

IRVING LODGING OUTLOOK

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Outline

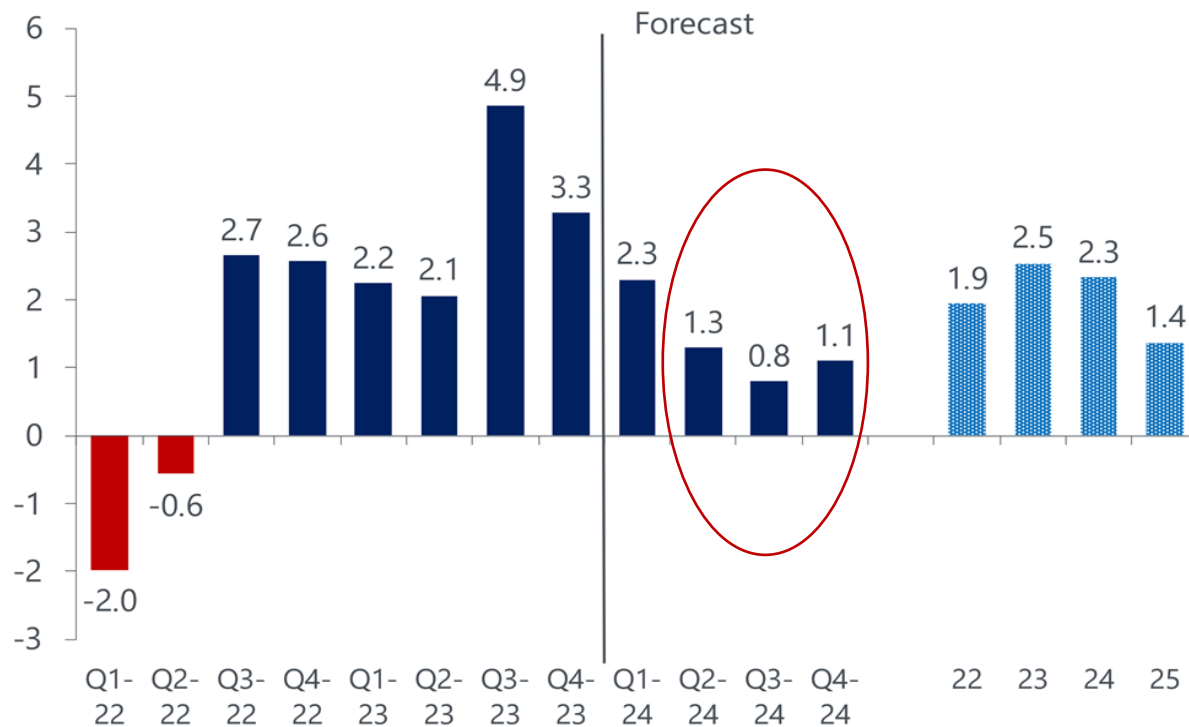
- **US context**
- **Irving lodging forecast**



US CONTEXT

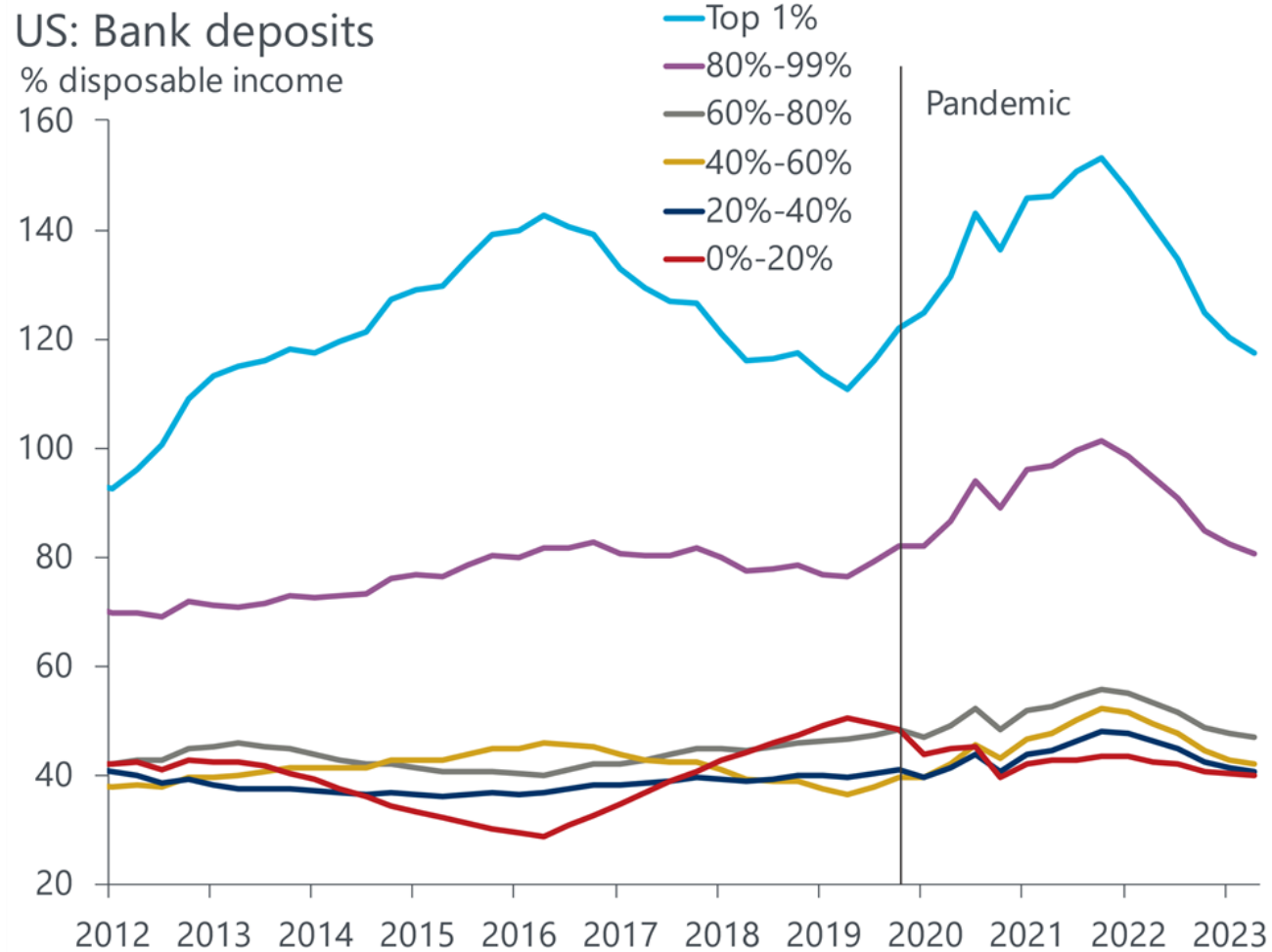
We expect an economic slowdown in 2024

US: GDP Forecast
% annualized



The US economy is set to slow in 2024. This is an upward revision from previous forecasts as the outlook continues to turn a little rosier. Although we expect the pace of spending to slow this year, there doesn't appear a significant risk that consumers tighten their purse strings significantly. We expect curtailed spending to mildly impact travel in 2024.

Excess savings are now largely exhausted

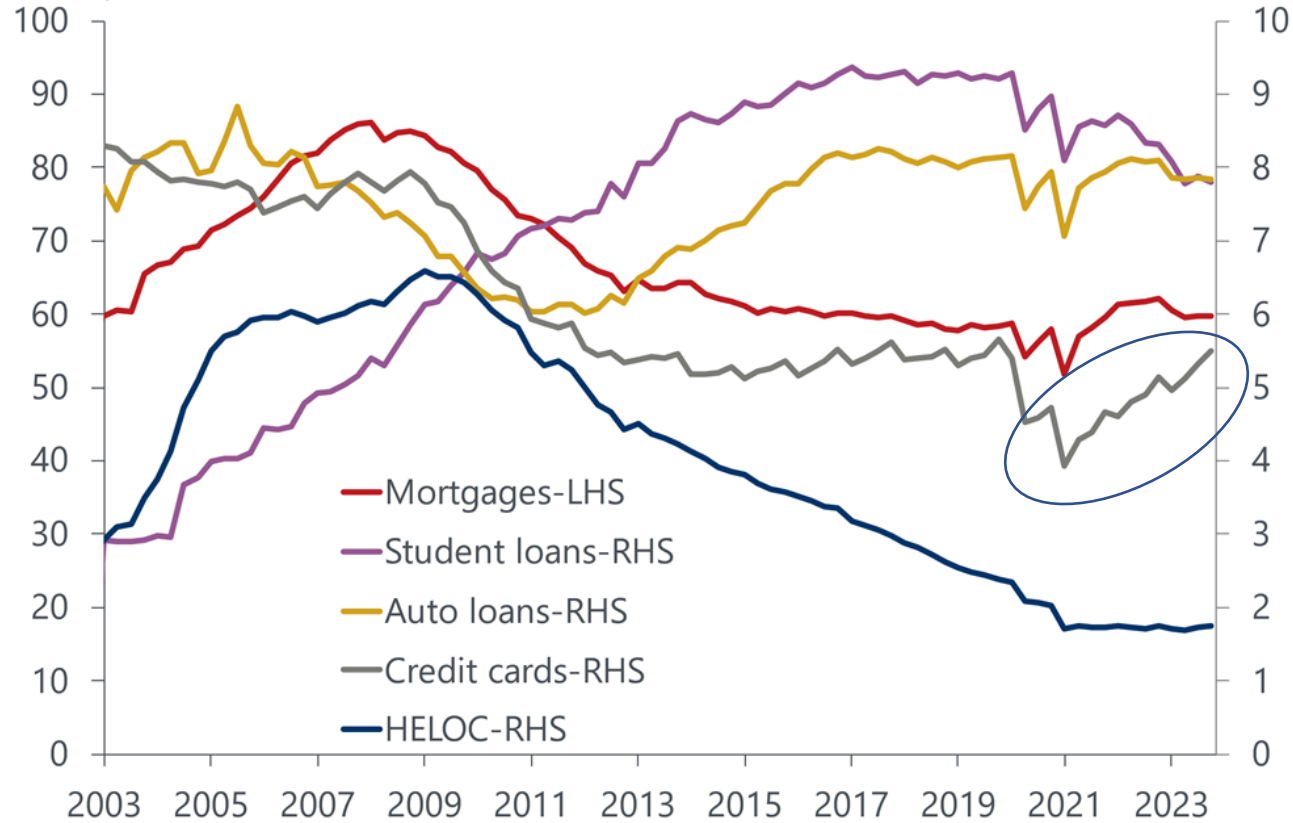


- Excess savings are more concentrated among the wealthiest households.

Debt has risen in some important categories

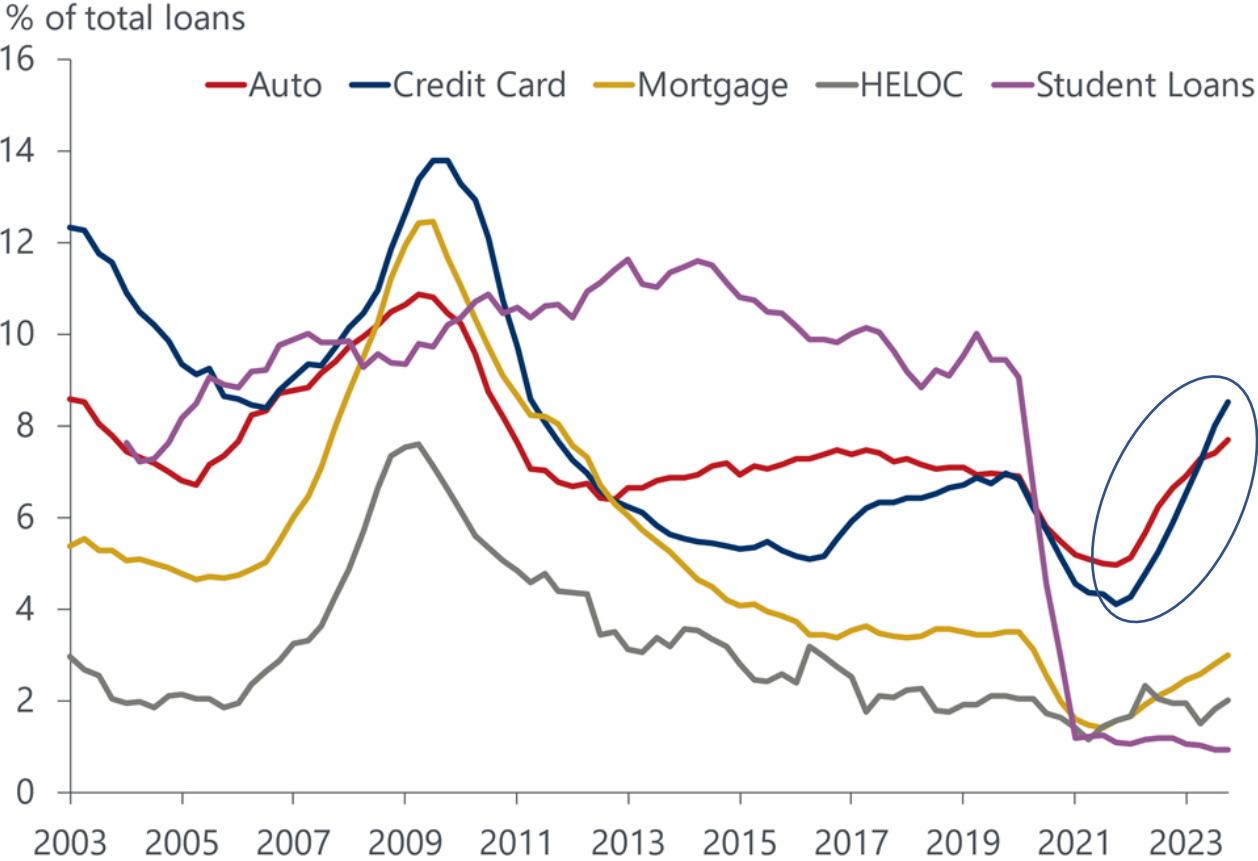
US: Household debt

% disposable income



Delinquency rates are rising with borrowing costs surging

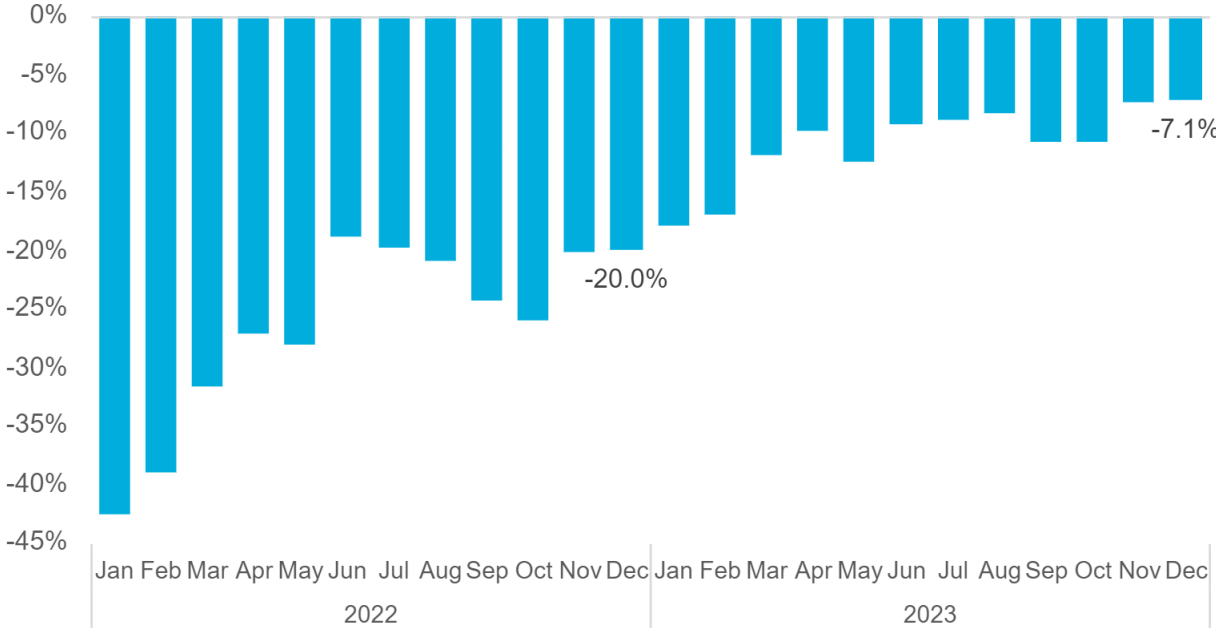
US: Newly delinquent (30+ days) loans



Bookings for groups moving towards 2019 levels

US DMO booking activity, trailing six months

Hotel room nights contracted, trailing six-month sum, relative to 2019



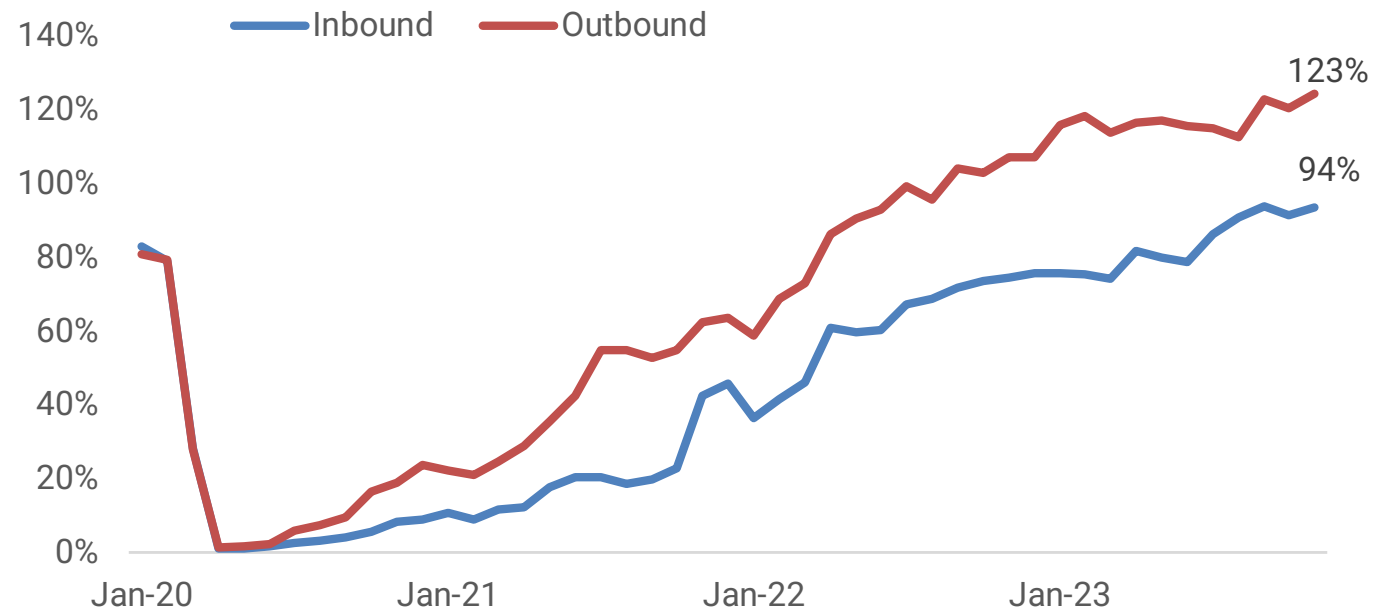
Source: Simpleview CRM (250+ DMOs)

“Group is shaping up to have another solid year in 2024. At the end of last year, full year 2024 Group revenues were pacing up nearly 13% globally and 11% in the U.S. and Canada on a year-over-year basis, driven by robust increases in both room nights and ADR.”

Marriott, Q4 Earnings Call

Outbound recovery is well ahead of inbound

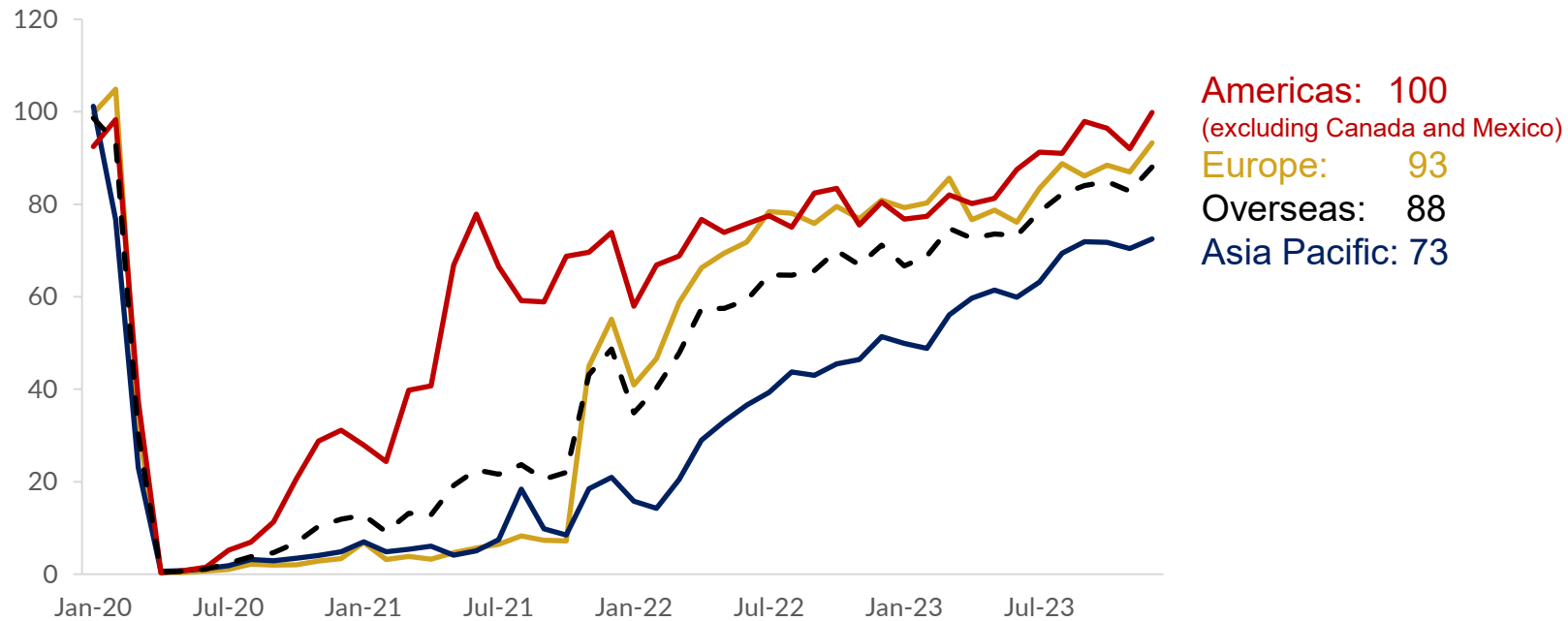
Inbound and Outbound Travel Spending
% of same month in 2019



International recovery is accelerating

Global regions visits to USA

2019 = 100 (same month comparison)

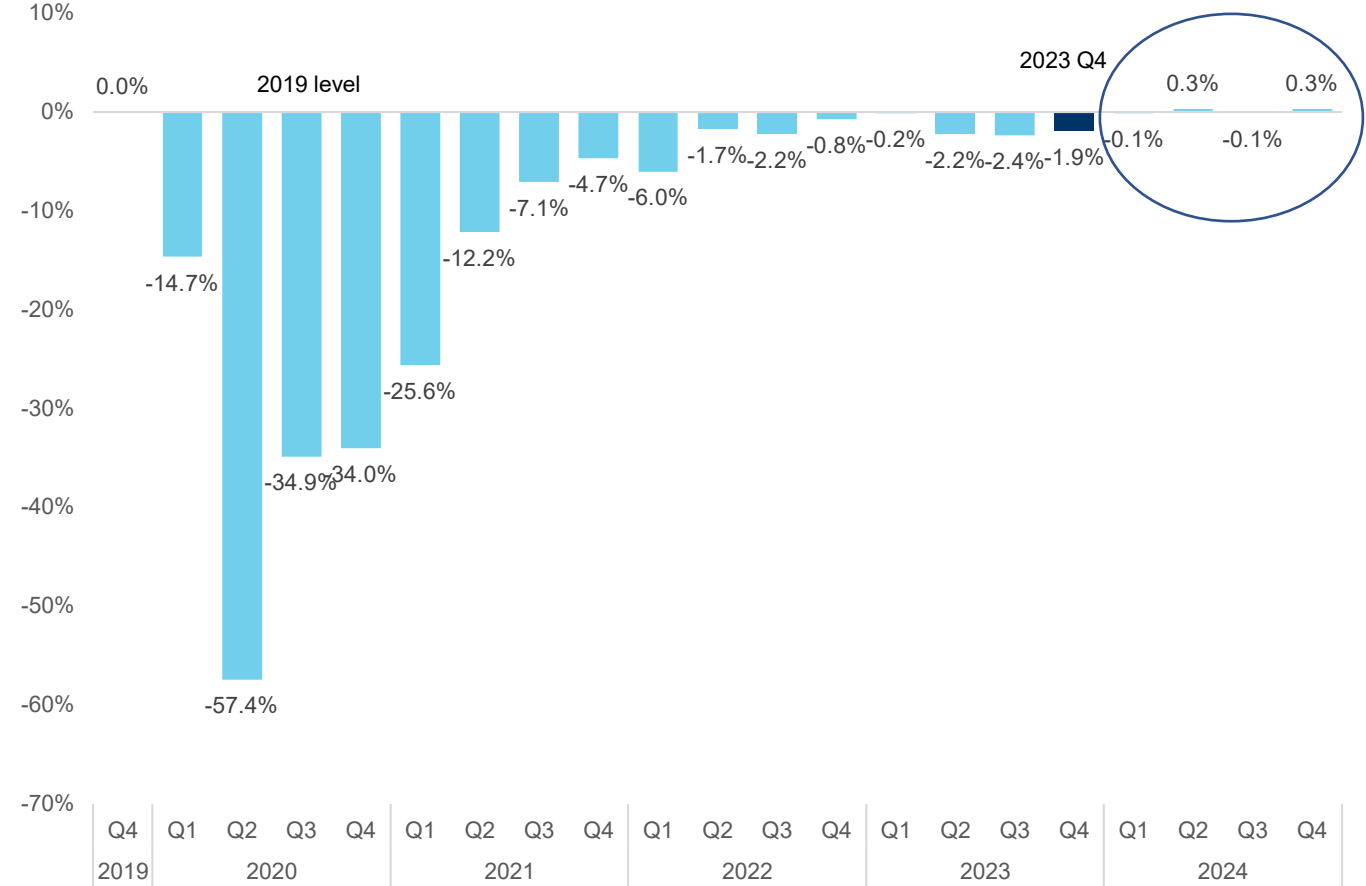


Source: NTTO, data through Dec-23

Room demand gains will be modest in 2024

Room demand

Quarterly, relative to 2019

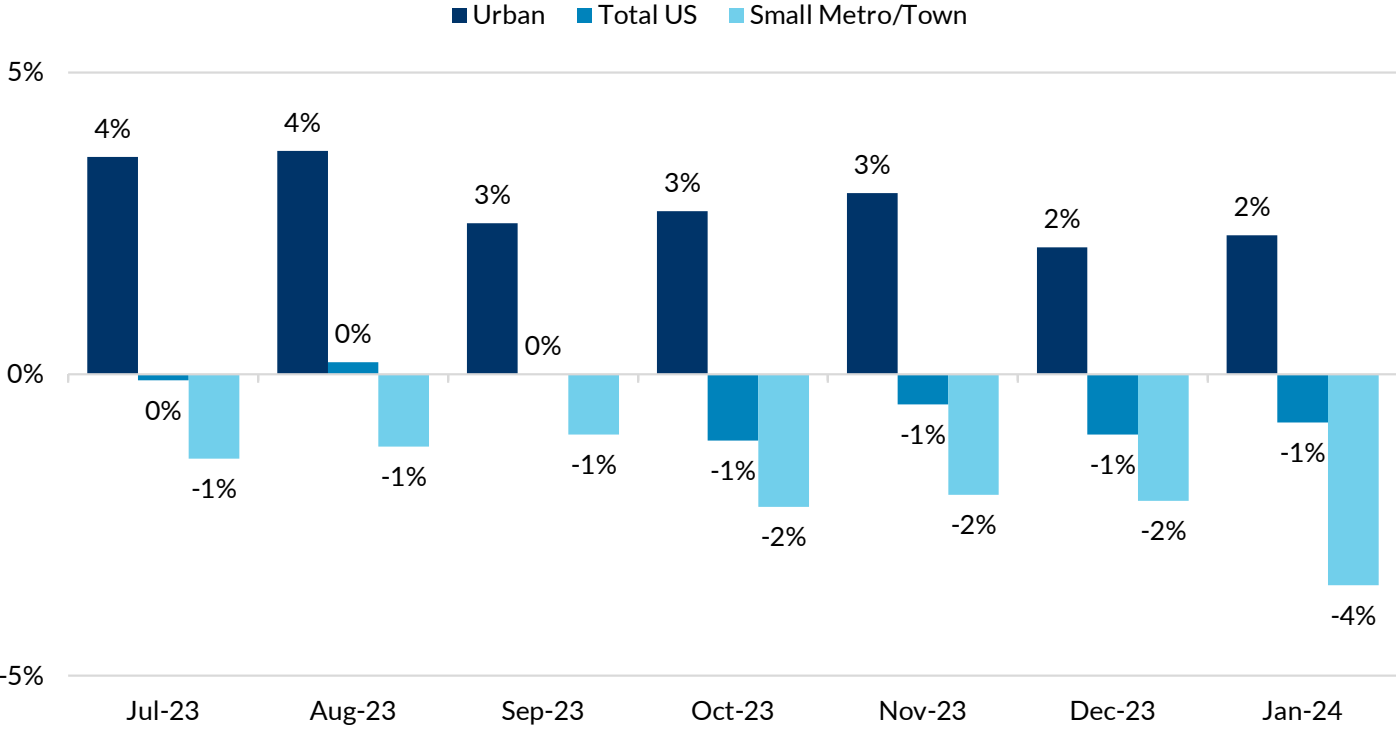


Source: STR; Tourism Economics

Non-urban market demand across the US has declined

US Room Demand by Location

Year-over-year growth



Source: STR

Summary

1 **An economic slowdown is likely in 2024**

- This is an upward revision from previous forecasts.
- Consumers have more reasons to curtail their spending with dwindling savings and more consumer debt. This will play a role in travel for 2024.

2 **Room demand will continue to normalize in 2024**

- International and group demand have room to continue growth.
- US demand has essentially fully recovered to 2019 levels; we expect markets across the US to normalize.



IRVING LODGING FORECAST

Assumptions

- US economy experiences an economic slowdown in 2024
- Slower consumer spending plays a role for 2024 travel
- Corporate travel and group demand continue growth but at a slower rate during the slowdown
- Leisure travel holds levels through most of 2024 with growth resuming after the slowdown
- International continues recovery growth in 2024 and 2025

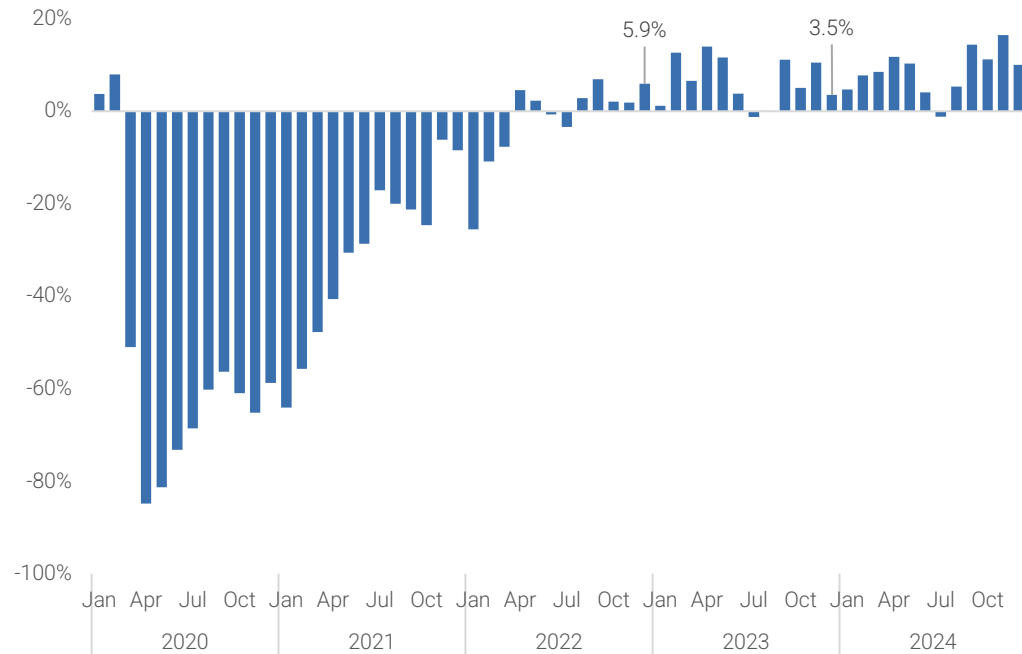
Approach

- Lodging forecast is based on analysis of:
 - Historical performance (STR data)
 - Estimated travel recovery timeline and pricing gains
 - Assumptions on new property openings
- Model is based on monthly STR hotel data:
 - Segmented demand (transient, group, contract)
 - Sub-markets (Las Colinas, DFW North, DFW South)
- Annual and quarterly results through 2026.

Room revenue is expected to be 8.5% above 2019 levels in 2024

Room revenue impact

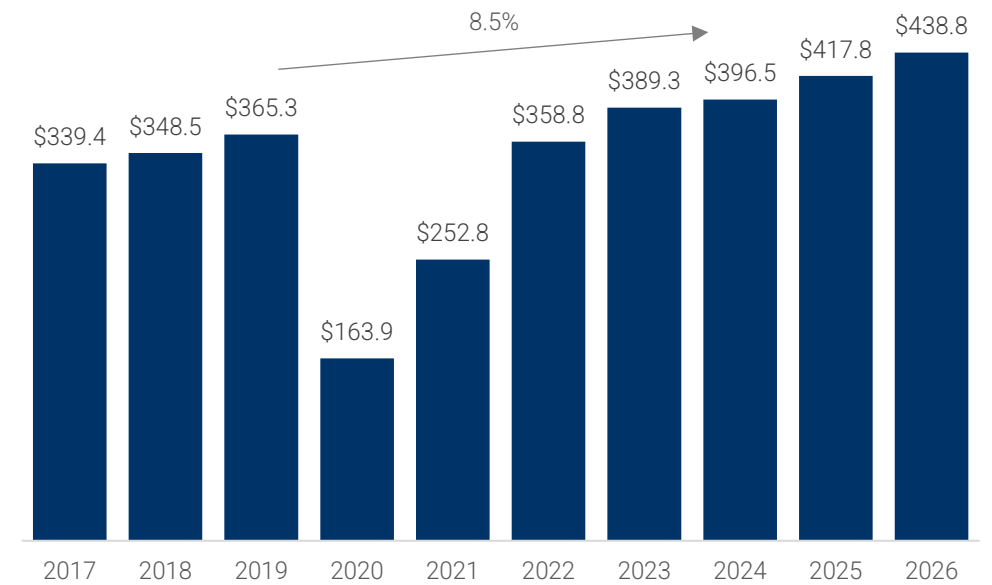
Irving, difference relative to same month in 2019



Source: STR, Tourism Economics

Room revenue

Irving, in millions



Source: STR, Tourism Economics

Forecast summary

Irving Lodging Forecast (March 2024)

	2019	2020	2021	2022	2023	2024	2025	2026
Occupancy	71.2%	41.6%	58.1%	67.1%	67.8%	66.7%	66.6%	66.8%
ADR	\$110	\$87	\$94	\$115	\$122	\$125	\$128	\$131
RevPAR	\$79	\$36	\$55	\$77	\$83	\$83	\$85	\$87

Relative to 2019

Occupancy	-41.6%	-18.4%	-5.7%	-4.7%	-6.2%	-6.5%	-6.1%
ADR	-21.7%	-15.1%	3.8%	10.4%	12.9%	15.6%	18.5%
RevPAR	-54.2%	-30.7%	-2.2%	5.2%	5.8%	8.2%	11.3%

Prior forecasts:

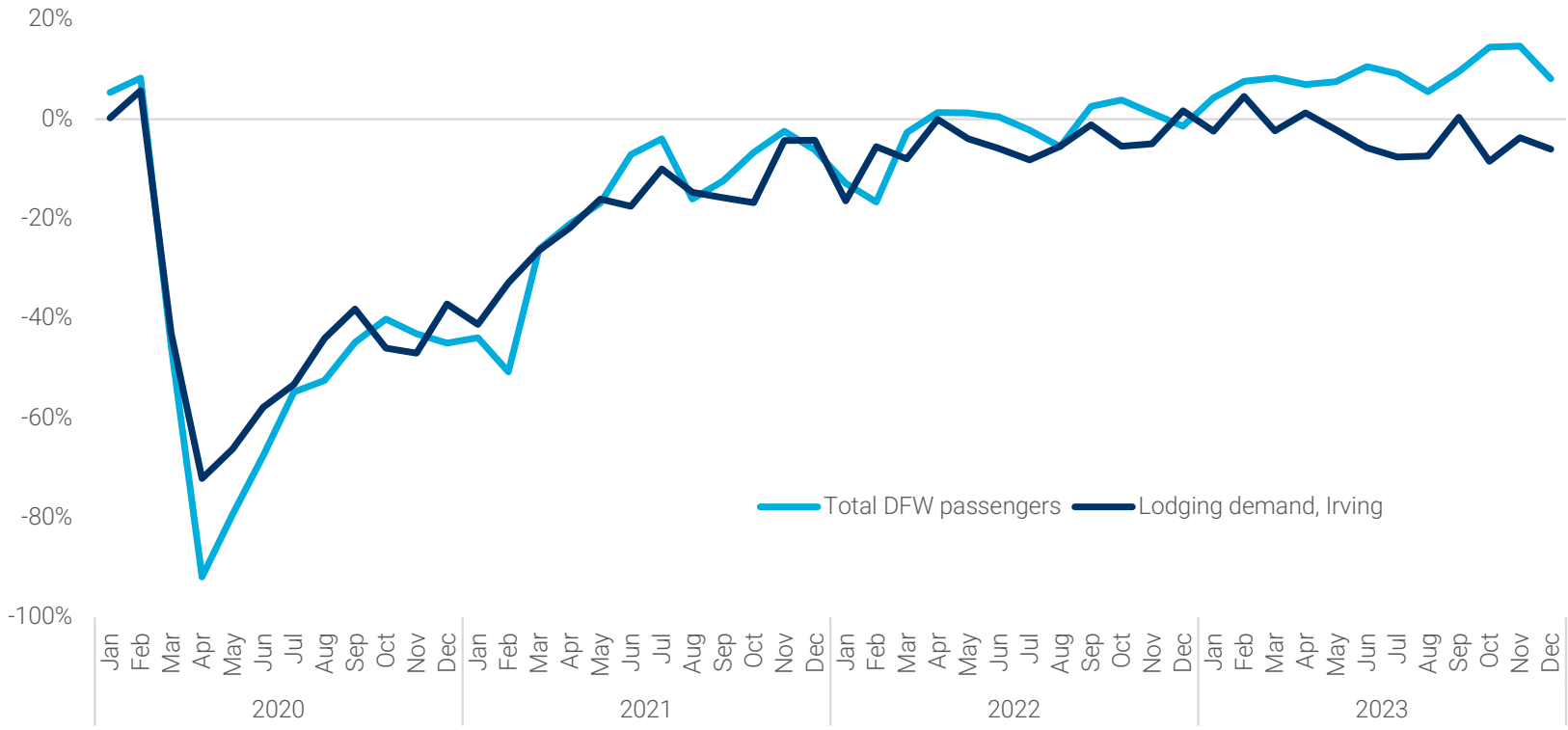
July 2023:
11.1%



Lodging demand recovered with DFW Airport passenger volumes.

DFW airport passenger volume and lodging demand

Difference relative to same month in 2019

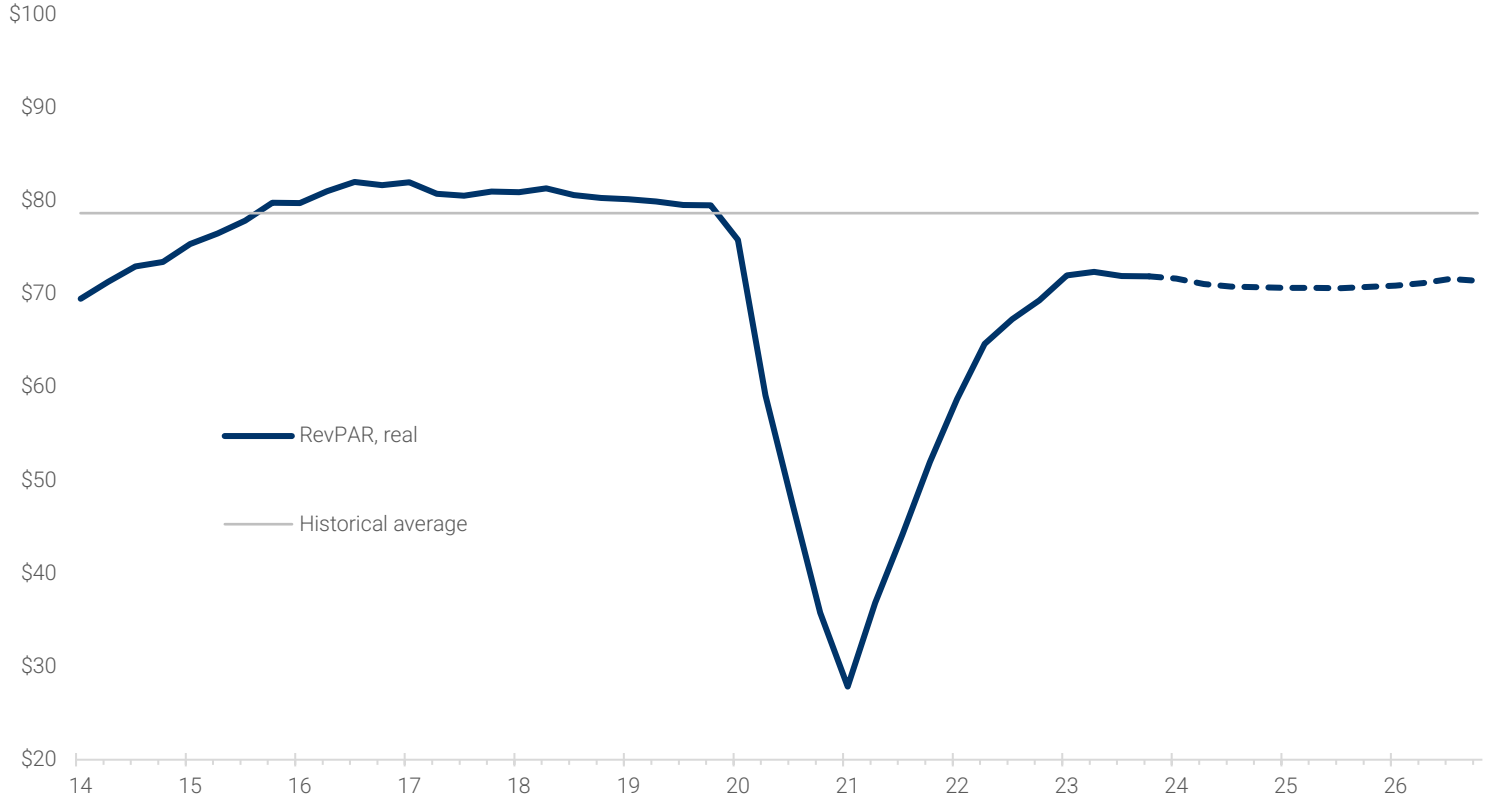


Source: STR; Dallas Fort Worth International Airport; Tourism Economics

It may take until beyond 2026 for real RevPAR to recover to its historical average

Real RevPAR: Irving

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



Note: Historical average based on 2014 to 2019. Forecast through 2026 Q4.
Source: STR, Tourism Economics

Recap

- **Hotel performance in Irving continues to recover.**
 - STR hotel room revenue in the fiscal year ending Sep-2024 is expected to be **8.4%** above the fiscal year ending Sep-2019.
 - The current forecast anticipates STR hotel room revenue in the fiscal year ending Sep-2025 will recover to **14.8%** above the fiscal year ending Sep-2019.
- **Consumer spending and the normalization of room demand will both play a role.**
 - Recent national trends have shown large urban centers are growing year-over-year demand while all other market types are flat or declining.

Forecast summary: Fiscal year

		Room revenue, Irving (STR)			
		Current forecast	Prior forecast	Difference	Percent difference
Month					
	Oct-23	\$38,227,531	\$38,319,021	-\$91,490	-0.2%
	Nov-23	30,729,987	28,593,408	2,136,578	7.5%
	Dec-23	24,475,318	24,591,643	-116,325	-0.5%
	Jan-24	29,925,060	29,892,887	32,173	0.1%
	Feb-24	29,973,321	29,757,543	215,778	0.7%
	Mar-24	36,505,486	38,331,075	-1,825,589	-4.8%
	Apr-24	35,781,901	36,814,983	-1,033,082	-2.8%
	May-24	35,751,483	37,675,869	-1,924,387	-5.1%
	Jun-24	34,702,107	38,292,340	-3,590,233	-9.4%
	Jul-24	30,247,126	35,300,978	-5,053,852	-14.3%
	Aug-24	30,494,112	34,080,364	-3,586,253	-10.5%
	Sep-24	34,266,568	35,443,004	-1,176,436	-3.3%
Total		\$391,079,998	\$407,093,115	-\$16,013,117	-3.9%
Difference from year ending Sep-2019		8.4%	12.8%		
	Oct-24	\$40,472,550	\$42,618,370	-\$2,145,820	-5.0%
	Nov-24	32,401,445	32,393,396	8,050	0.0%
	Dec-24	26,013,100	27,130,375	-1,117,275	-4.1%
	Jan-25	32,083,358	32,655,176	-571,818	-1.8%
	Feb-25	32,031,767	32,623,241	-591,474	-1.8%
	Mar-25	38,944,330	41,843,162	-2,898,832	-6.9%
	Apr-25	38,170,279	39,283,147	-1,112,868	-2.8%
	May-25	38,123,670	40,265,467	-2,141,797	-5.3%
	Jun-25	36,968,965	40,916,502	-3,947,537	-9.6%
	Jul-25	31,834,445	37,477,232	-5,642,787	-15.1%
	Aug-25	31,905,116	36,161,247	-4,256,131	-11.8%
	Sep-25	35,182,175	37,596,049	-2,413,875	-6.4%
Total		\$414,131,198	\$440,963,362	-\$26,832,164	-6.1%
Difference from year ending Sep-2019		14.8%	22.2%		

Source: STR, Tourism Economics



THANK YOU!