

THE TRAVEL RECOVERY: AN EPIC STORY

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Storyline

Storm clouds and resilience

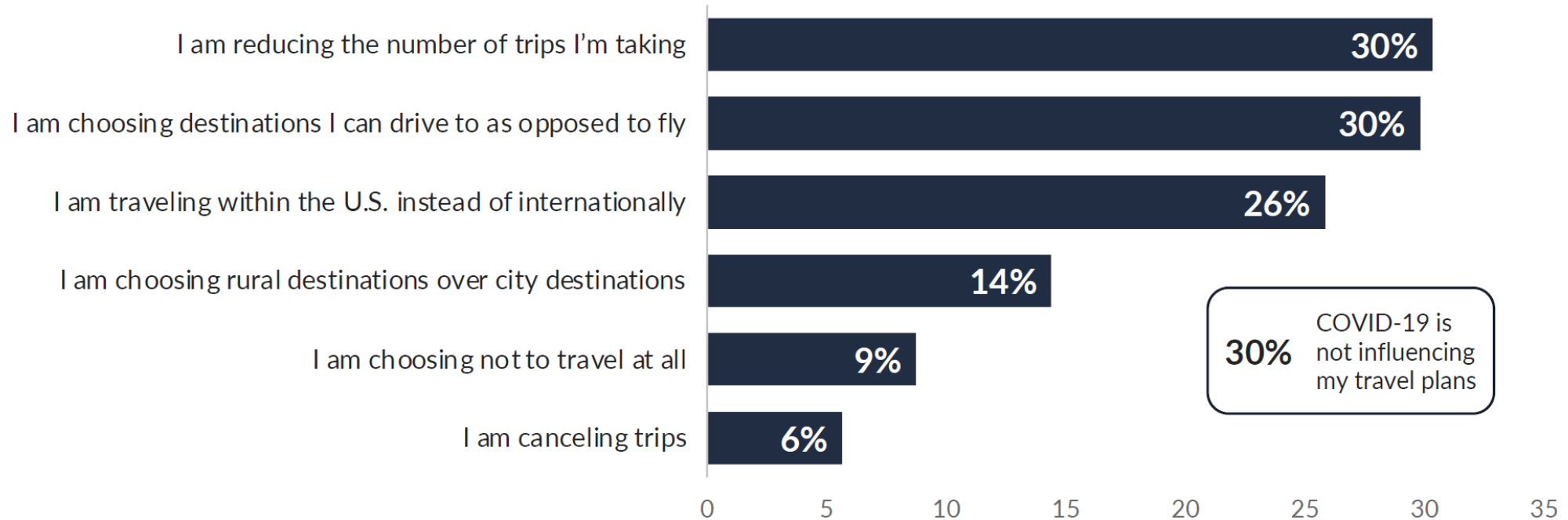
The economy is a driving force

What could possibly go wrong?

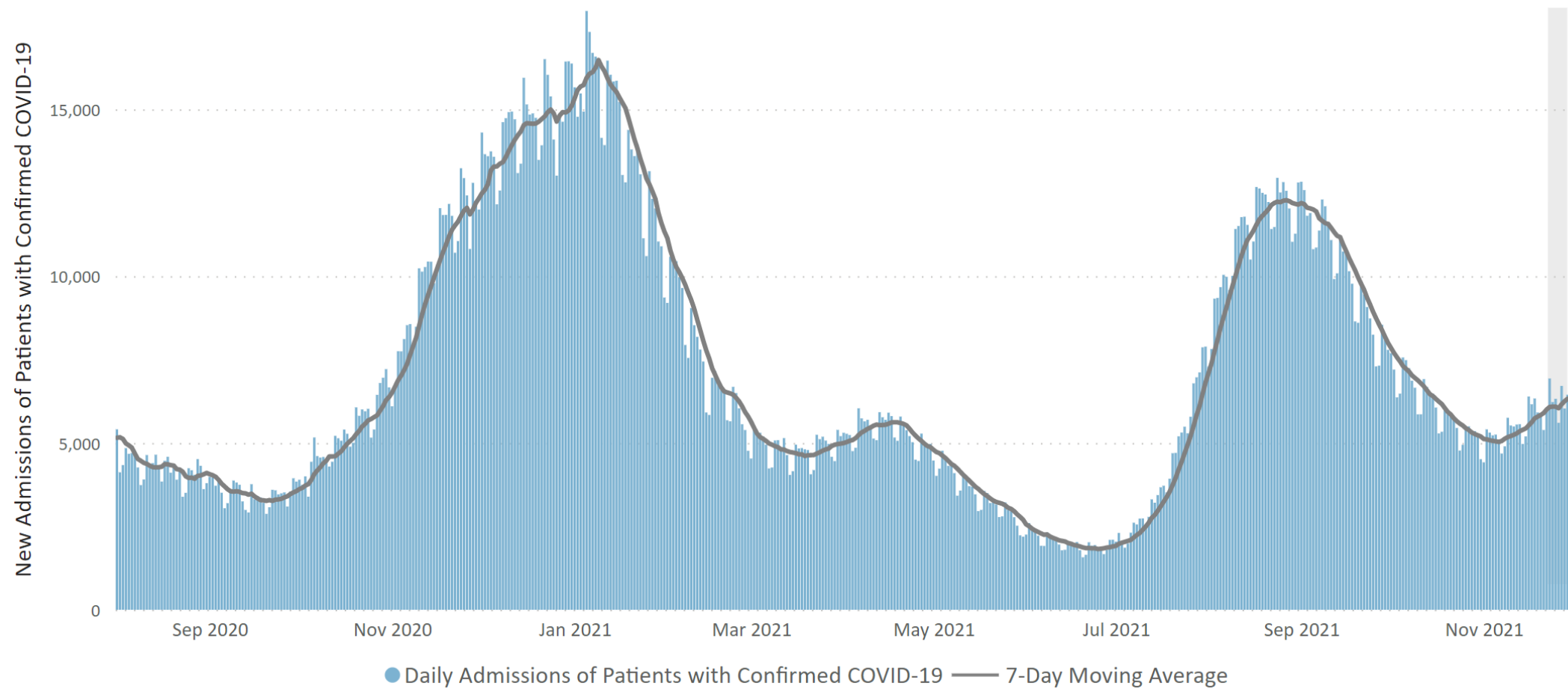
Travel forecast milestones

Only 6% choosing not to travel.

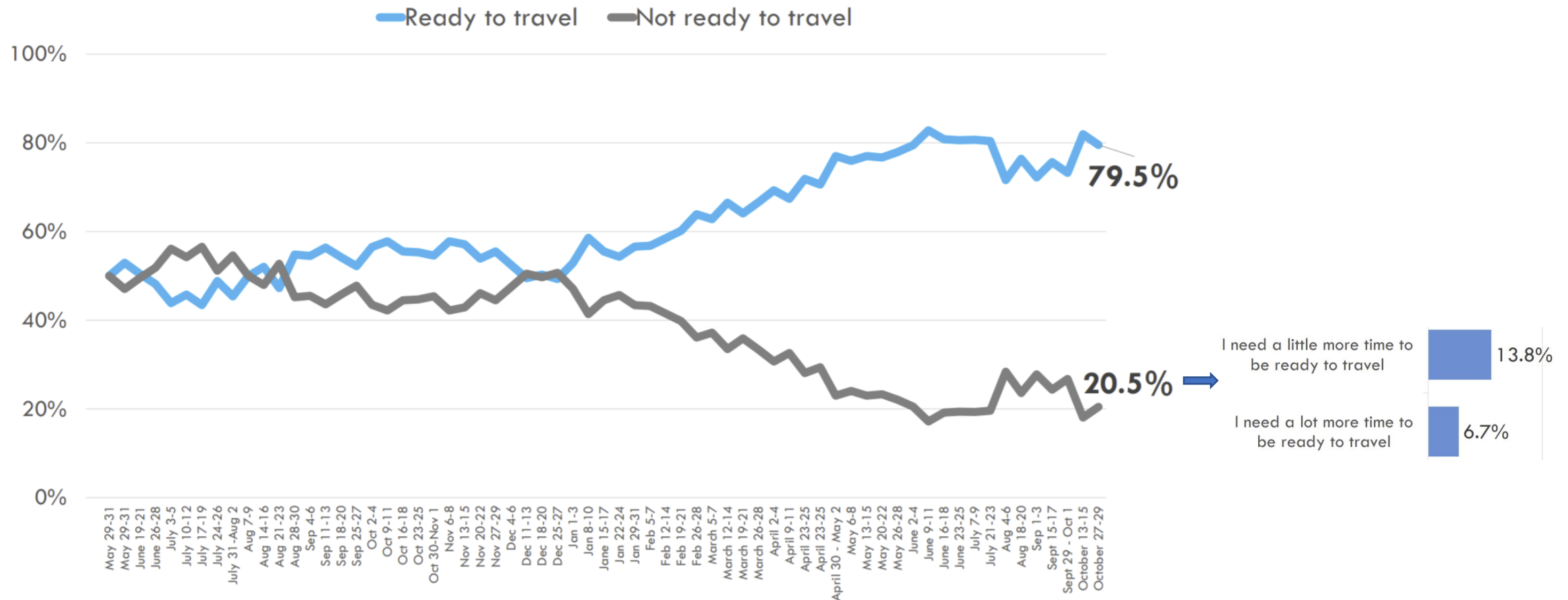
Influence of COVID-19 on Travel Plans in the Next Six Months



US COVID-19 new hospitalizations edging upward

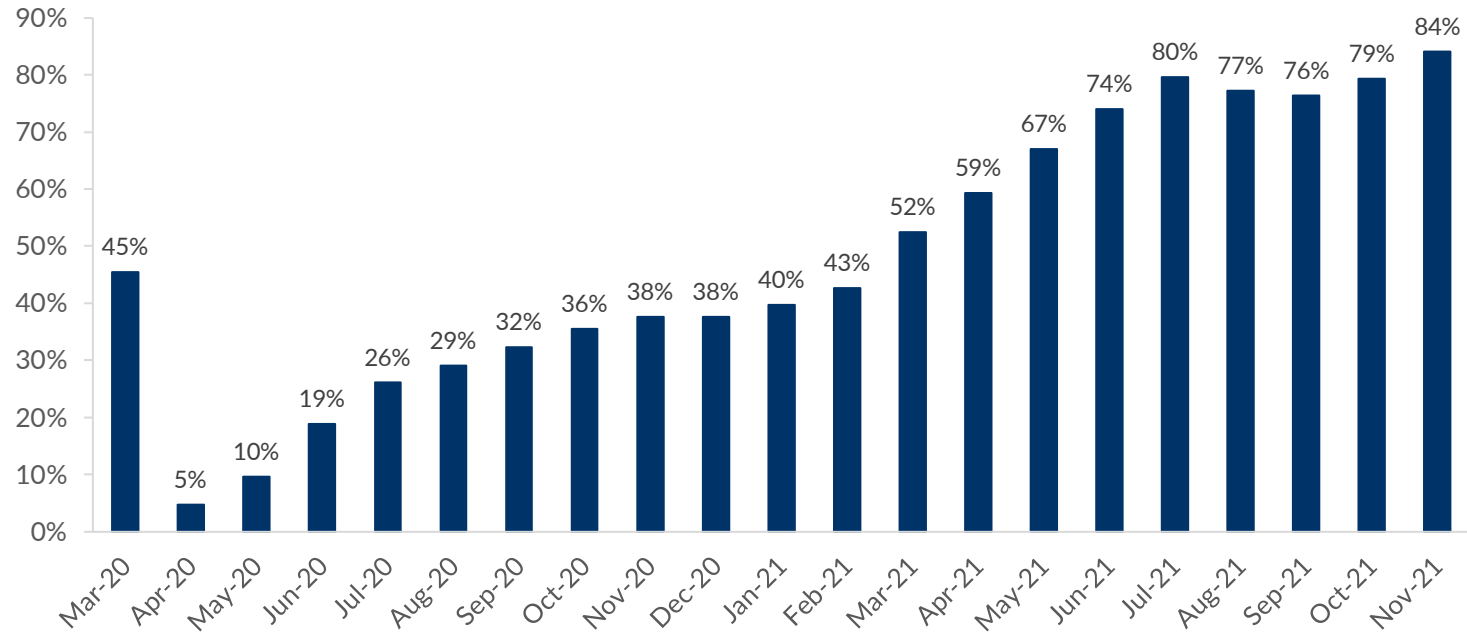


Travel confidence fell then quickly recovered



Air travel picking up

Air Passenger Volume % of 2019 level

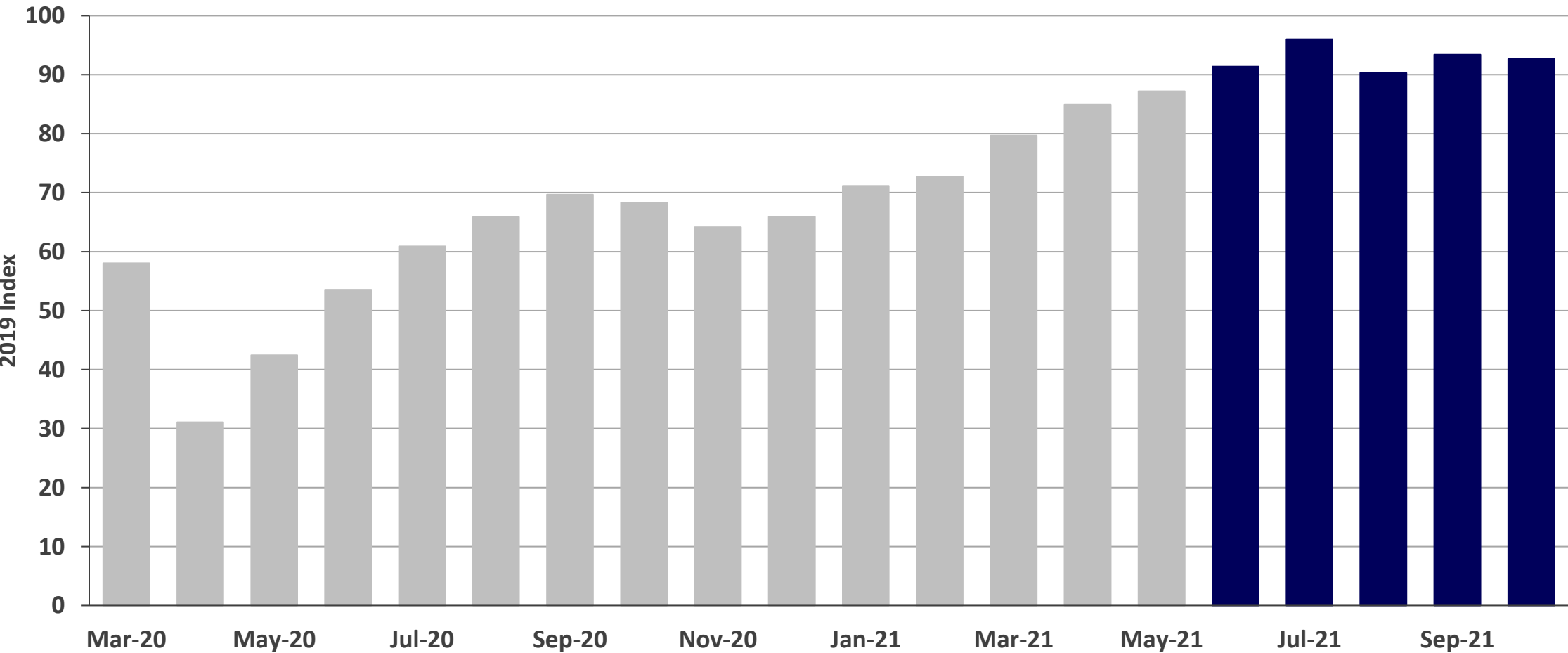


Source: TSA

Since June, room demand has averaged 93% of 2019 levels.



U.S. monthly room demand, indexed to 2019

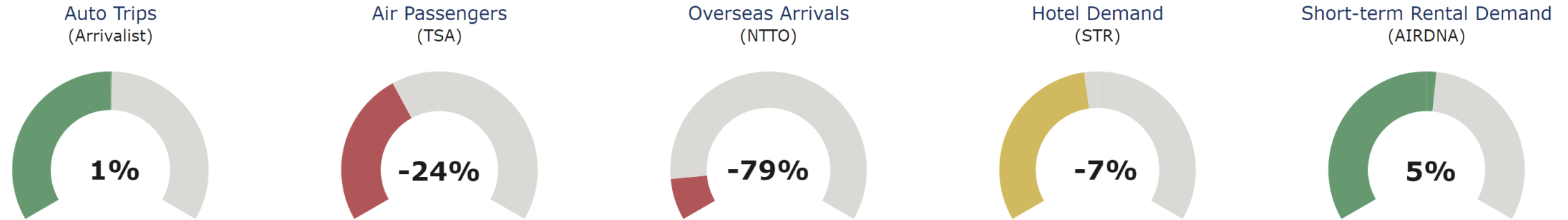


October 2021 prelim estimate

While auto trips and short-term rentals have outperformed

Travel Recovery Indicators

United States, September 2021 % change relative to same month in 2019



	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
Auto Trips (Arrivalist)	-11%	-27%	-23%	-18%	-21%	-16%	-3%	-2%	-8%	2%	-16%	1%
Air Passengers (TSA)	-64%	-62%	-62%	-60%	-57%	-48%	-41%	-33%	-26%	-20%	-23%	-24%
Overseas Arrivals (NTTO)	-93%	-90%	-88%	-87%	-91%	-87%	-87%	-81%	-77%	-78%	-76%	-79%
Hotel Demand (STR)	-32%	-36%	-34%	-29%	-27%	-20%	-15%	-13%	-9%	-4%	-10%	-7%
Short-term Rental Demand (AIRDNA)	-17%	-17%	-26%	-17%	-8%	-7%	0%	8%	8%	3%	-1%	5%

VISITATION TRENDS

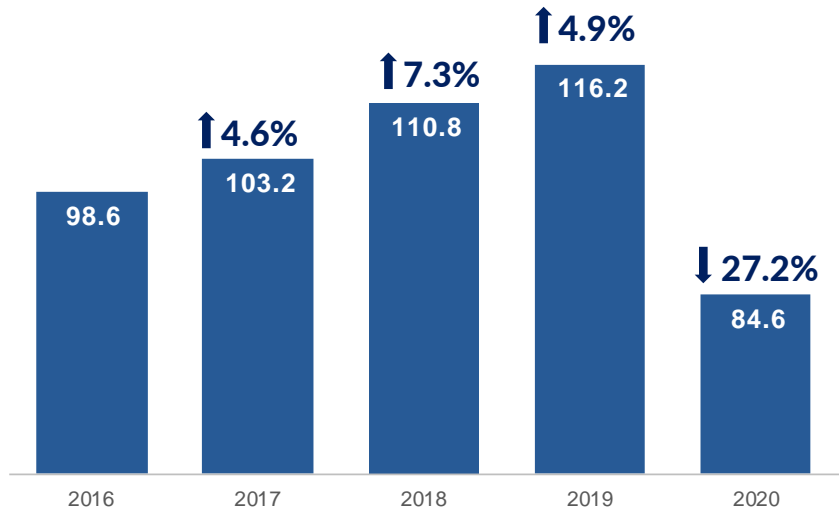
Total visitor count

New Jersey welcomed 84.6 million visitors to the Garden State in 2020.

Visitation fell by 31.6 million person-trips in 2020, a decrease of 27% as a result of the pandemic.

Visitation fell to 2012 levels.

New Jersey visitation levels (millions)



Source: Tourism Economics, D.K. Shifflet

VISITOR SPENDING TRENDS

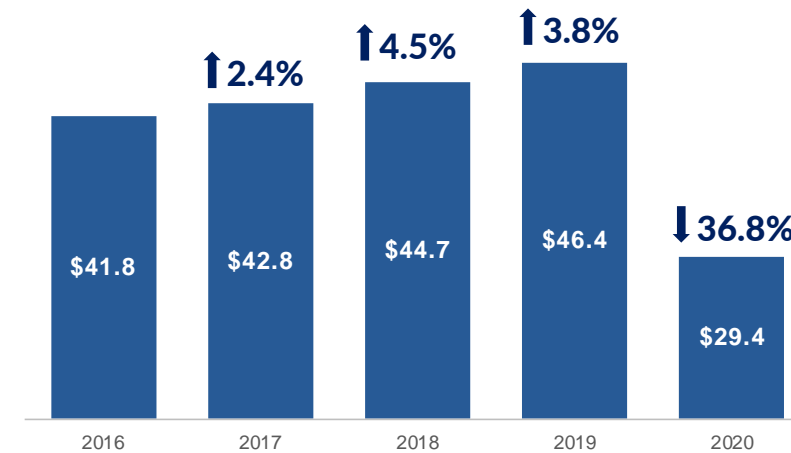
Total visitor spending

Visitor spending in New Jersey fell 36.8% in 2020 to \$29.4 billion.

Visitor spending decreased by \$17 billion in 2020, falling below levels seen during the last recession in 2009.

Pandemic closures and capacity limitations weighed heavily on spending.

New Jersey visitor spending (\$ billions)

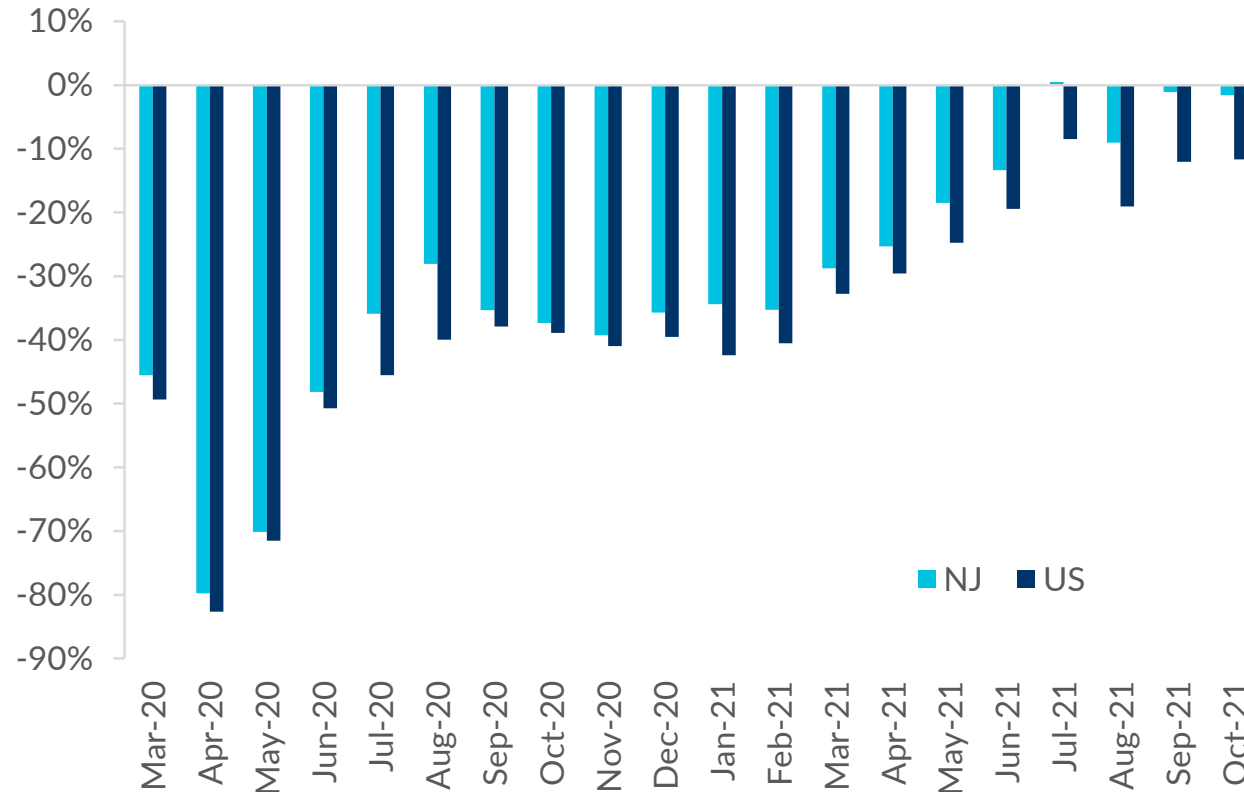


Source: Tourism Economics, D.K. Shifflet

NJ traveler spending approaching breakeven point

Travel spending losses

% change relative to 2019

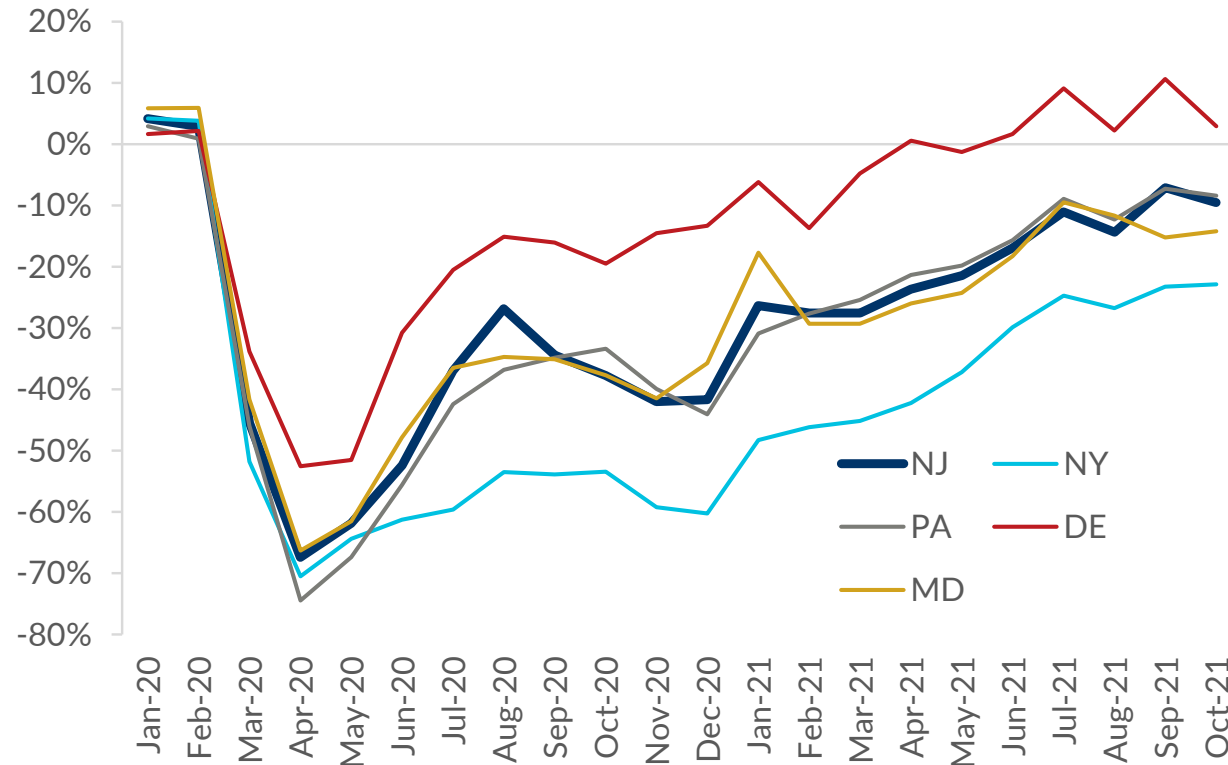


Source: Tourism Economics

...but hotel performance continues to lag

Hotel room demand

% change relative to 2019



Source: STR

THE MAIN OBSERVATION: RESILIENCE DESPITE WORRIES



Storyline

Storm clouds and resilience

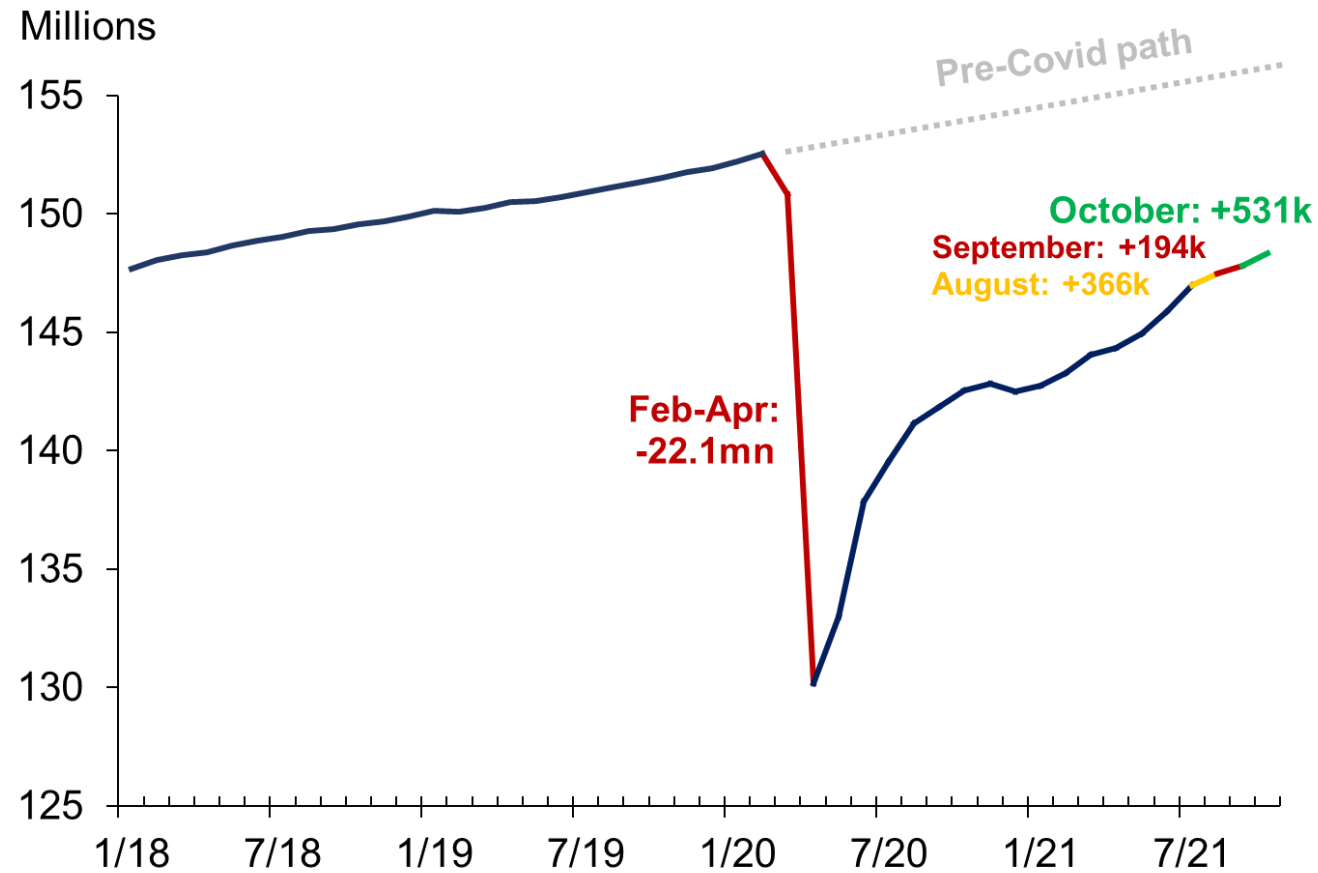
The economy is a driving force

What could possibly go wrong?

Travel forecast milestones

Employment revs up in October

US: Nonfarm payroll employment



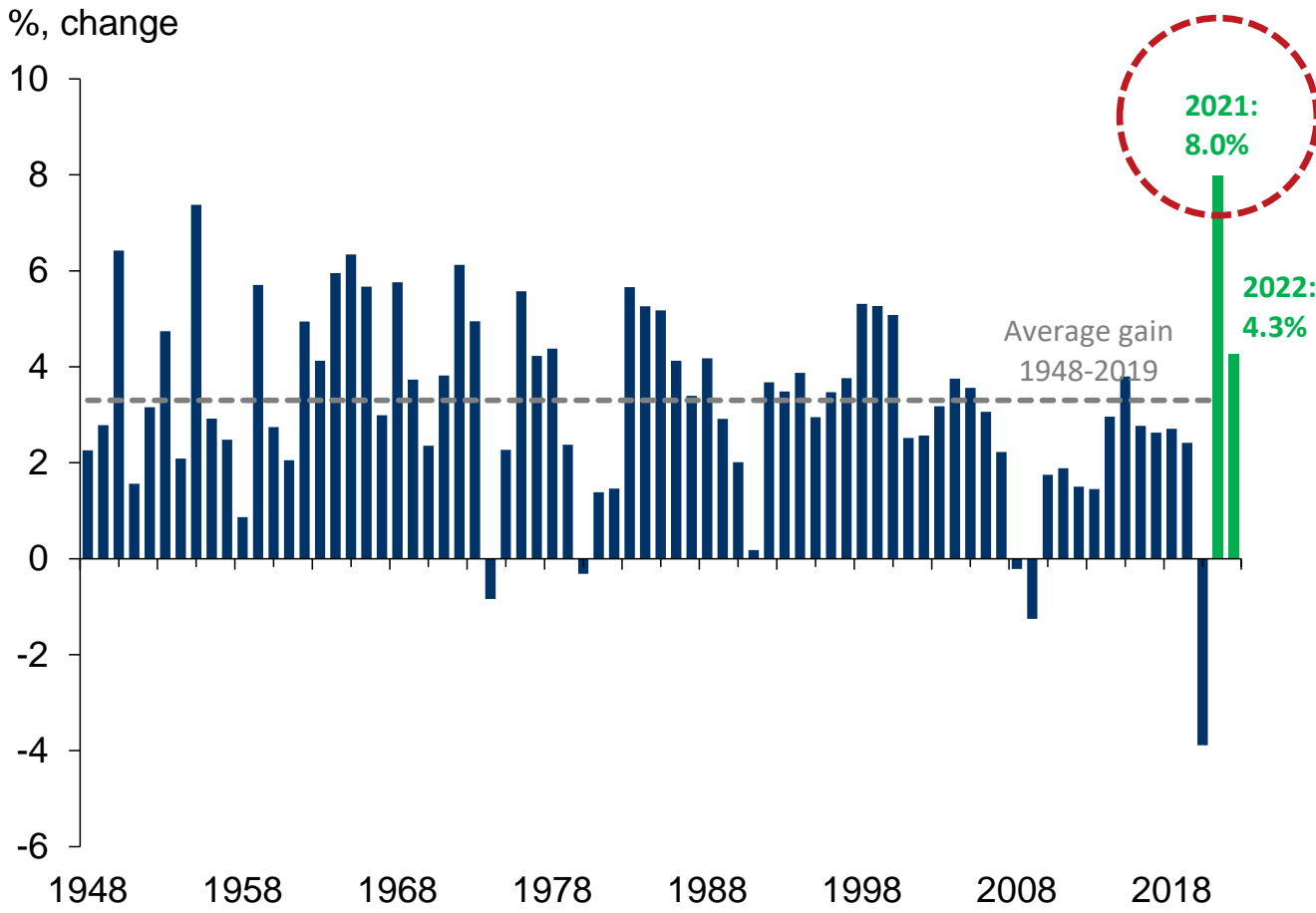
Down 4.2 million jobs as of October

4.6% unemployment rate

Source: Oxford Economics/BLS/Haver Analytics

Surge in consumer spending underway

Strongest consumer spending growth since WWII

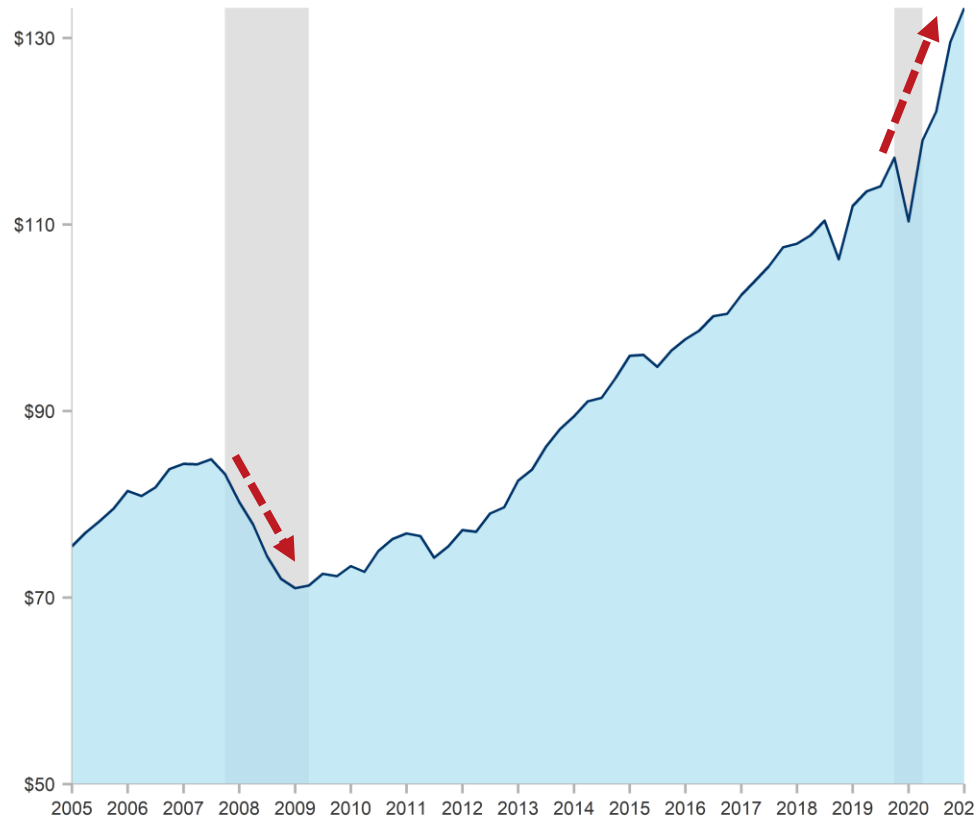


Source : Oxford Economics/Haver Analytics

Consumer wealth is at record levels and debt service is low

Household net worth

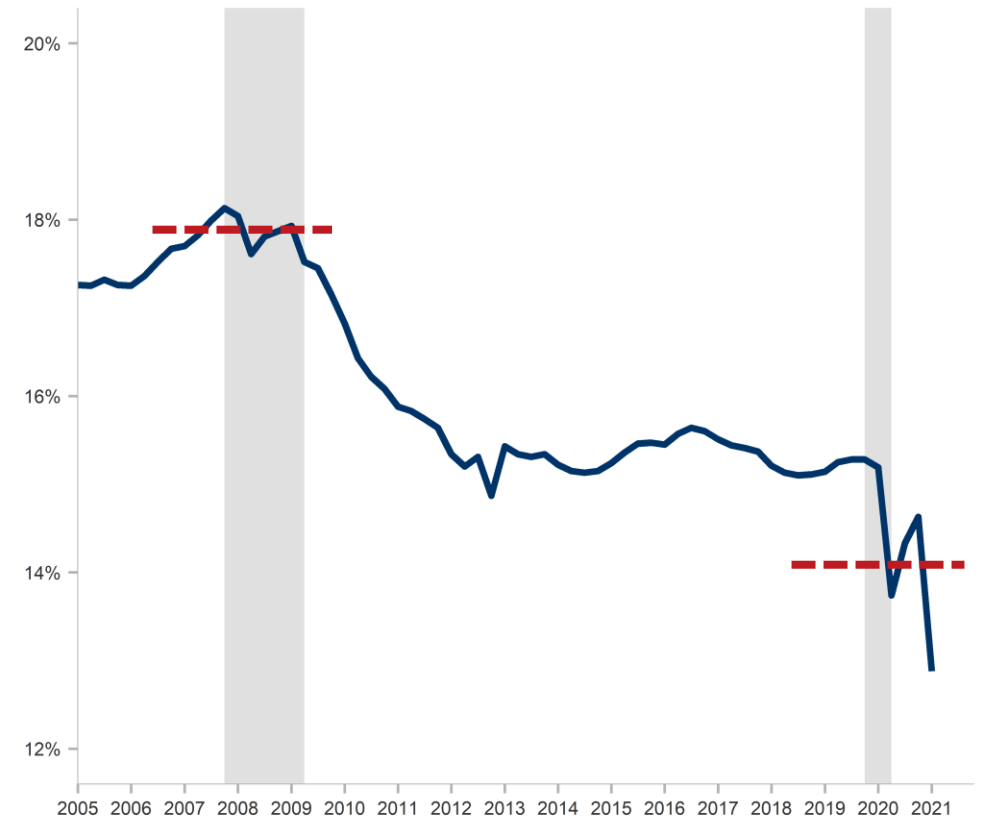
In trillions, real



Note: 2019 dollars. Quarterly data through 2021Q1. Net worth of households and nonprofit organizations. Measures minus liabilities. Source: Federal Reserve, NBER

Household debt service

Financial obligations as ratio to disposable income

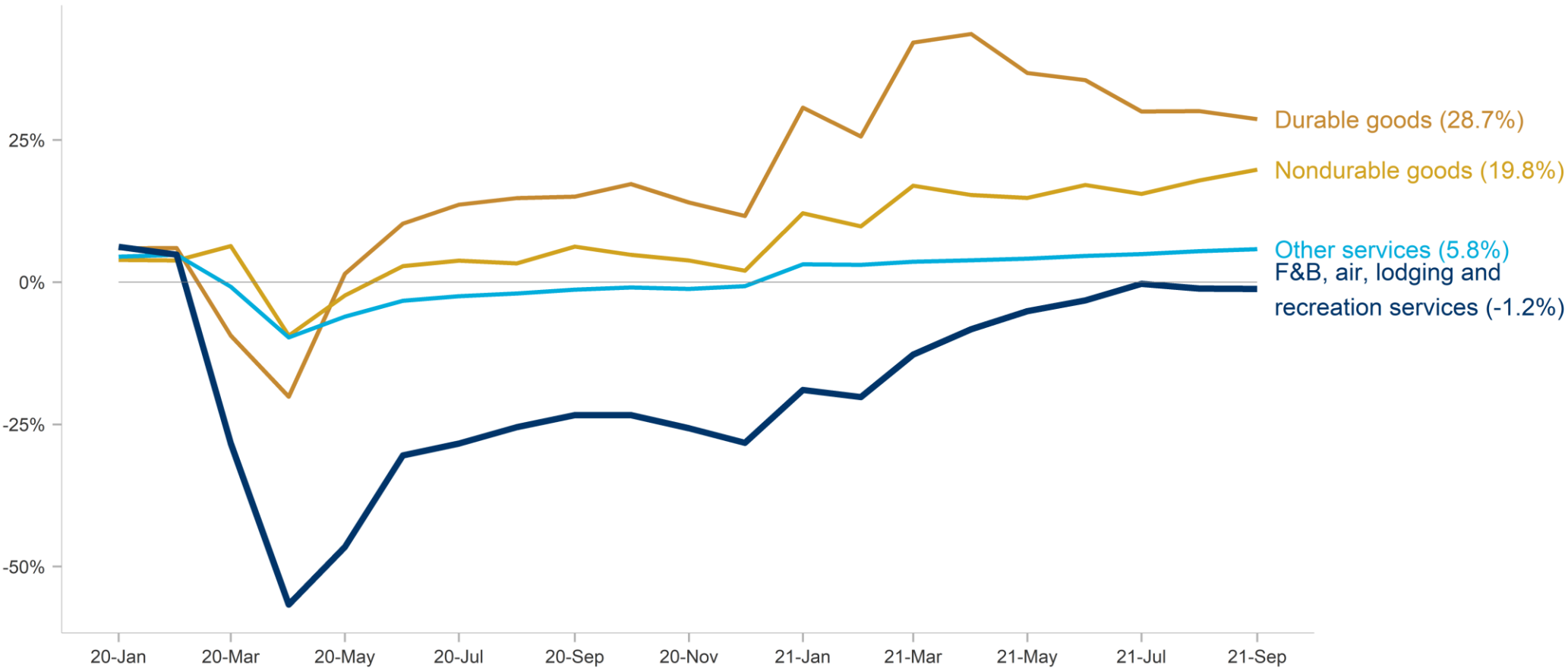


Note: Quarterly data through 2021Q1. Financial obligations ratio is the ratio of household debt payments, and payments such as rent and auto leases, to disposable income. Source: Federal Reserve, NBER

Spending is shifting towards services

Consumer spending

Change relative to same month in 2019

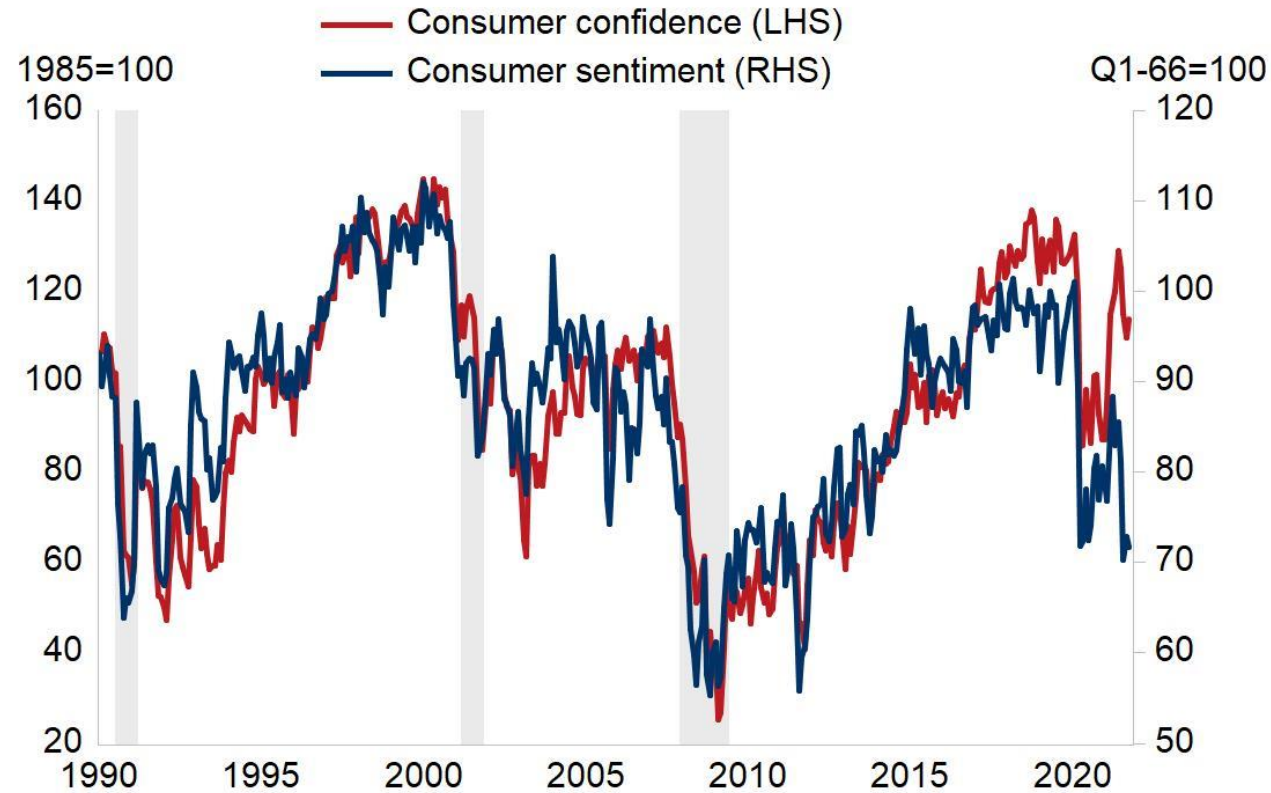


Note: Nominal. Monthly data through September 2021

Source: Bureau of Economic Analysis

Confidence strong while sentiment sags

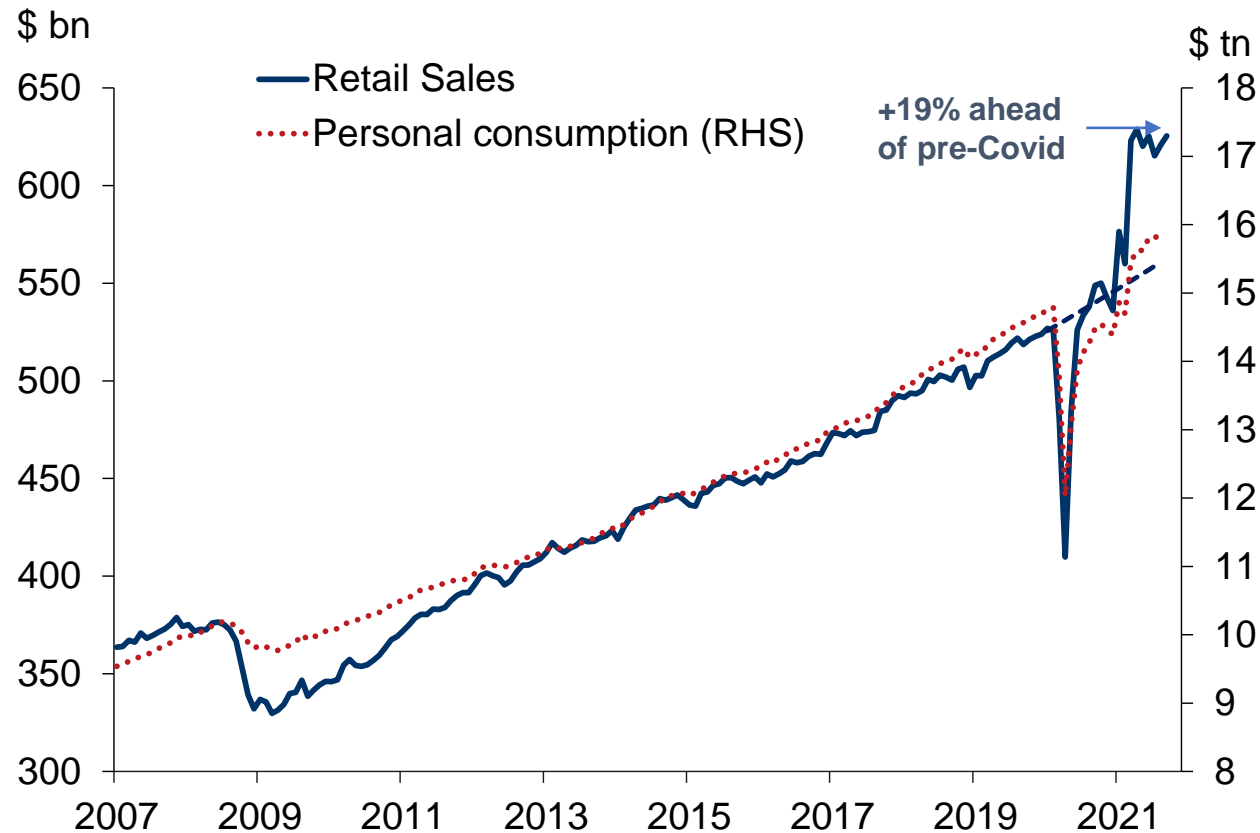
US: Consumer attitudes



Source: Oxford Economics/Haver Analytics

Evidence that confidence is winning

US: Retail sales and consumer spending

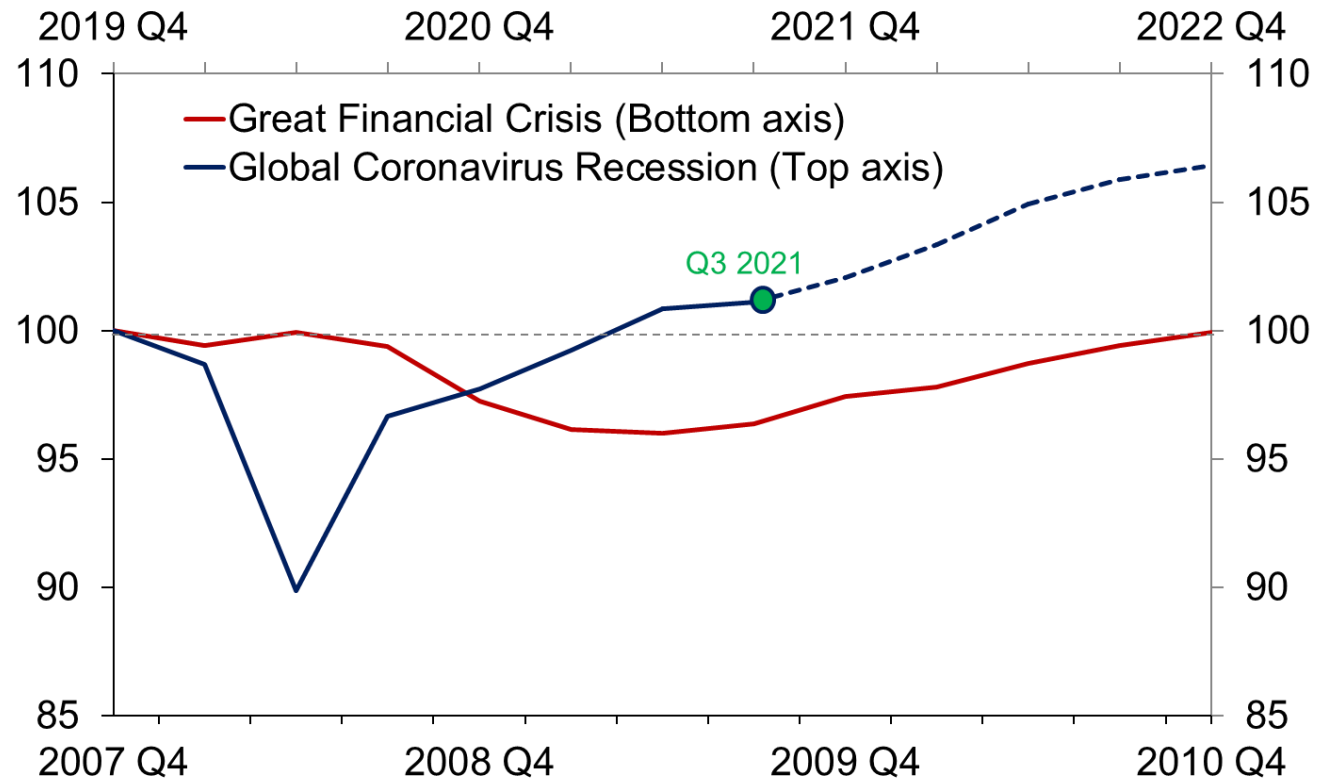


Source : Oxford Economics/Haver Analytics/Census Bureau

A historically brisk economic recovery

US: A perspective on the Covid recession

Real GDP, Pre-recession peak=100



Source: Oxford Economics, BEA

*Dotted line represents forecast

GDP growth forecast (Sep 2021):

2020: -3.4%

2021: 5.5%

2022: 4.5%

**MAIN POINT:
UNDERPINNINGS OF ECONOMY REMAIN STRONG**



Storyline

Storm clouds and resilience

The economy is a driving force

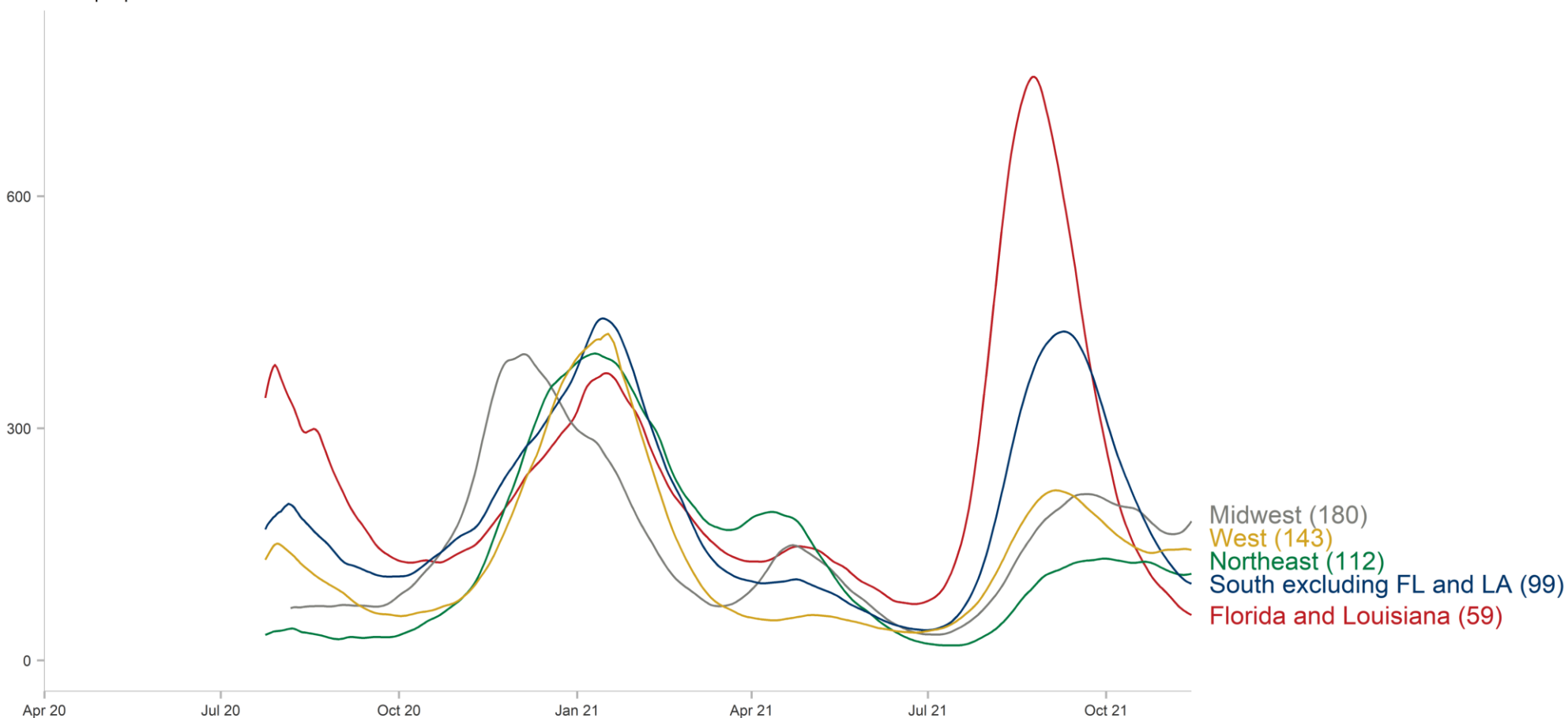
What could possibly go wrong?

Travel forecast milestones

Risk #1: Covid-19 resurgence

Hospitalizations: US regions

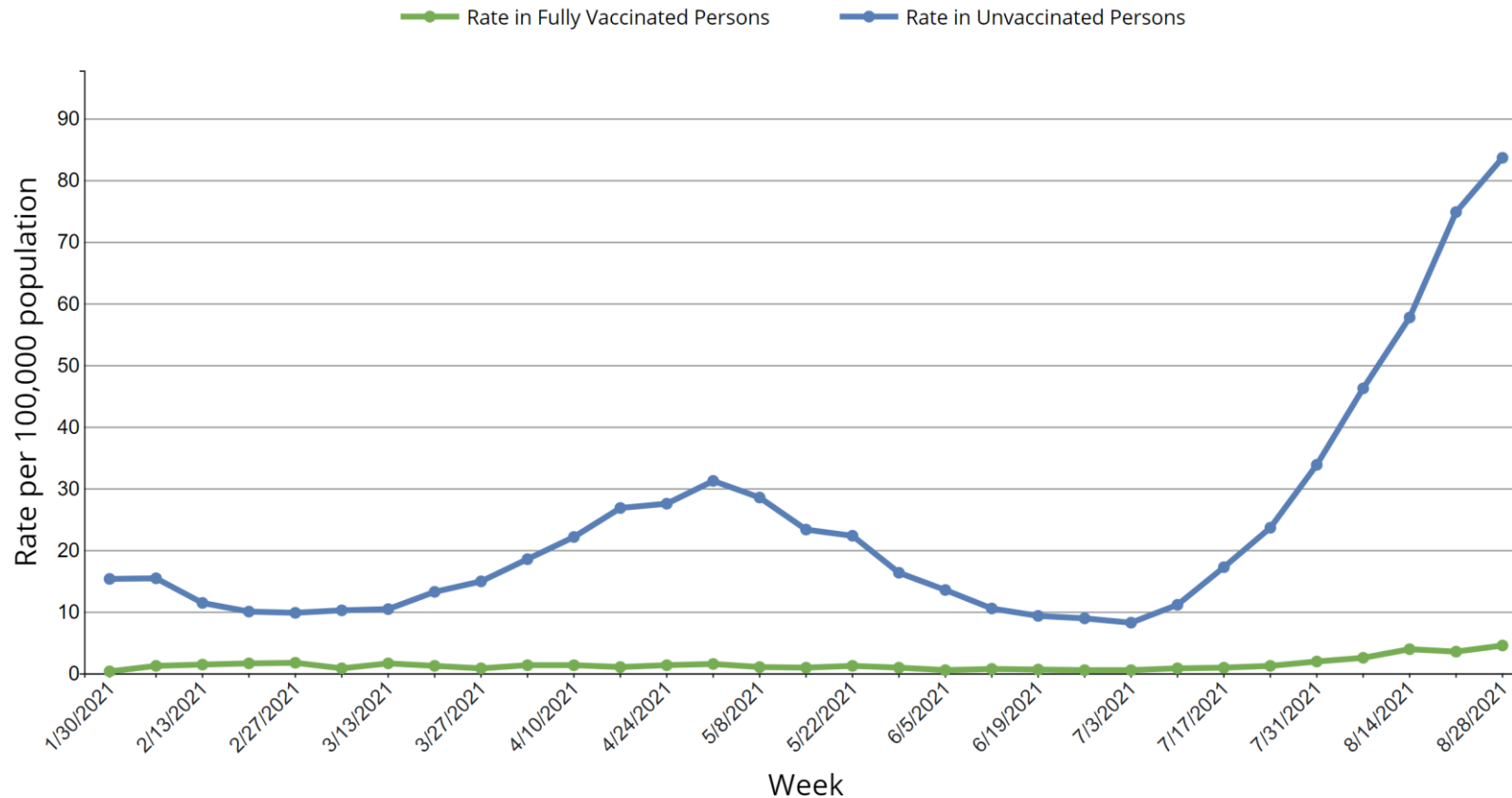
Per million people



Note: Hospitalization data through November 14. Data shows patients with Covid-19 reported by hospitals for the four days prior, graphed as a seven-day average. Source: U.S. Department of Health & Human Services

PSA: the vaccines work

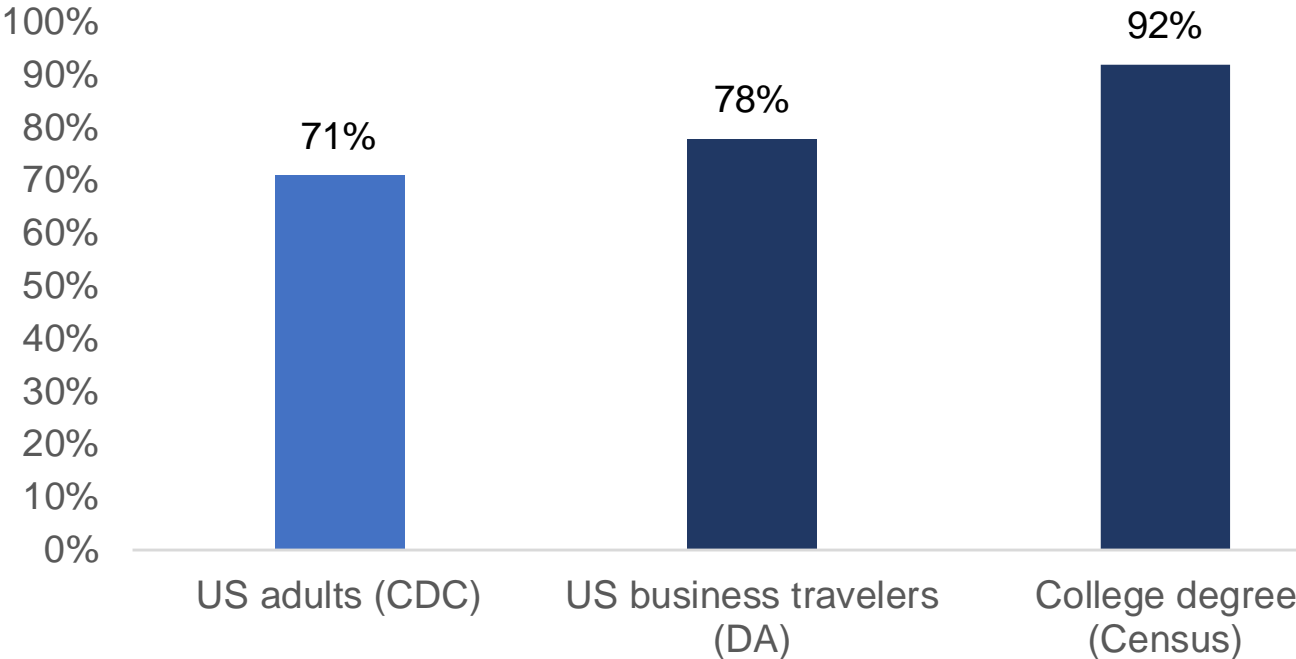
Age-Adjusted Rates of COVID-19-Associated Hospitalizations by Vaccine Status in Adults Aged ≥ 18 Years, January–August 2021



Evidence continues to build that increasing vaccination rates is a difference maker.

Vaccination rates and treatments offer hope

U.S. resident vaccination rates



Source: CDC, Destination Analysts (DA), U.S. Census

The Conversation

Pfizer's pill is the latest COVID treatment to show promise. Here are some more

Pfizer says its antiviral COVID treatment Paxlovid cuts the chance of ... to be treated at home, with a combination of a capsule and a pill.

2 days ago



The Mercury News

Here's why new COVID-19 anti-viral pills could be our 'penicillin moment'

Two new oral medicines made by Pfizer and Merck — convenient to take at home, for only five days — offer a remarkable 50% to 89% reduction...

1 hour ago



Financial Times

The Covid drugs are finally here

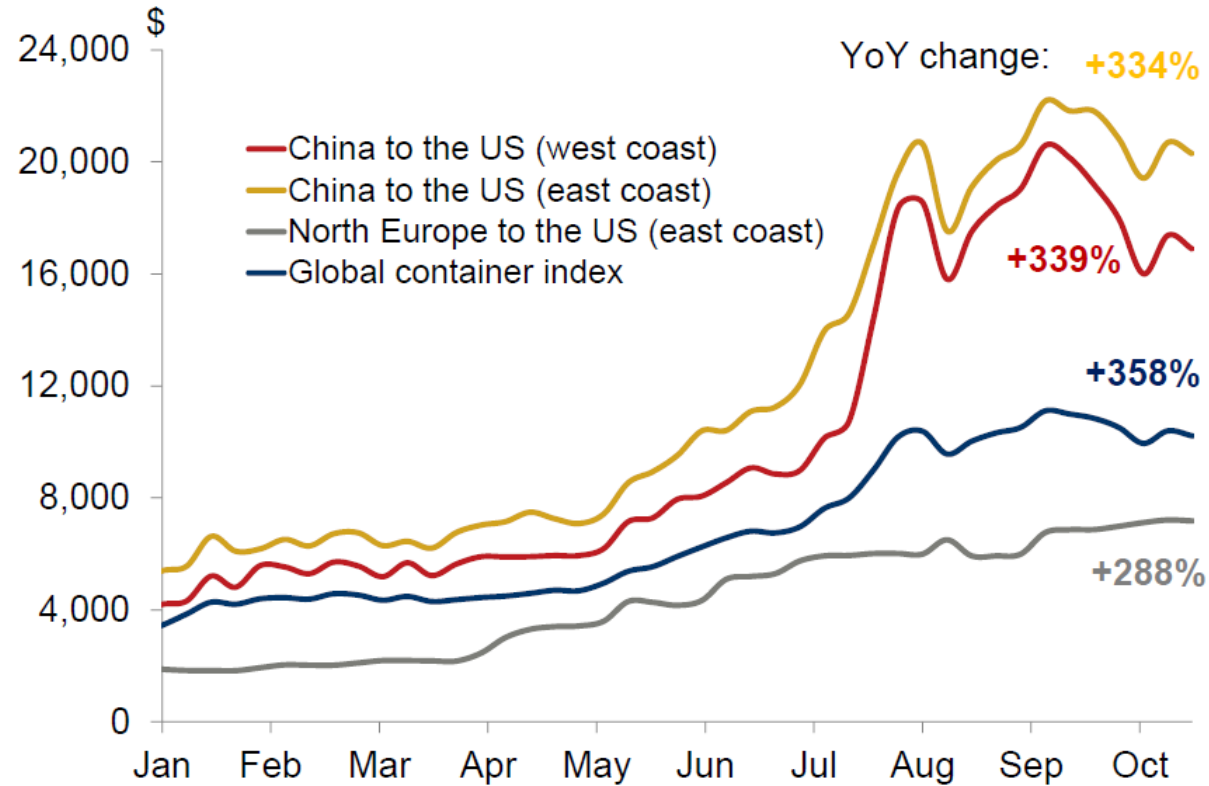
In early March 2020, Pfizer's chief scientific officer was summoned to the White House to discuss the disease that was sweeping across the...

1 day ago



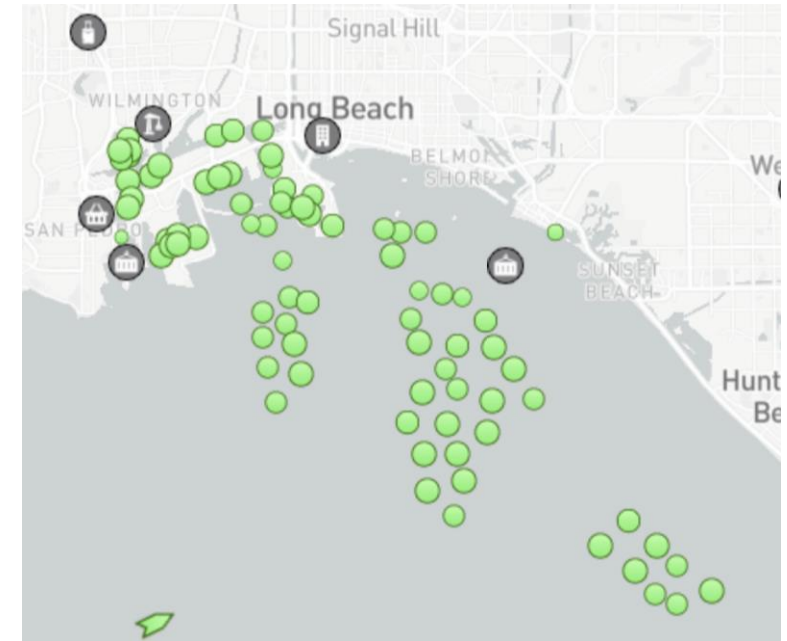
Risk #2: Supply chain bottlenecks

US: The cost of shipping a container from...



Source: Oxford Economics/Freightos Baltic Index

Shipping Containers Waiting at Long Beach, CA

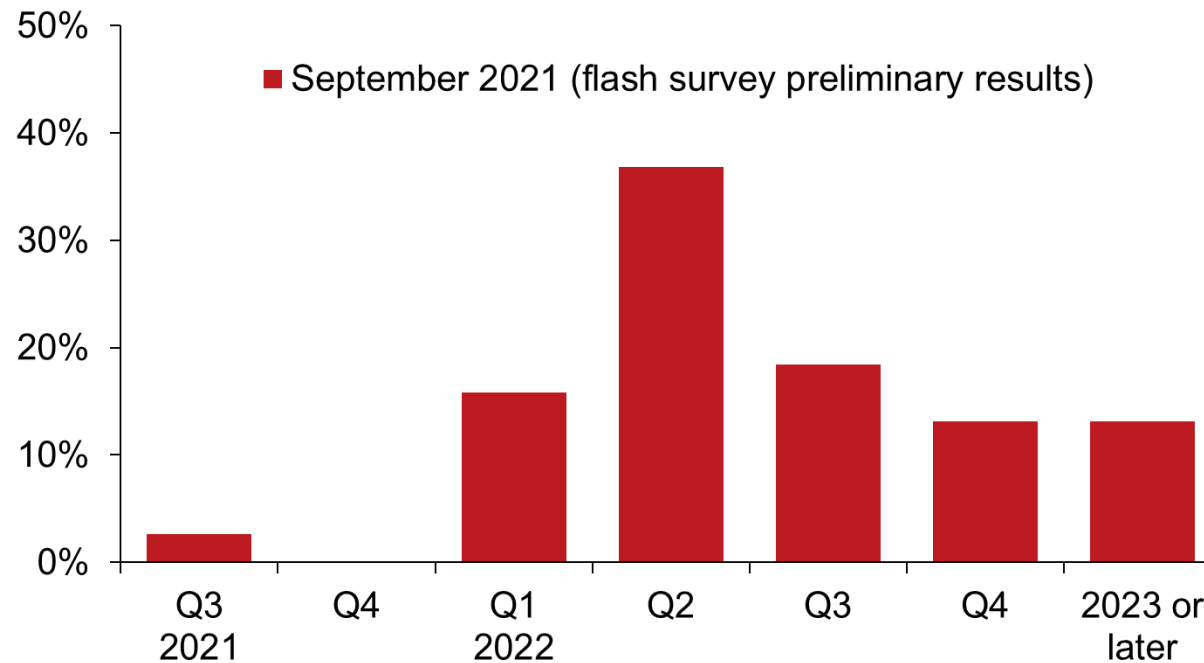


Marine Traffic 11/14/21

Businesses expect disruption to last well into 2022

When do you expect supply-chain disruption to end for your business?

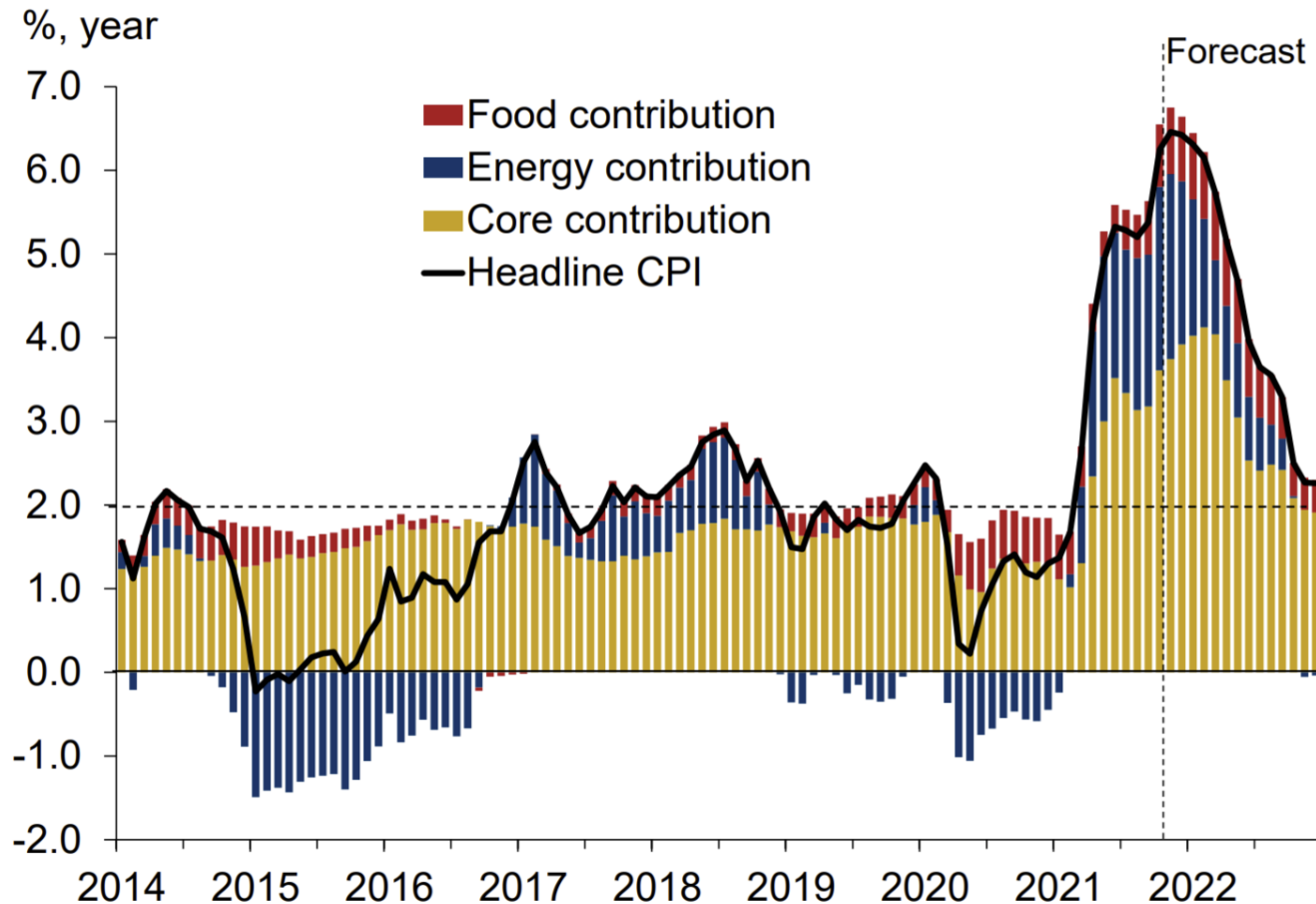
% of respondents affected by disruption



Source : Oxford Economics Global Risk Survey

Risk #3: persistent inflation

US: CPI inflation



Source: Oxford Economics

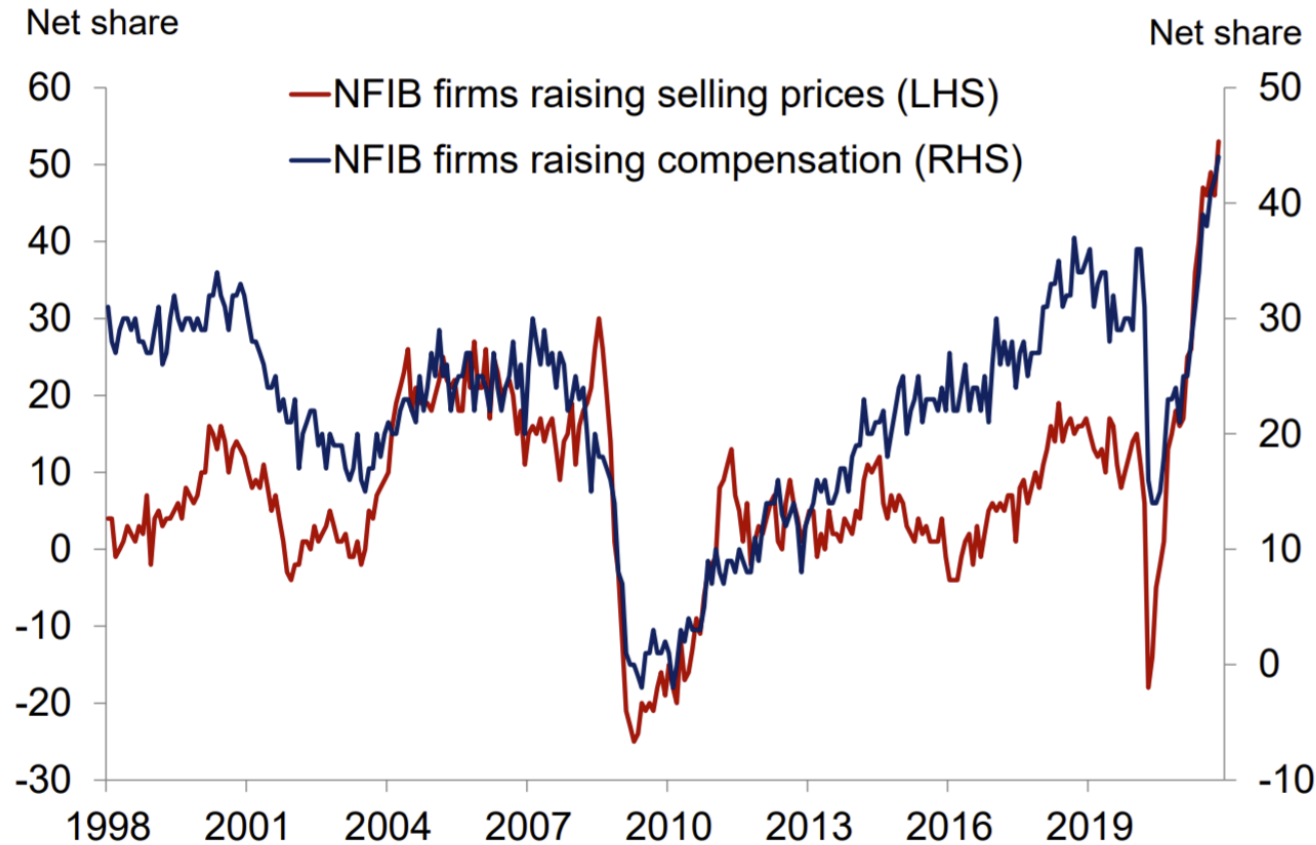
In the debate between transitory and runaway inflation, the truth lies somewhere in the middle:

Inflation likely to be “sticky but not oppressive”

Supply-driven inflation will remain high before moderating gradually in 2022.

The key question: Is there a risk of a wage-inflation spiral?

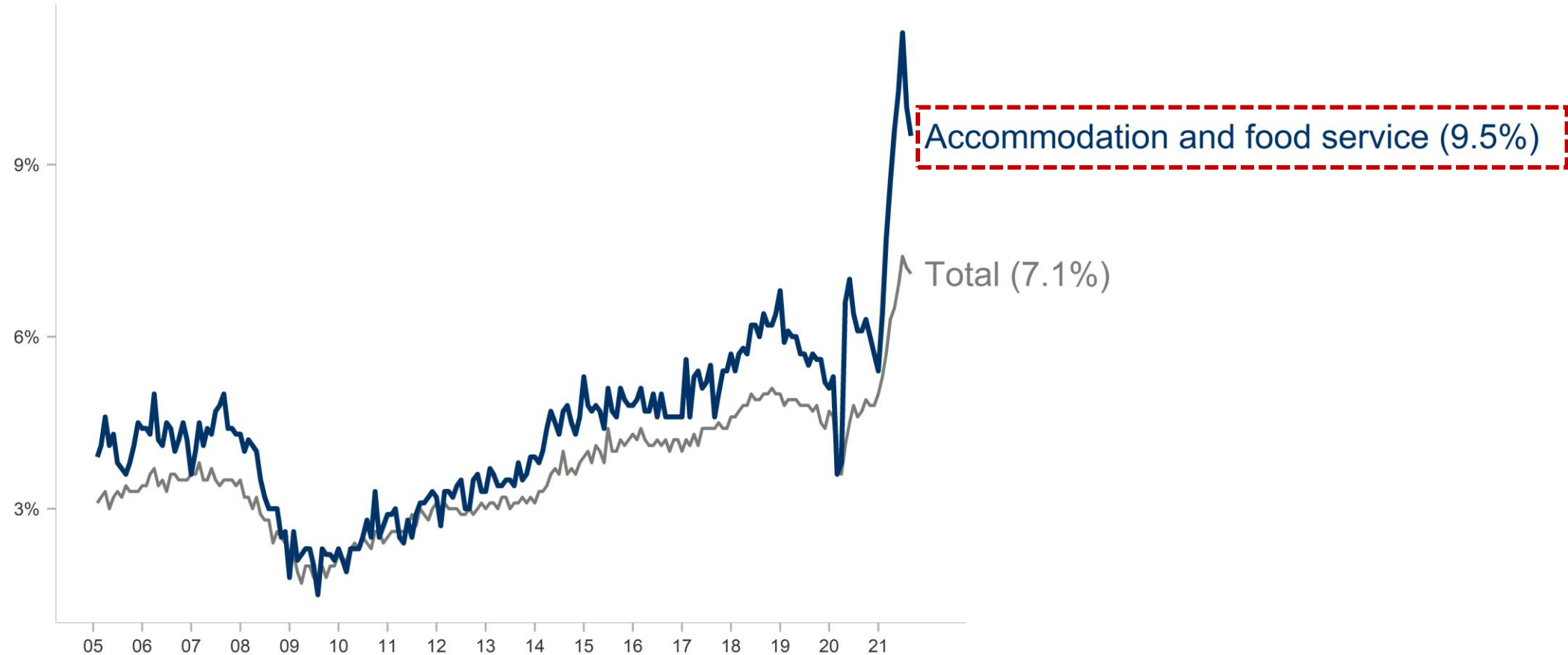
US: High inflationary pressures



Risk 4: Labor shortages

Job openings

Openings rate, US

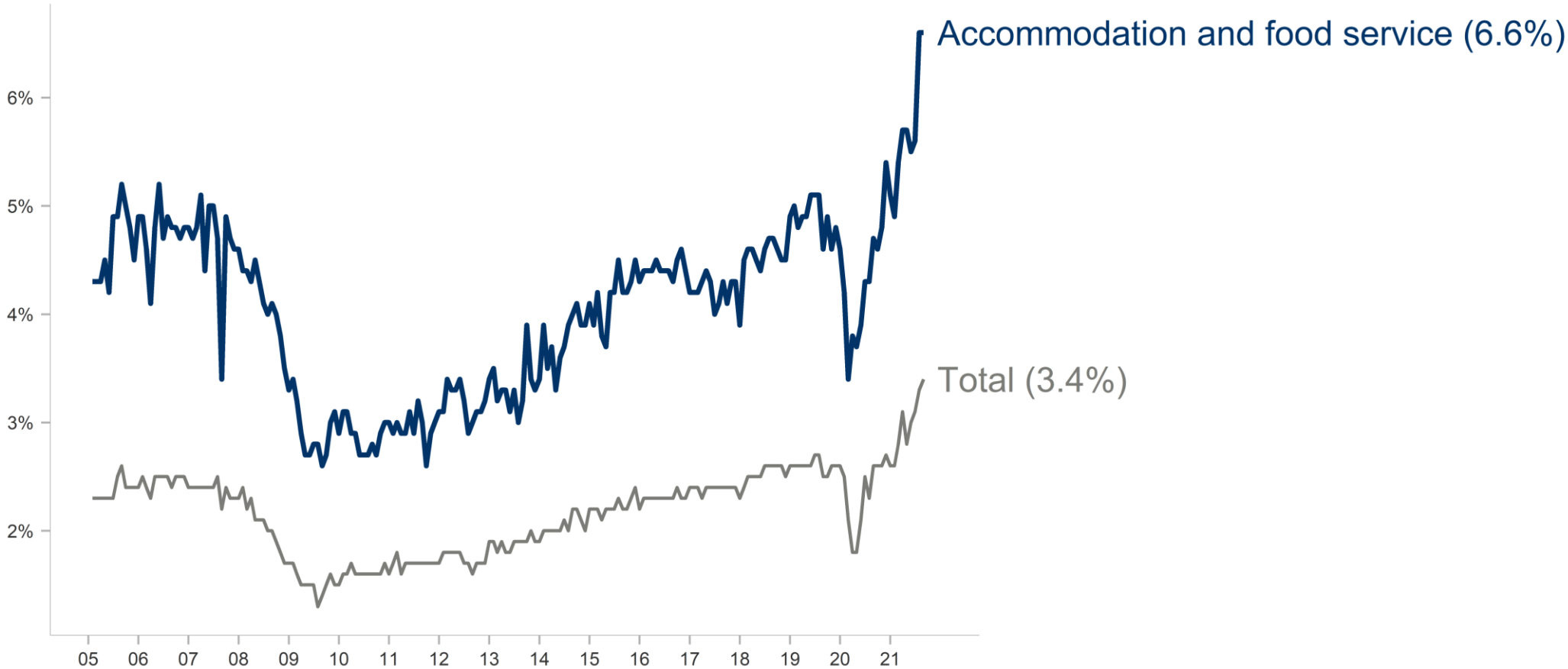


Note: The job openings rate is the job openings level as a percent of total employment plus job openings level. Data through September 2021. Seasonally adjusted. Source: Bureau of Labor Statistics

People quitting jobs, especially in hospitality

Quits

Quits rate, US

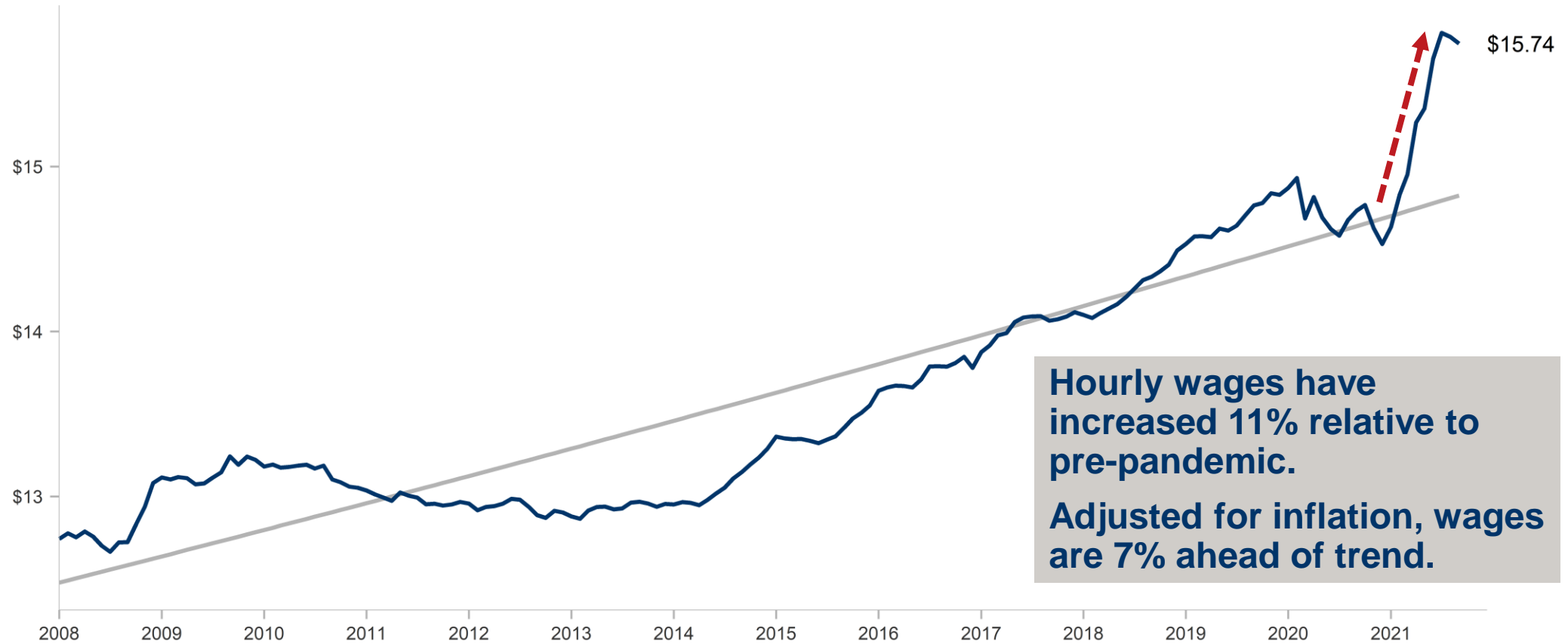


Note: The quits rate is the number of quits during the entire month as a percent of total employment. Data through September 2021. Seasonally adjusted. Source: Bureau of Labor Statistics

Wage rates are rising

Hourly earnings: Leisure and hospitality

Nonsupervisory positions, in 2020 dollars, US

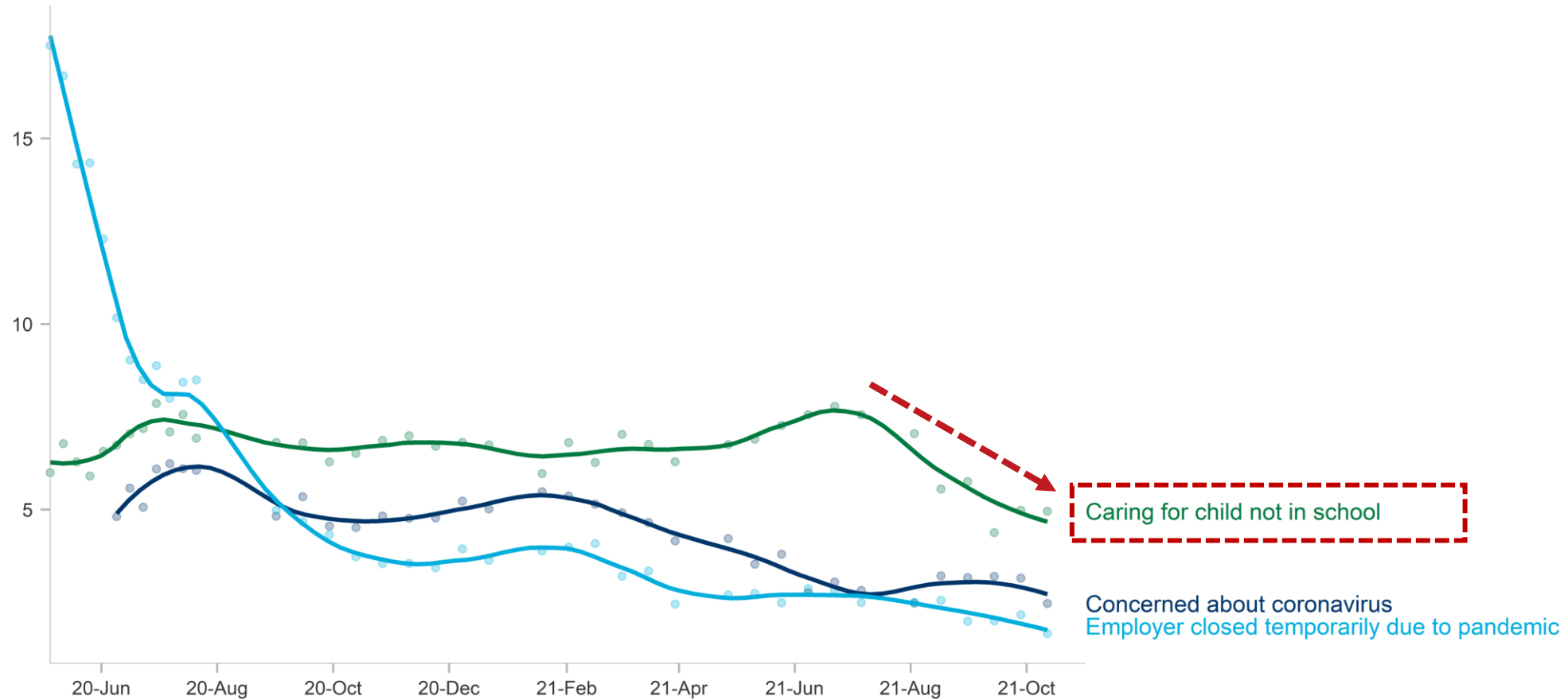


Note: Data shown through September 2021. Seasonally adjusted.
Trend wage growth 2008 to 2021: 2.7% nominal (1.5% inflation + 1.3% real growth)
Source: Bureau of Labor Statistics

Reasons for not working are easing

Main reason for not working: US

Millions of persons



Note: Based on respondents not working at time of survey. Data based on weekly surveys, history through October 12, 2021.
Source: Census Bureau



**THE MAIN POINT: COVID, SUPPLY CHAIN
ISSUES, INFLATION, LABOR FORCE
CONSTRAINTS...**

**ALL REPRESENT HEADWINDS AND RISKS
YET ALSO ARE LIKELY TO IMPROVE IN 2022**

Storyline

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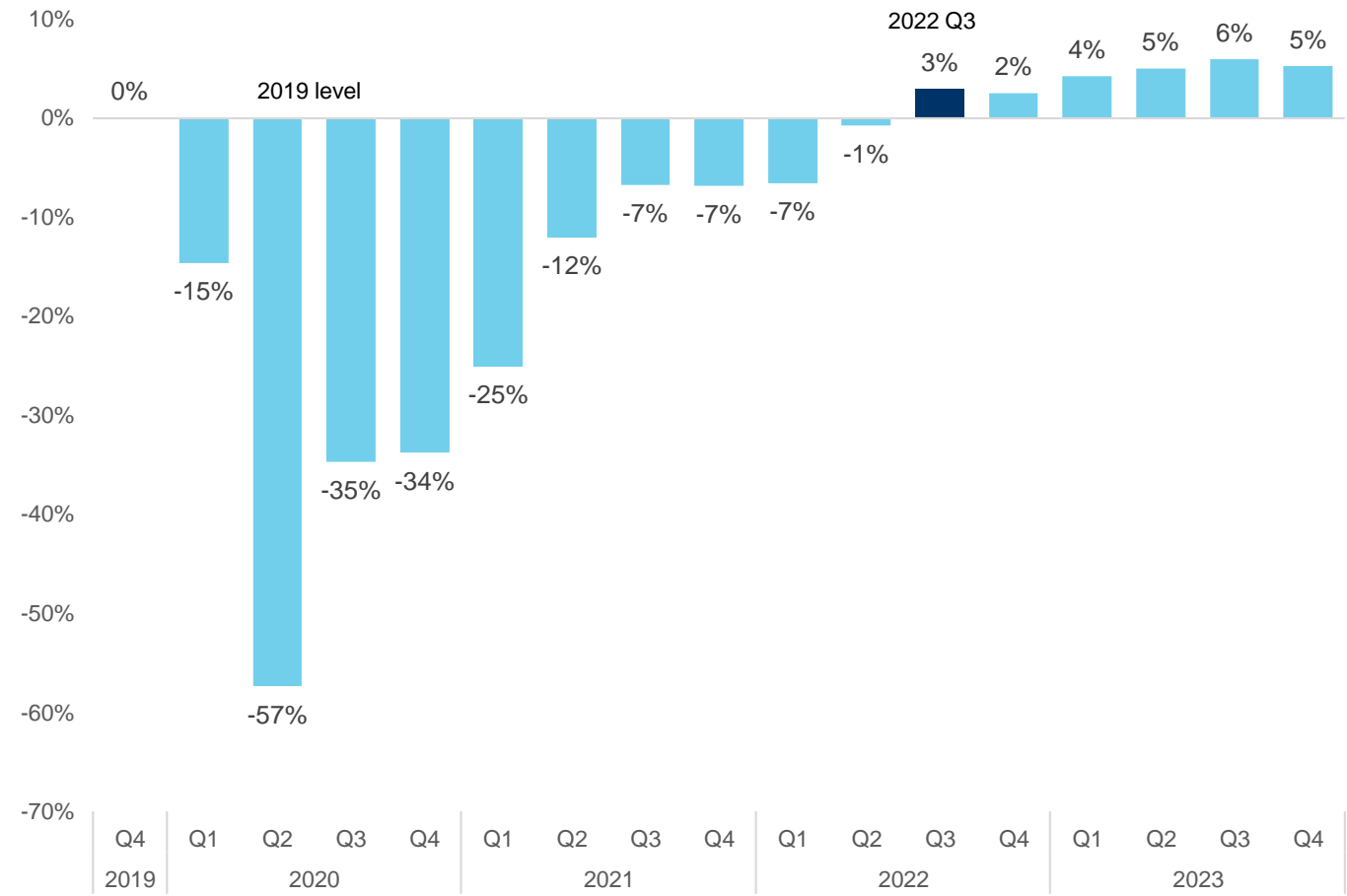
What could possibly go wrong?

Travel forecast milestones

Room demand breaks through 2019 peak in 2022 Q3

Room demand

Quarterly, relative to 2019

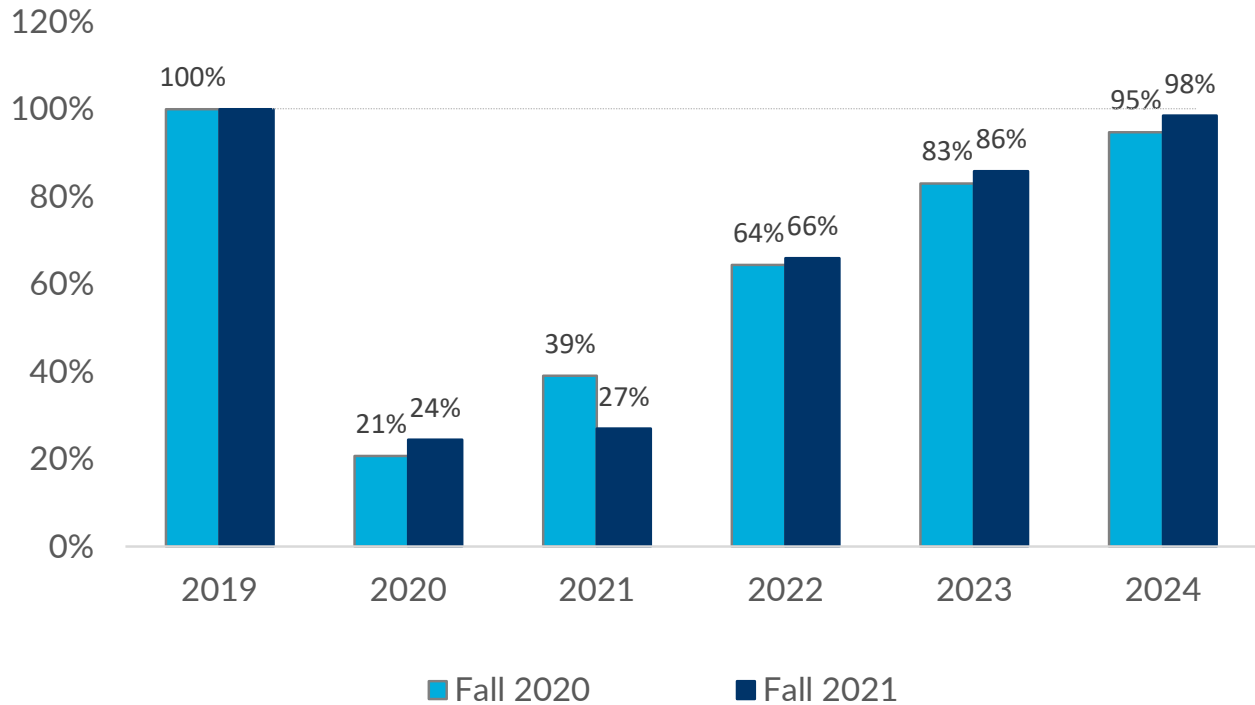


Source: STR; Tourism Economics

Border closures delaying expected rebound until next year

International inbound forecast

% of 2019

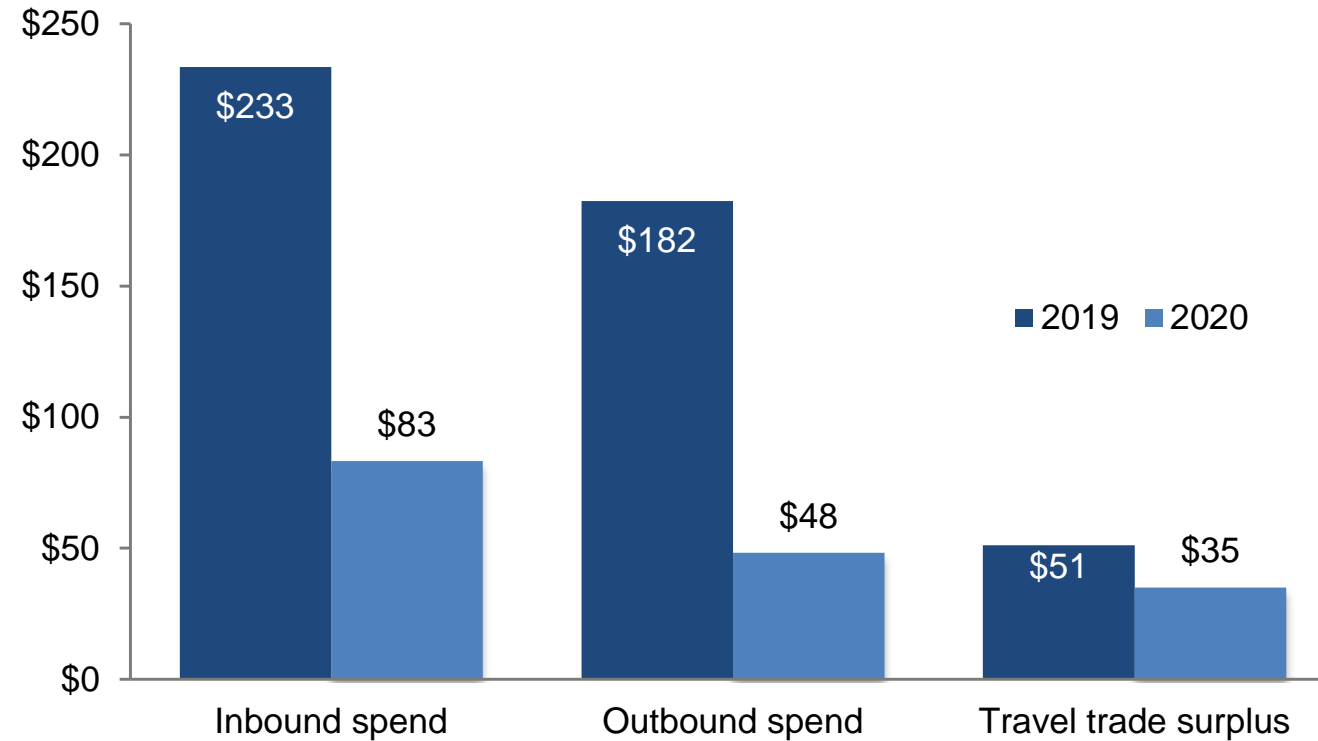


Source: Tourism Economics

Retained outbound travel offsetting the slow return of international

US Balance of Travel

Billion \$



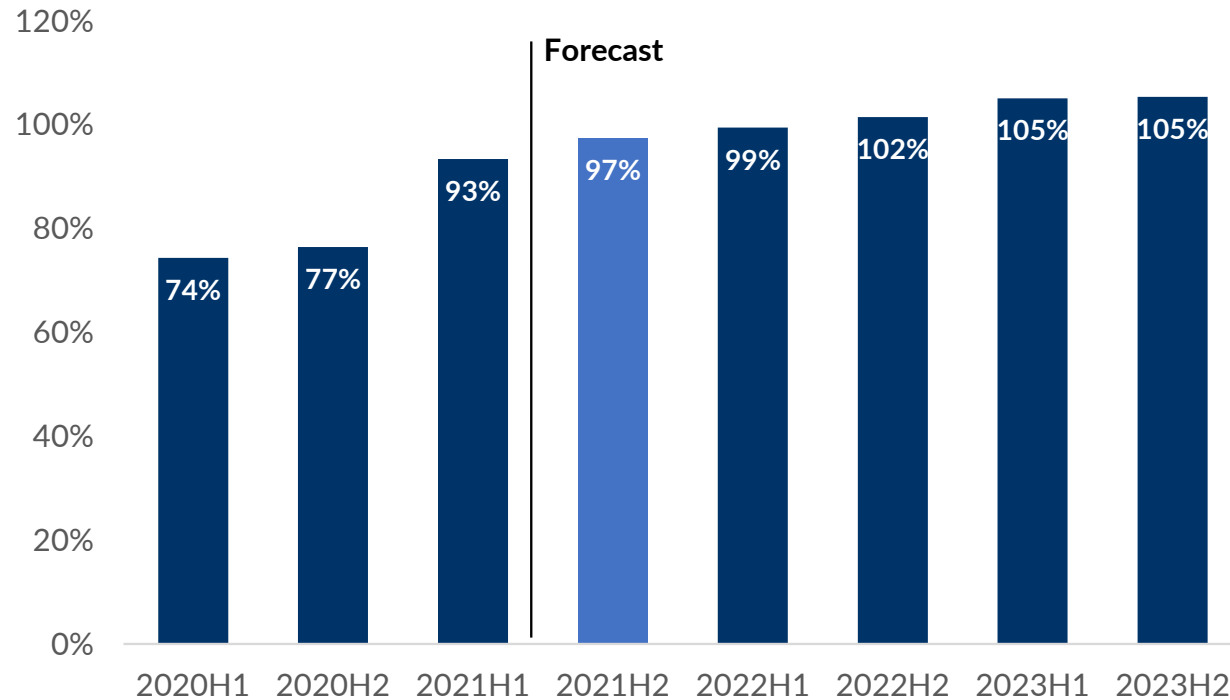
Source: NTTO, BEA

- Despite the large decline in inbound travel spending, the travel trade surplus fell just \$16 bn in 2020 (and should be similar in 2021)
- Another way to think about this... the fall in inbound spending (\$150 bn) was largely offset by the fall in outbound spending (\$134 bn) as US residents traveled domestically.

Domestic leisure in “touching distance” of recovery

Domestic leisure person trips

% of time period in 2019

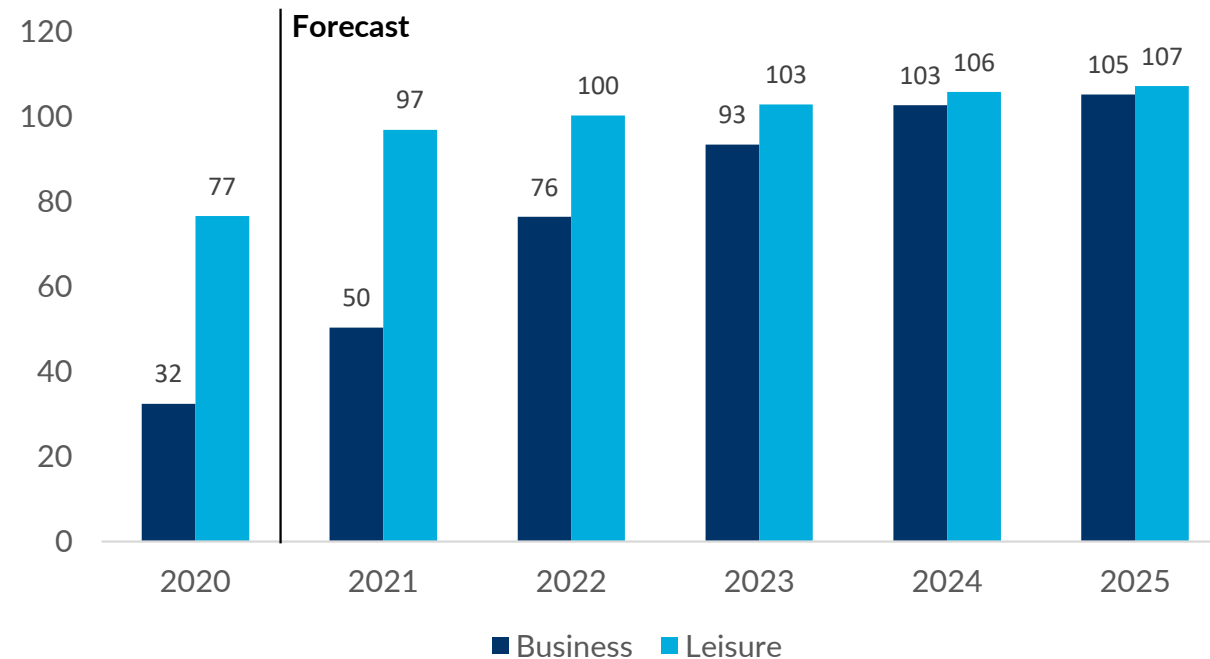


Source: Tourism Economics, U.S. Travel Association

On a spending basis, business travel at $\frac{3}{4}$ peak next year

Travel expenditures – return to peak

Index (2019=100)



Note: Only domestic travel expenditures

Source: Tourism Economics, U.S. Travel Association

Predictions don't always age well

**“We don’t like their sound,
and guitar music is on the
way out.”**

On the Beatles

Decca Recording Company, 1962

**“He’s a very good
offensive player.... But he
won’t turn this franchise
around.”**

On Michael Jordan

Rod Thorn, the Chicago Bulls
general manager

**“There’s no chance that
<this> is going to get any
significant market share.”**

On the iPhone

Steve Balmer, 2007

Speaking of which...

“More than 50% will disappear in post-coronavirus world.”



HEALTH AND SCIENCE

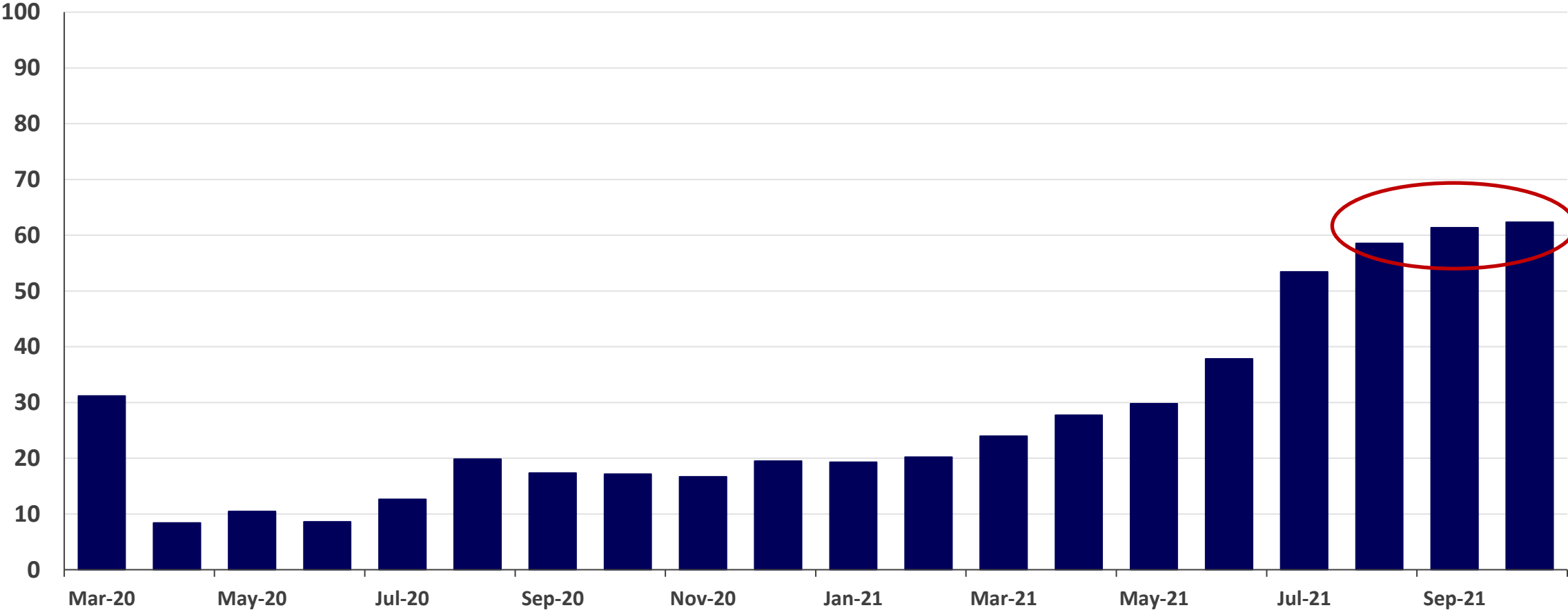
Bill Gates says more than 50% of business travel will disappear in post-coronavirus world

PUBLISHED TUE, NOV 17 2020•3:52 PM EST | UPDATED WED, NOV 18 2020•7:28 AM EST

Groups already at 60% of 2019 demand levels



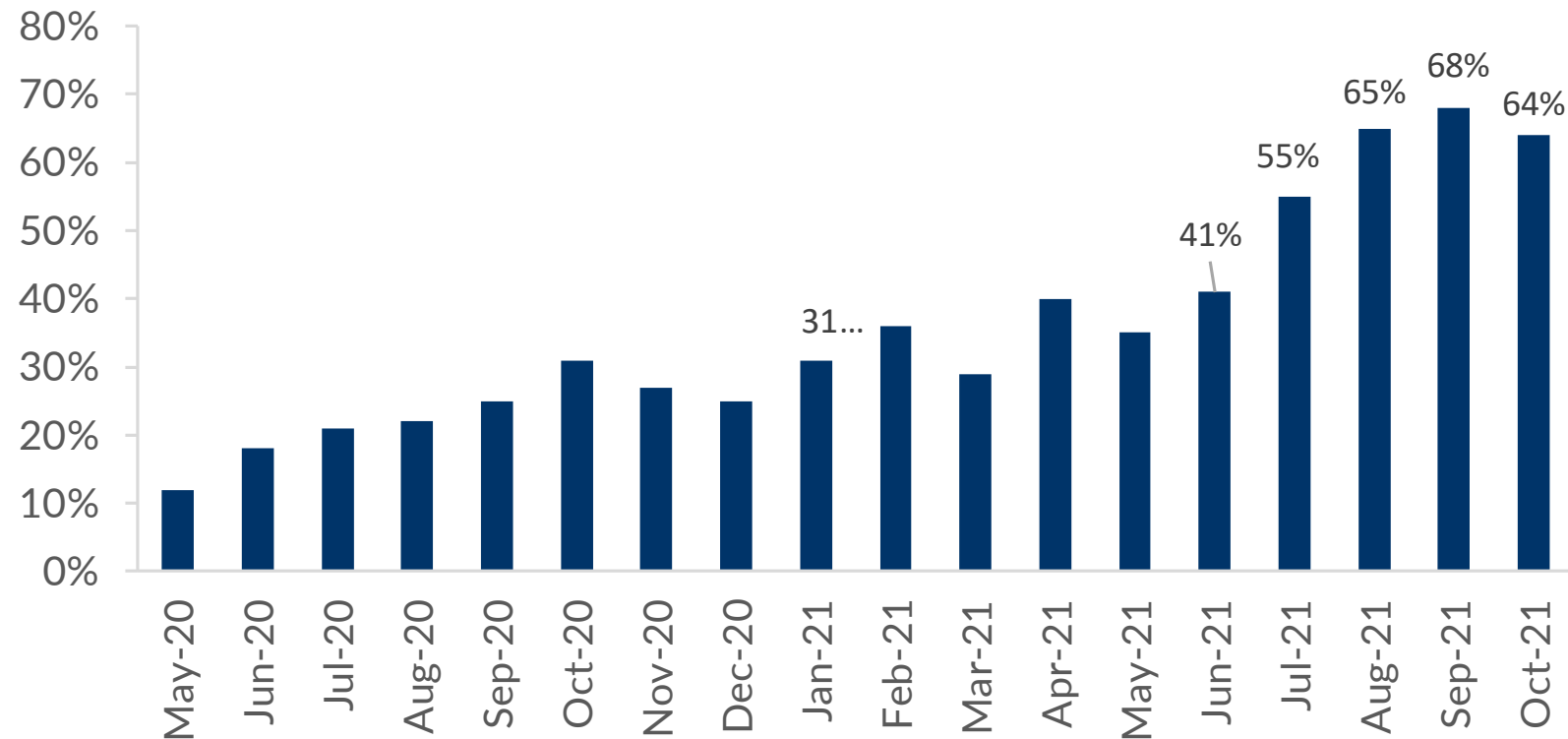
U.S. group demand, indexed to 2019 (luxury & upper upscale classes only)



October 2021 prelim estimate

64% of businesses are traveling now

Currently conducting domestic business travel
% of US companies

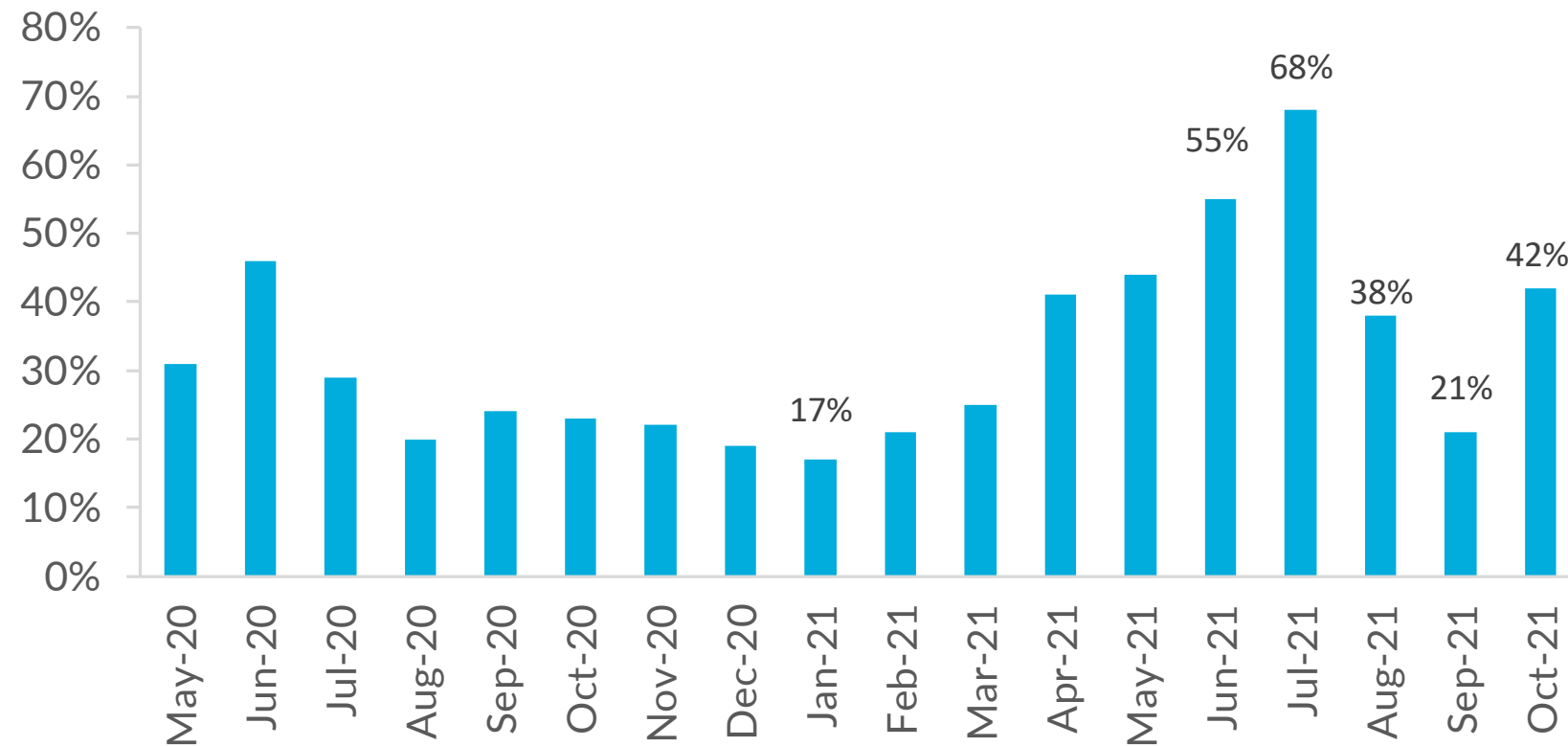


Source: GBTA

...intentions to resume travel are building

Business travel planned to resume within 3 months

% of US companies not currently traveling

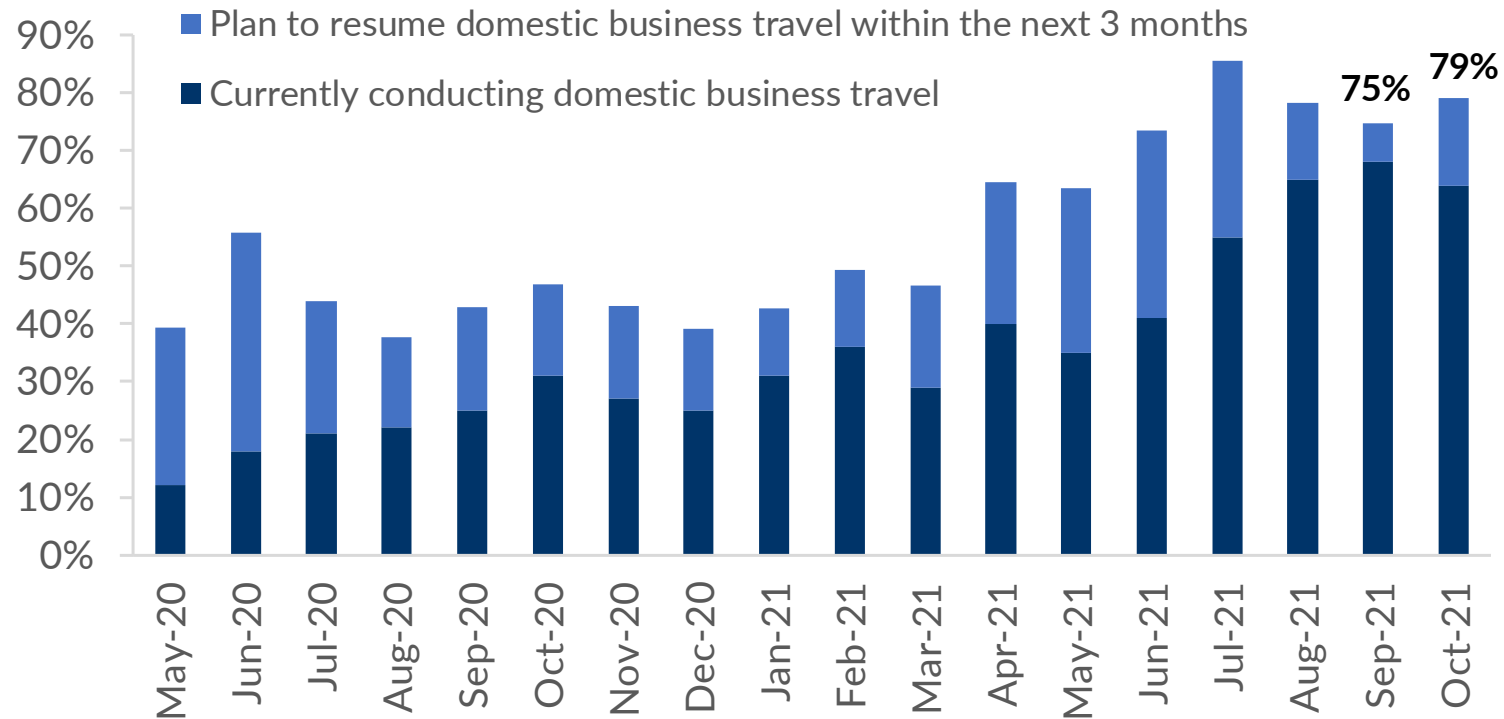


Source: GBTA

8-in-10 US companies planning to be in the game soon

Domestic business travel outlook

% of US companies



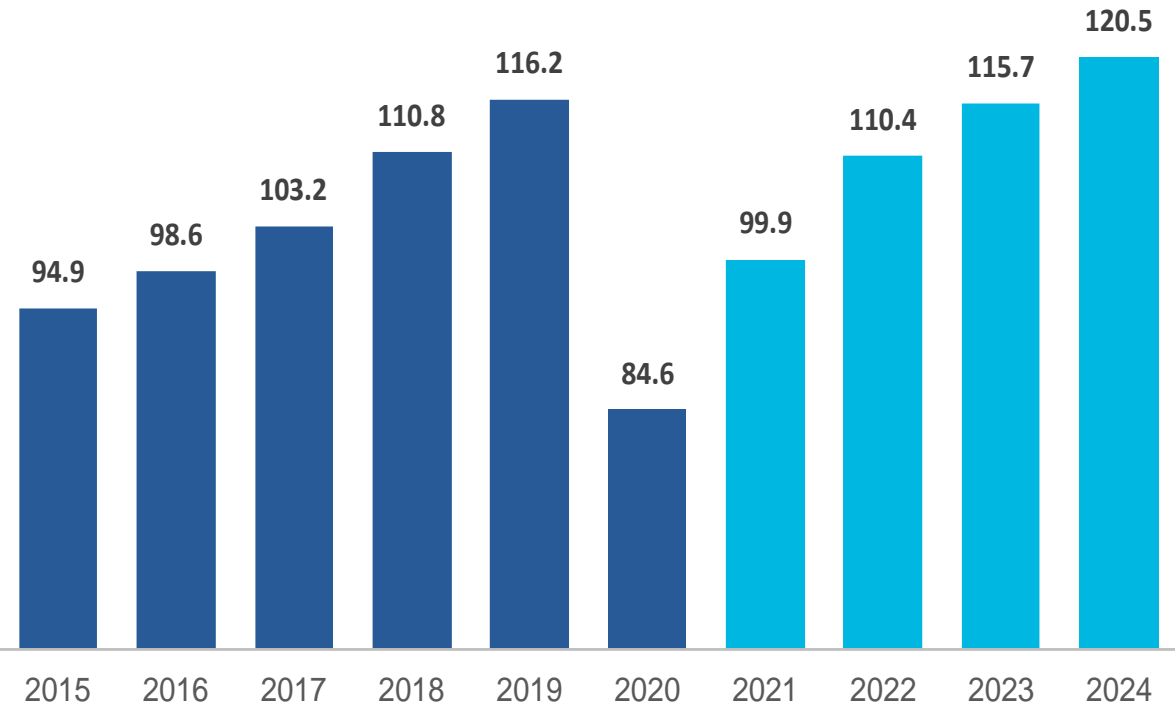
Source: GBTA

NJ VISITATION FORECAST

Visitation, measured as person-trips, registered 84.6 million in 2020.

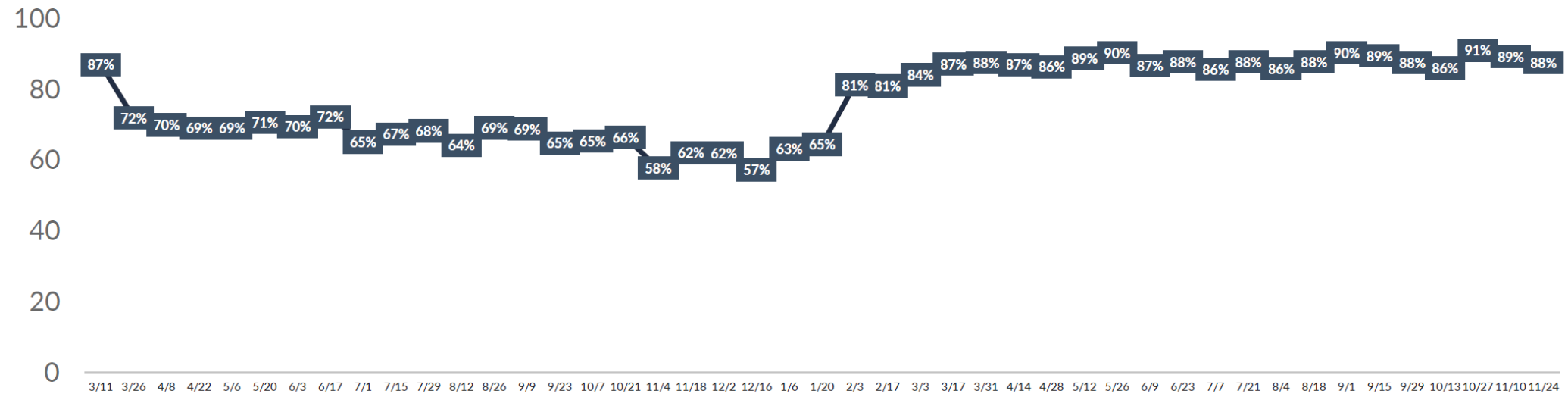
Visitation is expected to rebound to 100 million in 2021 and will reach pre-crisis levels in 2023.

New Jersey visitors (millions)



Intentions to travel remain high at around 9-in-10

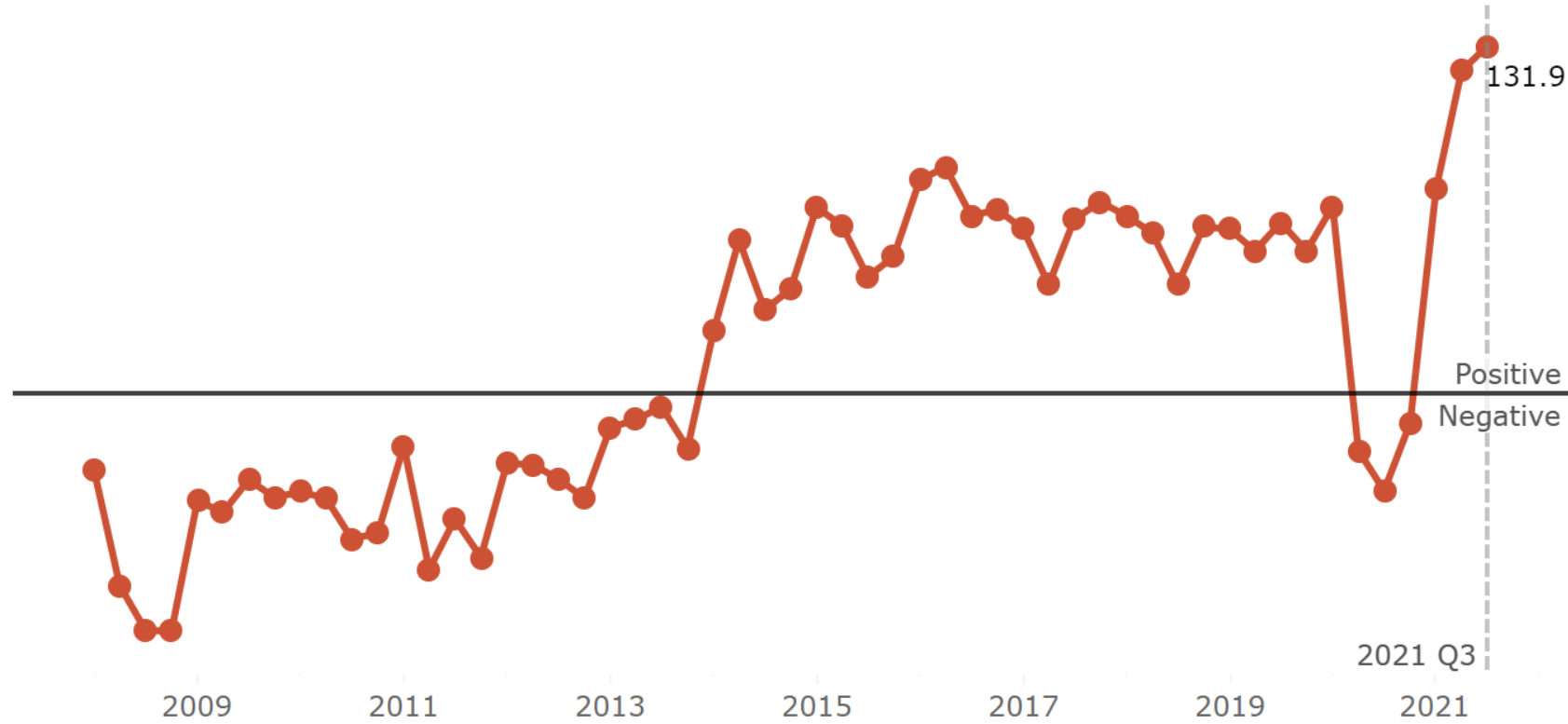
Travelers with Travel Plans in the Next Six Months Comparison



Travel Sentiment Study Wave 51

Longwoods INTERNATIONAL | miles PARTNERSHIP

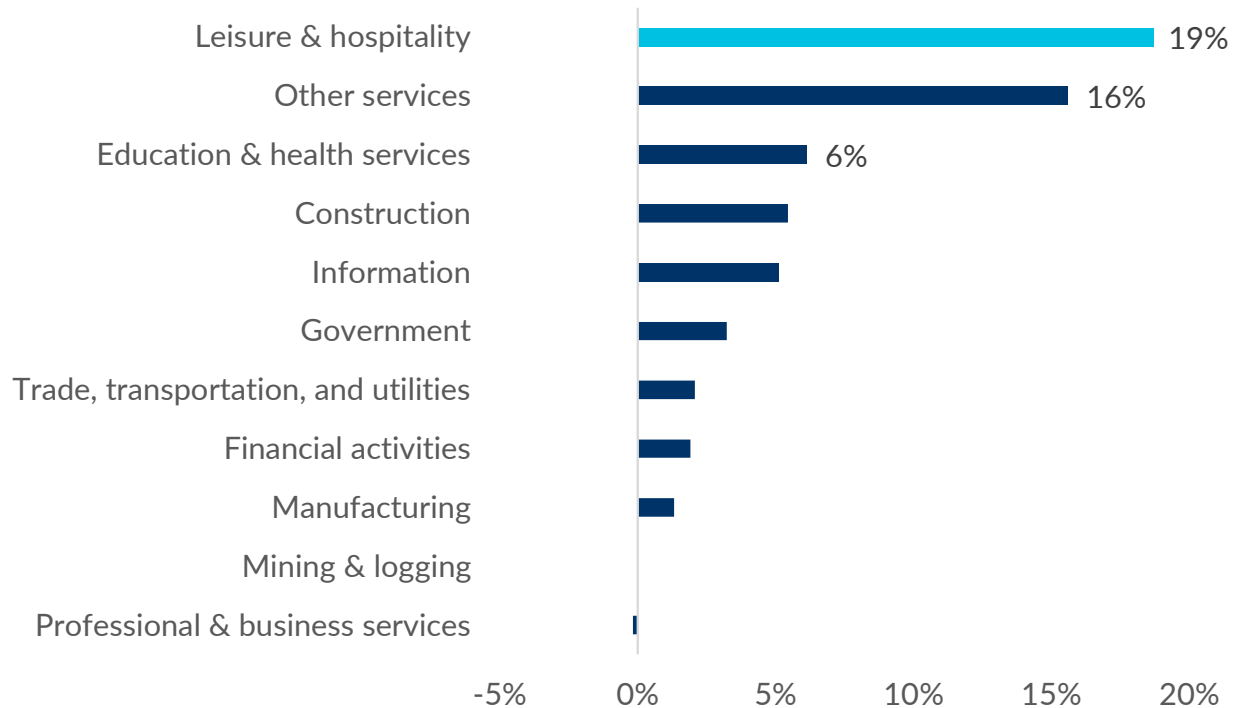
And MMGY Traveler Sentiment Index at an all-time high!



Industry in crisis: no sector has been hit as hard at travel

New Jersey employment loss by industry

% of industry lost since February 2020

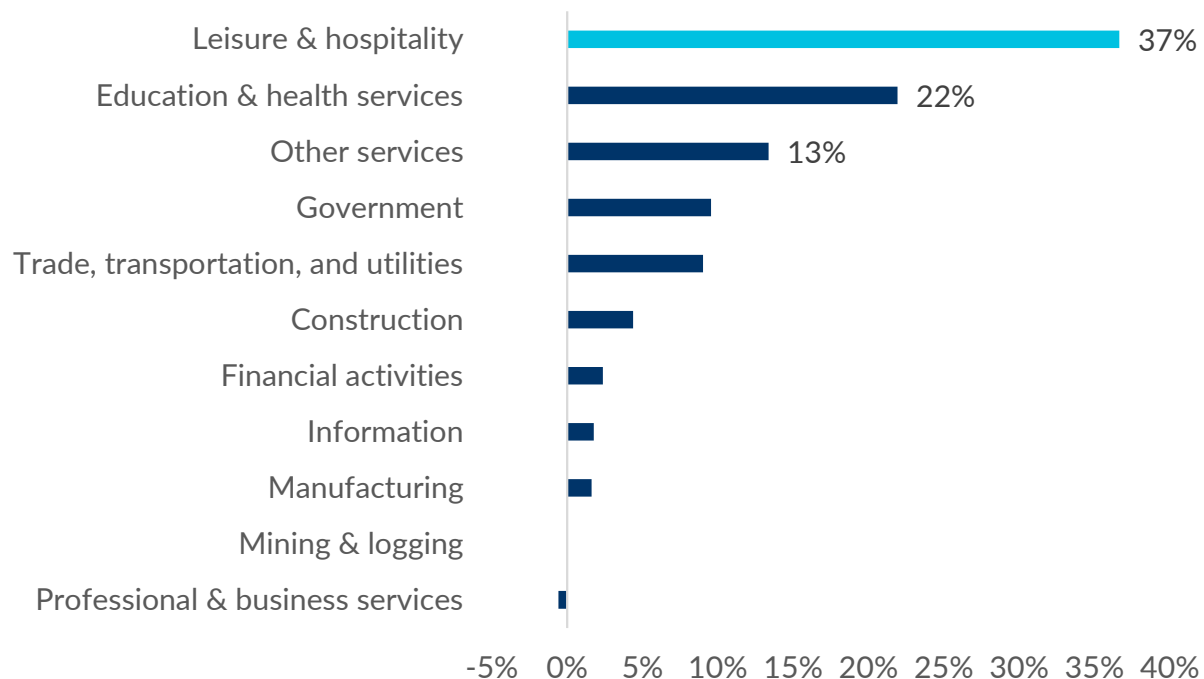


Source: BLS

Travel must be the focus for an economic recovery

Share of New Jersey employment loss by industry

% of all jobs lost since February 2020



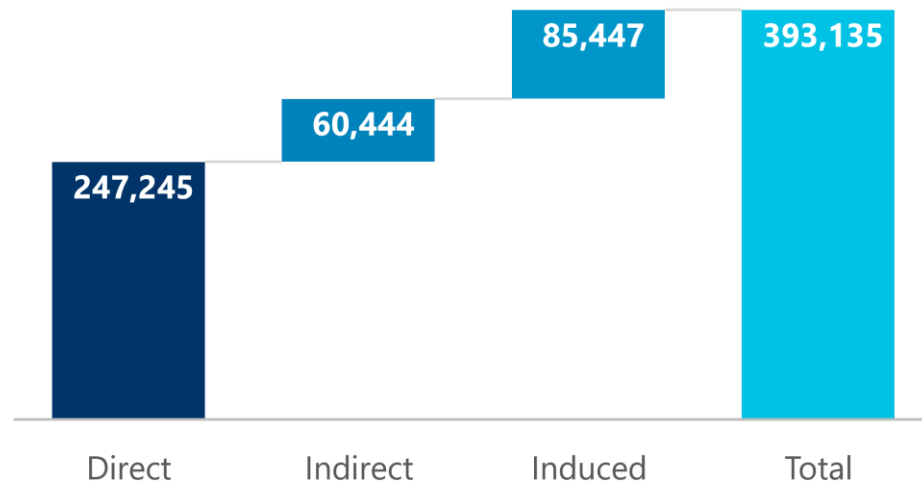
Source: BLS

TOTAL EMPLOYMENT IMPACTS

Employment

Tourism supported a total of 393,135 jobs when indirect and induced impacts are considered. This represents 7.0% of all jobs in the state—or one out of every fourteen jobs in New Jersey.

NJ Tourism-Supported Employment



ECONOMIC IMPACTS IN CONTEXT

Figures in context



Employment

Tourism supported 393,135 New Jersey jobs in 2020—that's enough to employ every resident of Mercer County.



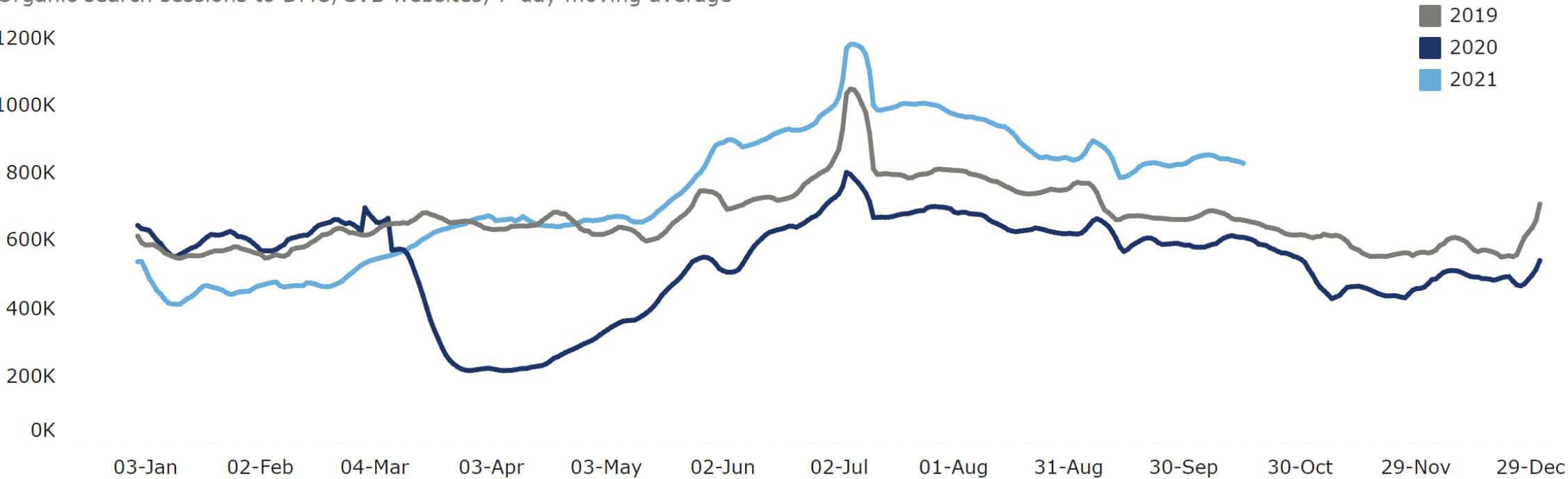
Taxes

Splitting up the \$4.0 billion in state and local taxes generated by visitor activity among all NJ households is \$1,200 per household.

US DMO website searches remain above 2019 levels

Website Traffic

Organic search sessions to DMO/CVB websites, 7-day moving average



Source: Simpleview & Tempest (300+ U.S. DMOs)

KEY POINTS:

- DOMESTIC LEISURE CONTINUES TO WIN THE DAY
- BUSINESS TRAVEL RECOVERS OVER NEXT 2 YEARS
- IMPORTANCE OF TRAVEL DEMANDS FOCUS
- BUT WHO IS THE HERO?

THANK YOU!

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