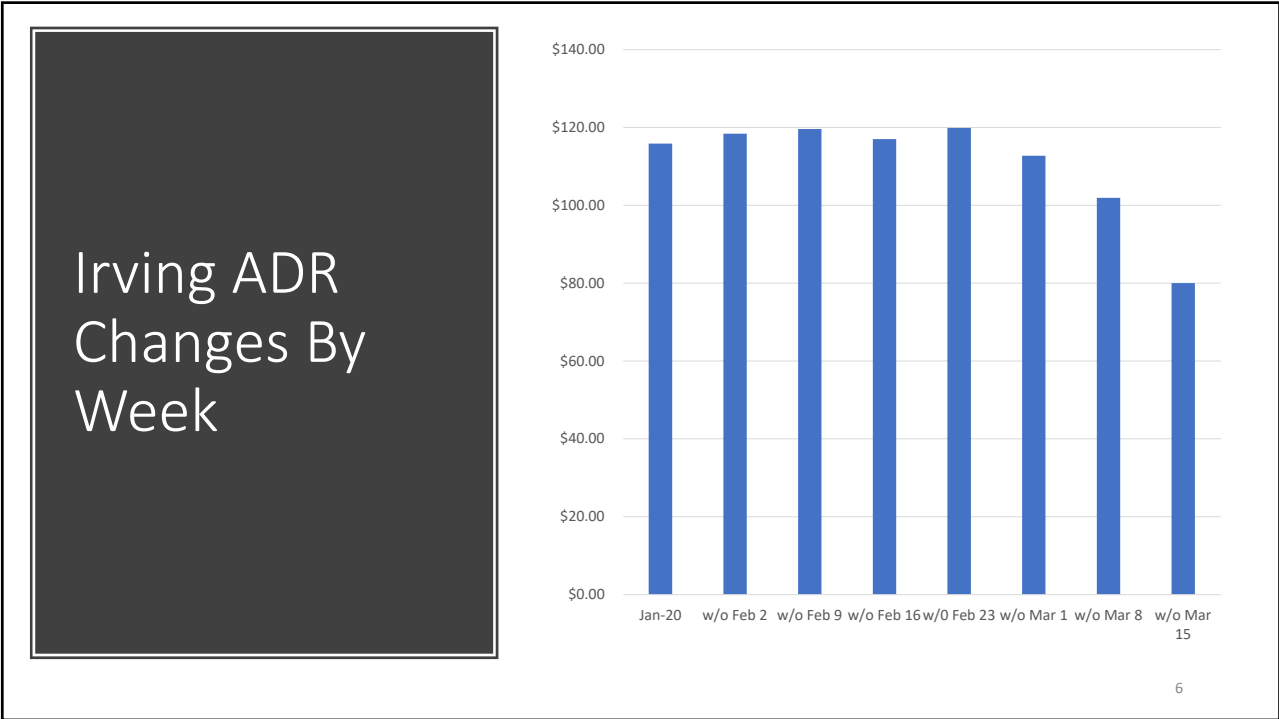
	Direct travel industry	Total impact
<b>Lost spending (\$ billions)</b>	<b>-\$400</b>	<b>-\$910</b>
Air transportation	-\$75	
Other Transportation	-\$60	
Lodging	-\$86	
Recreation & Amusement	-\$42	
Retail	-\$38	
Food Services	-\$99	
<b>GDP Impact (\$ billions)</b>	<b>-\$220</b>	<b>-\$502</b>
<b>Jobs (thousands)</b>	<b>-4,746</b>	<b>-5,868</b>
Air transportation	-273	
Other Transportation	-326	
Lodging	-870	
Recreation & Amusement	-824	
Retail	-279	
Food Services	-1,908	
Travel Planning	-96	
<b>Lost taxes (\$ billions)</b>	<b>-\$27.2</b>	<b>-\$61.9</b>
Federal	-\$14.7	-\$33.4
State	-\$7.7	-\$17.5
Local	-\$4.8	-\$11.0

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## Cancellation Impacts



Some cancellations took place before Force Majeure kicked in

Without Force Majeure, cancellation fees apply

ICC allowing deposits to apply to future events when possible



Most groups appear to be waiting for local Orders to change in order to allow Force Majeure to apply

Cancellation fees no longer apply and refunds are due for any deposits received

96+ groups/23K TRNs (\$8million eco impact) cancelled or lost



ICC events are cancelling for spring and summer, with some fall

Some looking for new dates later in the calendar year, others into 2021

Some events simply can't be rescheduled

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## Closures & Other Challenges

- Four Seasons Resort & Club – through May 1
  - Skeleton staff remains on site
- Omni Mandalay – through June 1
  - Skeleton staff remains on site, renovations are continuing
- Cool River Café – permanently
- Other hotel and restaurant closings will continue to happen
- Challenges as bad elements realize hotels operating with thin staffs
  - Late night calls to front desks complaining of leak in a room, or a gunshot heard
  - Agent leaves front desk unoccupied, bad guys sneak in and rob the cash drawer

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## Industry-Supporting Activities

- Sales & Services - Focused on longer-term business opportunities and re-booking for the short-term wherever possible, while respecting crises across the industry; hotels have been polled for emergency response needs
- Marketing & Communications - Changed messaging primarily to focus on supporting remaining industry and its workforce in Irving, primarily restaurants, through social media channels
- Resources have also been developed on websites for all things COVID-19 that may be helpful to visitors, industry, etc., including CARES Act, SBA, Workforce, links to resources within IHLA/THLA, TRA, US Travel/Destinations International, etc.
  - Nearly 13,000 page visits to date, with average time on the page of over 12 minutes

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## ICVB & ICC Operations

- Expenditures have been identified that can be stopped/pushed/postponed
- Will bring forward budget adjustment to utilize what remains of reserve funds
  - Anticipating reduced collections for January-March quarter (March impact)
  - Anticipating minimal revenues for April-June quarter
  - Revenue gains that had been made by ICC have been eliminated
  - We anticipate we will still need some short-term financial assistance and ability to secure CARES resources
- Some CARES Act components are expected to be available for tourism promotion/recovery (including for municipal/gov't CVBs), but details/fund availability timing TBD – Emergency Stabilization Fund & CDBG Grants

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# \$454Billion Emergency Stabilization Fund

## WHO IS ELIGIBLE

- ★ **ANY U.S. BUSINESS REGARDLESS OF SIZE**, which may include any nonprofit that is tax exempt under 501(c) of the tax code, including 501(c)(4) and 501(c)(6) organizations. Businesses must also meet certain criteria.
- ★ **STATES**, including the District of Columbia; territories; any bi-state or multi-state entity; and any Indian Tribe.
- ★ **MUNICIPALITIES**, including a political subdivision of a state, such as **State Tourism Office**; an instrumentality of a municipality, state or a political subdivision of a state; such as a **Destination Marketing Organization** classified as a political subdivision; a city or county; an airport authority; or a convention authority.

### ADDITIONAL ELIGIBILITY:

The Treasury and Federal Reserve have broad authority to determine the eligibility requirements for any loans, loan guarantees or financial assistance enabled through these funds.

Programs directed by the Treasury Dept through the Federal Reserve – municipal bonds and commercial paper funding facility among the assumptions

# Federal Grants for Airports & CDBG

## WHO IS ELIGIBLE?

### ★ PUBLIC or PRIVATE OWNERS of PUBLIC-USE AIRPORTS

At least \$7.4 billion in funding will be distributed according to the following formula:

**50%** will be allocated among all commercial airports based on an airport's 2018 enplanements.

**50%** will be targeted to help airports with larger debt based on an airport's FY 2018 debt service and its unrestricted capital reserves.

### ★ COMMUNITY DEVELOPMENT BLOCK GRANTS

**\$5 billion in additional funding** for the (CDBG) program to help states and local governments

Up to **\$2 billion** will be allocated to FY 2020 CDBG grant recipients. These funds will be disbursed within 30 days of the law's enactment.

**\$1 billion will be granted to states.** These funds will be disbursed within 45 days of enactment. States and localities may use funds to cover coronavirus-related costs regardless of when those costs were incurred.

At least 70% of CDBG funds must be used for activities that **benefit low- and moderate-income people.**

Rules for CDBG eligibility are expected to be adapted as they were for Puerto Rico and USVI post-Hurricane Maria to specifically allow for grants for tourism promotion.

## Our Current Assumptions

- Best Case Scenario – June Recovery, No China Relapse
  - 10% Occupancy for April and May
  - 25% Occupancy for June
  - 30% Occupancy for July
  - 40% Occupancy for August
  - 55% Occupancy for September
  - 60% Occupancy for October
  - Occupancies restored to typical levels by year-end due to pent-up business demand
  - Average daily rate will take 12 months minimum to catch up (recovery may be compressed due to rapid decline of remaining business – rate war timing could potentially be limited)

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