

# PLANNING FOR THE RECOVERY

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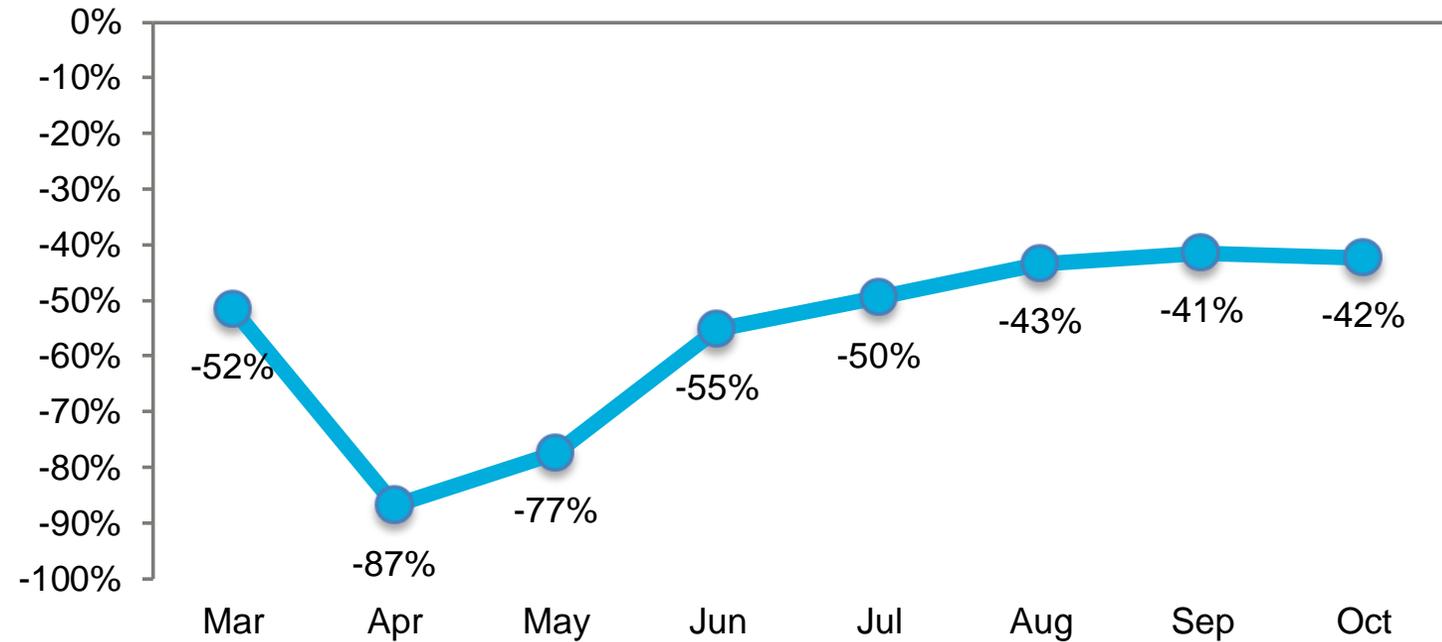
**November 2020**

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A nascent recovery and now a pause

# Significant recovery since April... but still down 42%

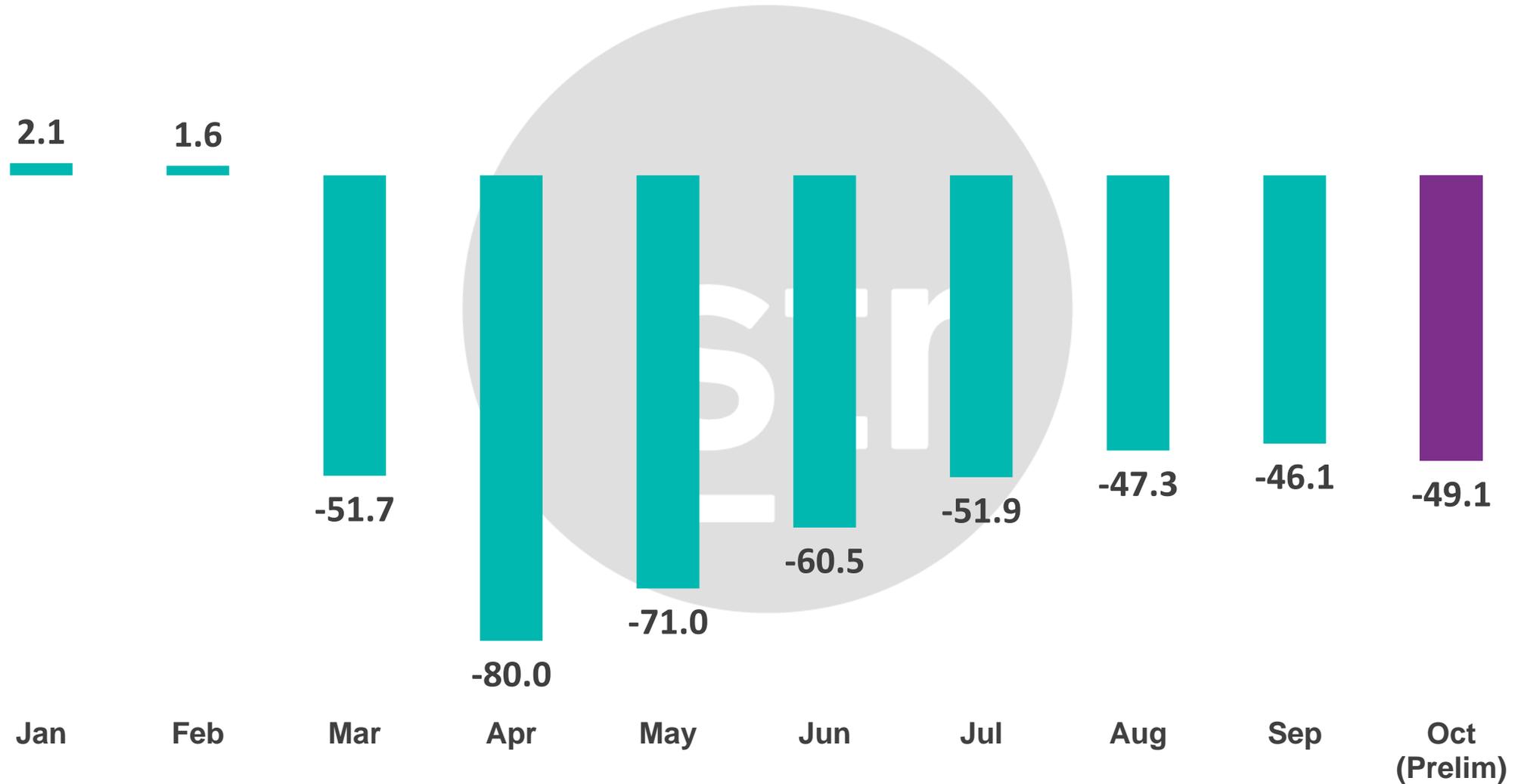
**National monthly travel spending**  
year-over-year % change



Source: Tourism Economics

# US RevPAR Growth: Fall Stall

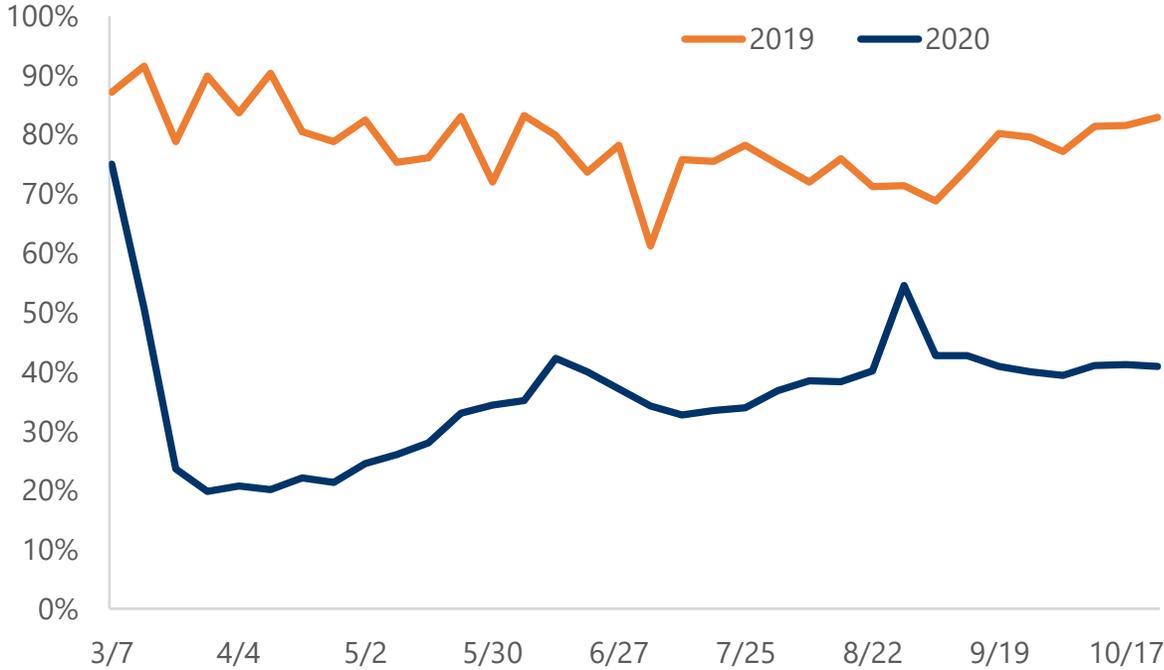
Total U.S. 1/2018 – 10/2020



# Austin has mirrored this trend

## Austin occupancy rate

%, weekly

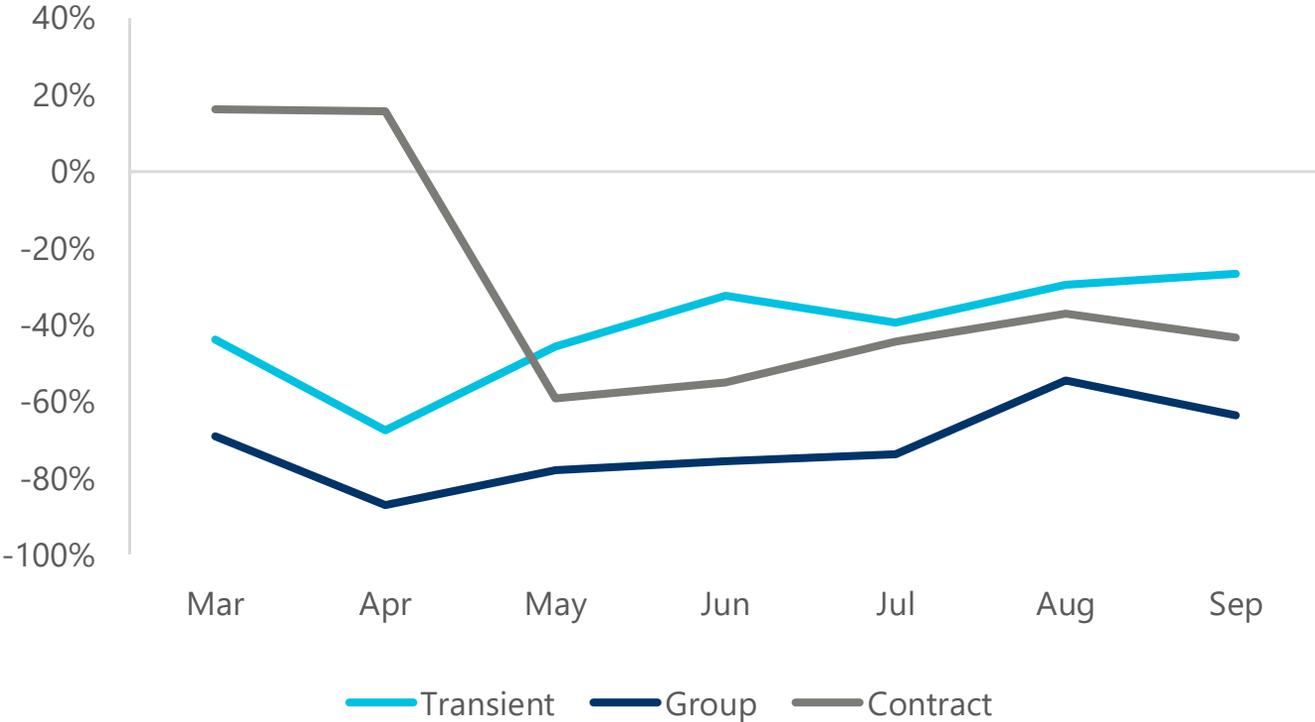


Source: STR

# Transient visitors to Austin much more resilient

## Travel segment room demand

Occupancy rate, year-over-year % change

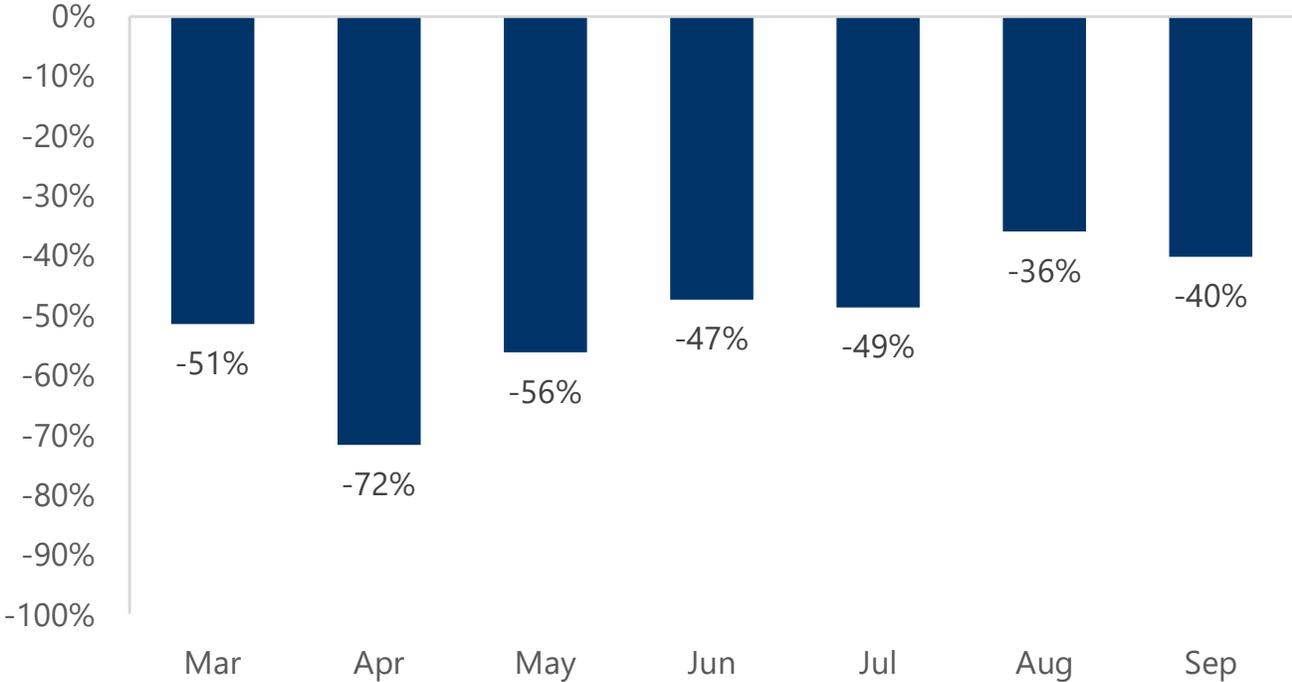


Source: STR

# But group and corporate travel matter more in the fall

## Austin Hotel Occupancy

Year-over-year % change

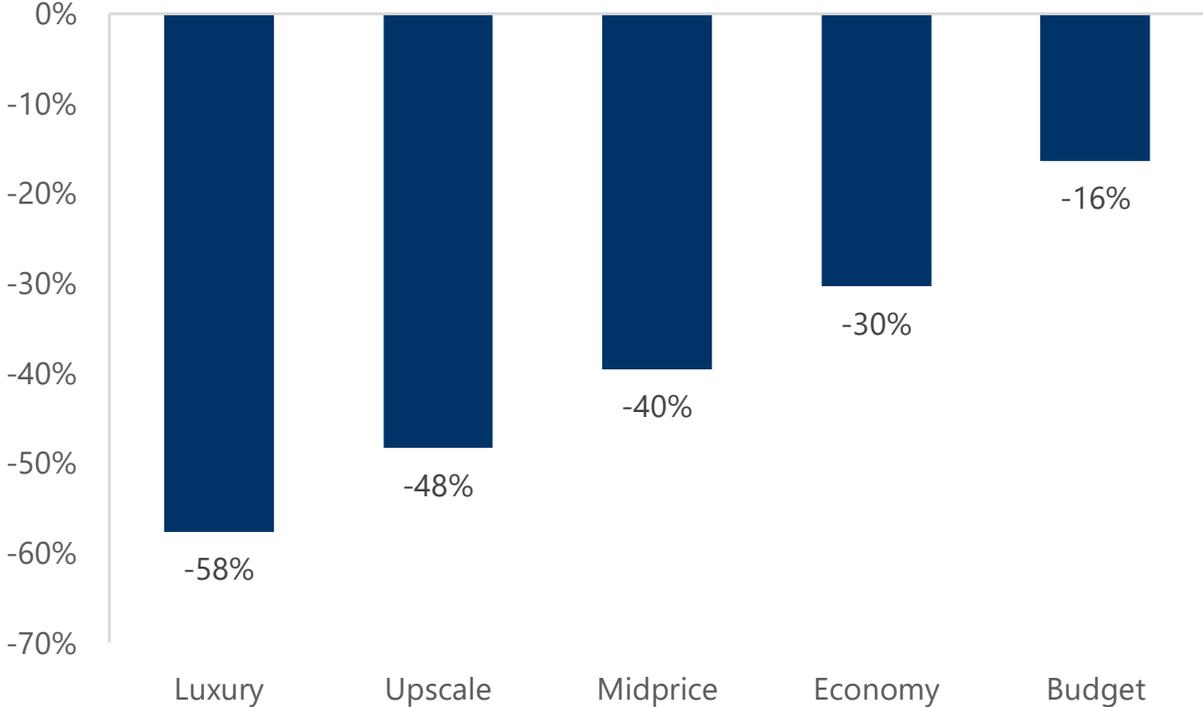


Source: STR

# ...producing predictable outcomes by hotel class

## Occupancy rate by class

Year-over-year % change, 2020 Sep. YTD

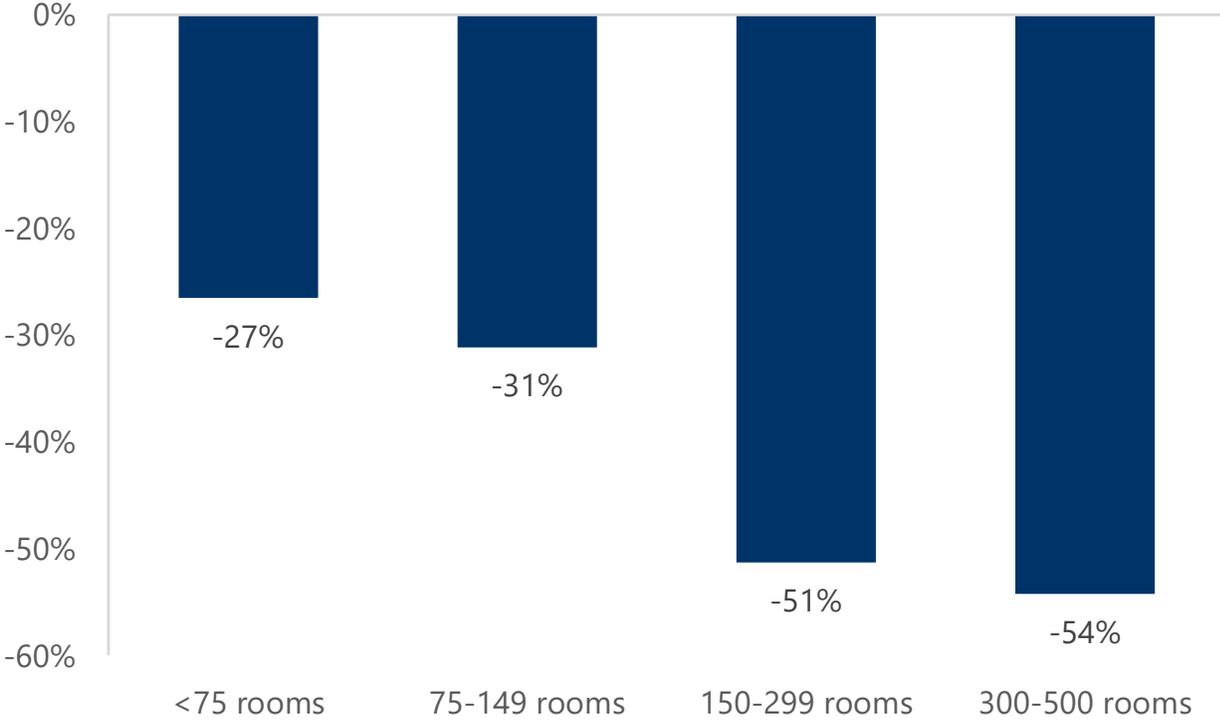


Source: STR

# ...and by property size

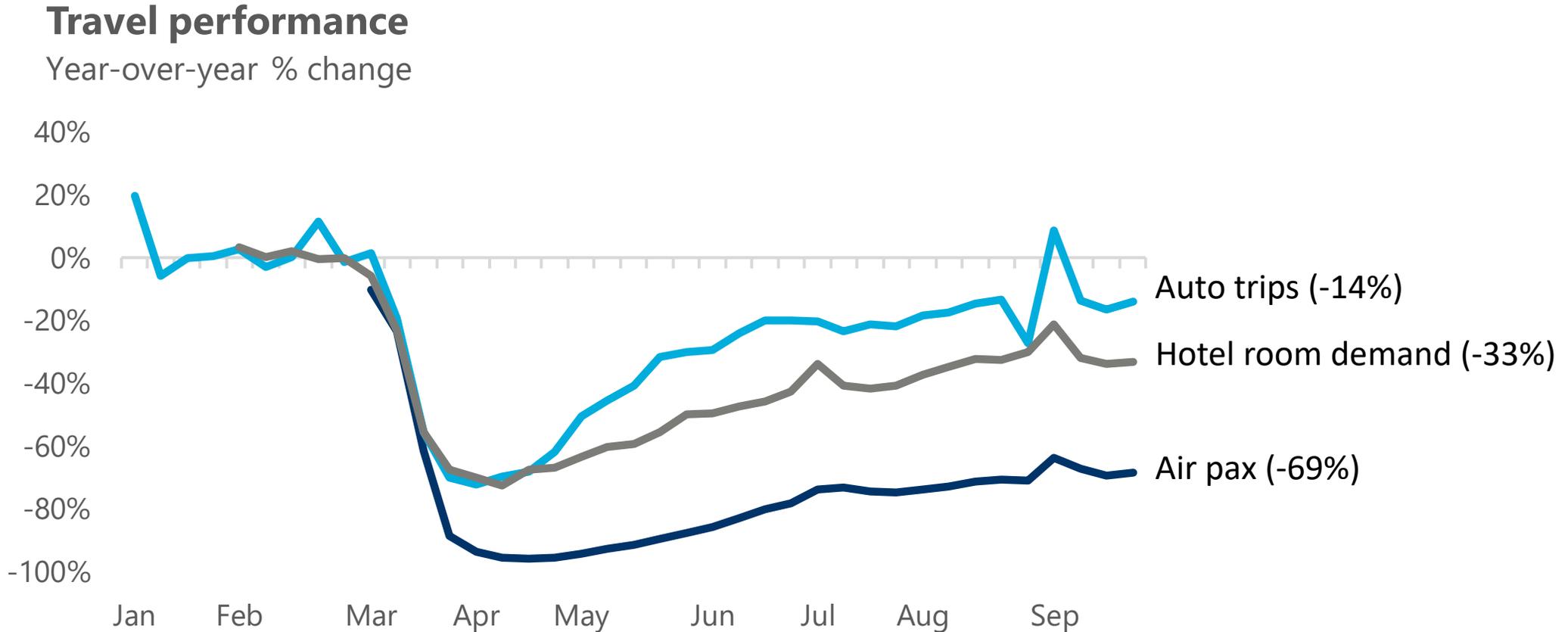
## Occupancy rate by property size

Year-over-year % change, 2020 Sep. YTD



Source: STR

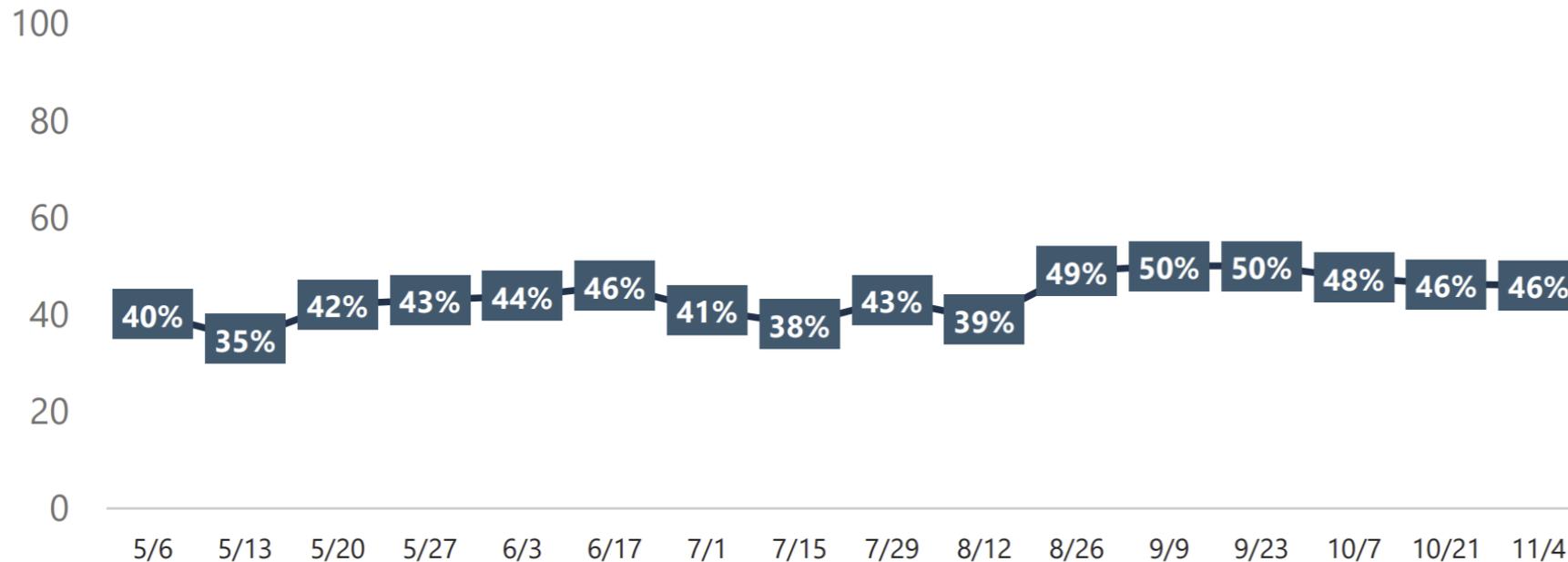
# Three snapshots of the travel landscape



Source: TSA, Arrivalist, STR

# Travel confidence has stalled... and still a long way to go

## I Feel Safe Traveling Outside My Community Comparison of Travelers Who Strongly Agree or Agree



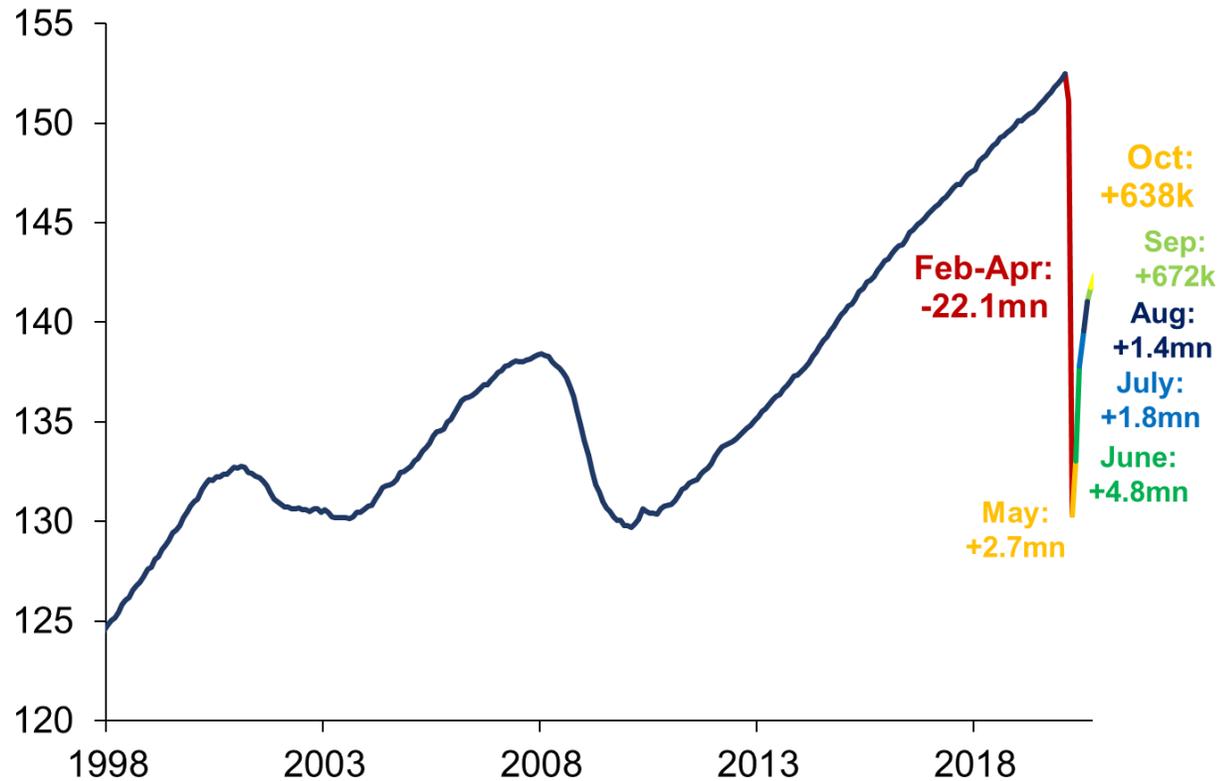
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Where is the economy headed?

# Half of jobs restored; the other half will be harder

## US: Nonfarm payroll employment

Millions

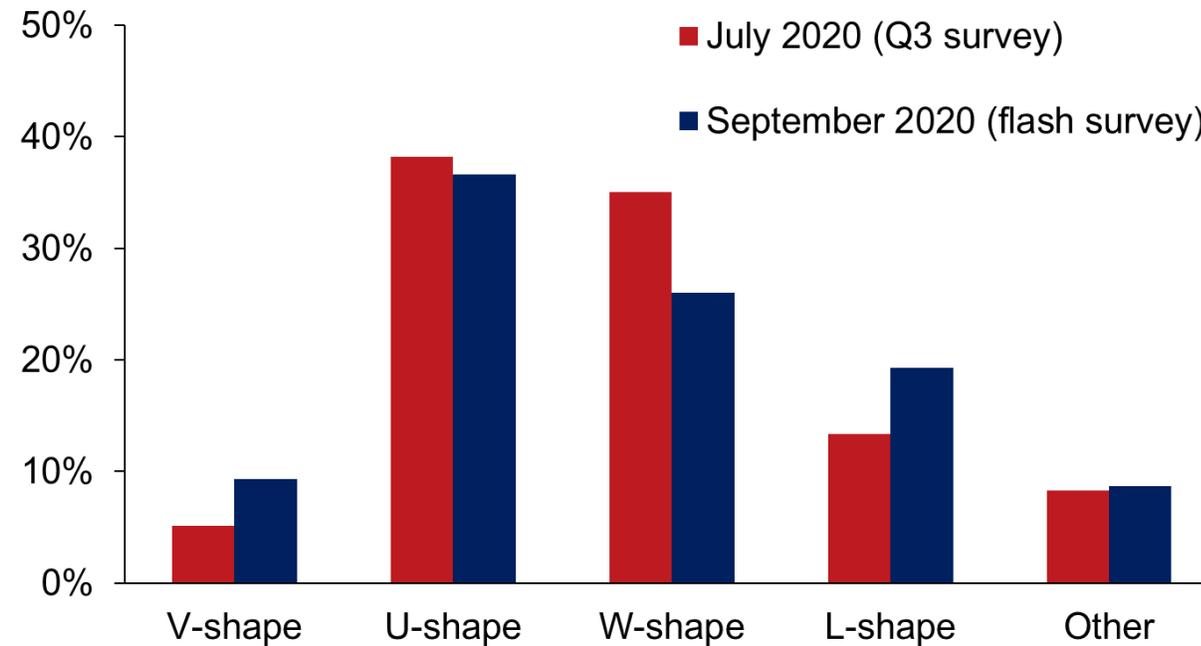


Source: Oxford Economics/Haver Analytics

# Alphabet options for the recovery

## What shape is the global economic downturn most likely to take?\*

Percentage of respondents

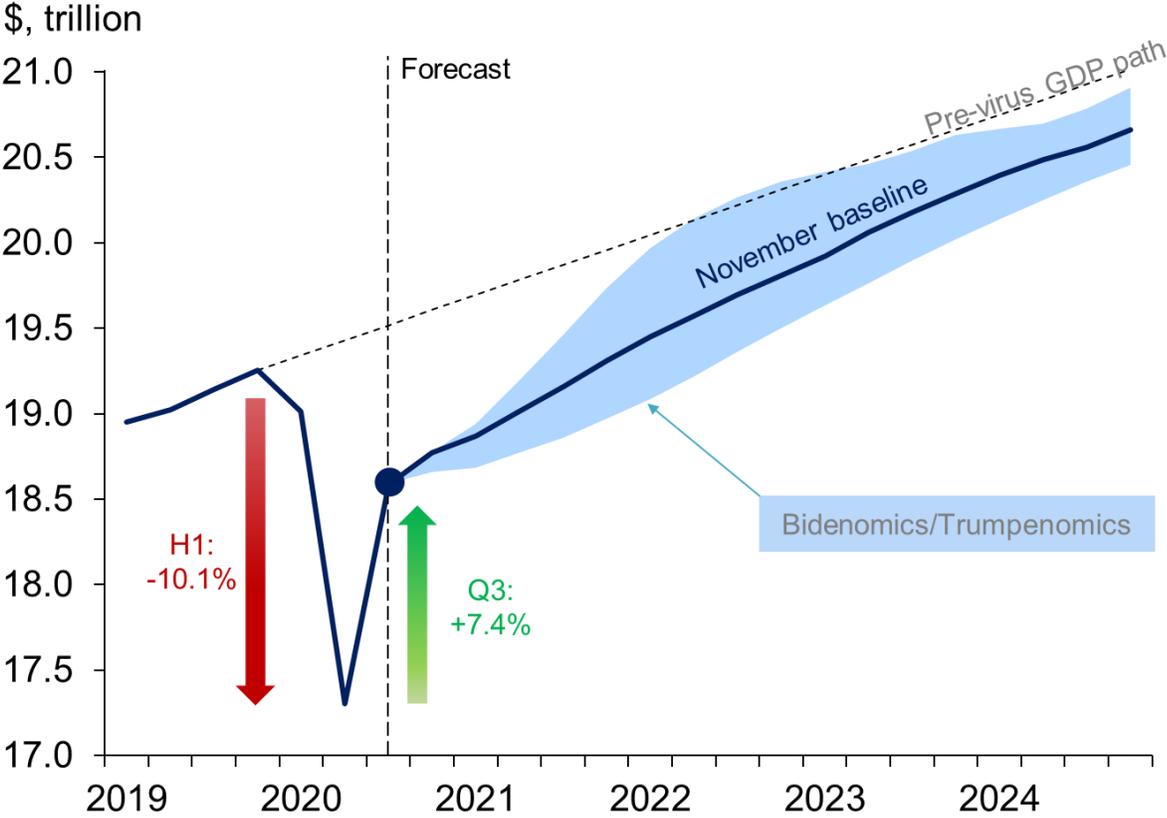


Source : *Oxford Economics Global Risk Survey*

\*V-shape: growth returns to trend relatively quickly after recession; U-shape: growth returns to trend relatively gradually after recession; W-shape: growth initially recovers but then weakens again as pandemic returns; L-shape: growth remains below trend for a protracted period.

# US recovery should continue into 2021 but will remain below par

## US: Real GDP



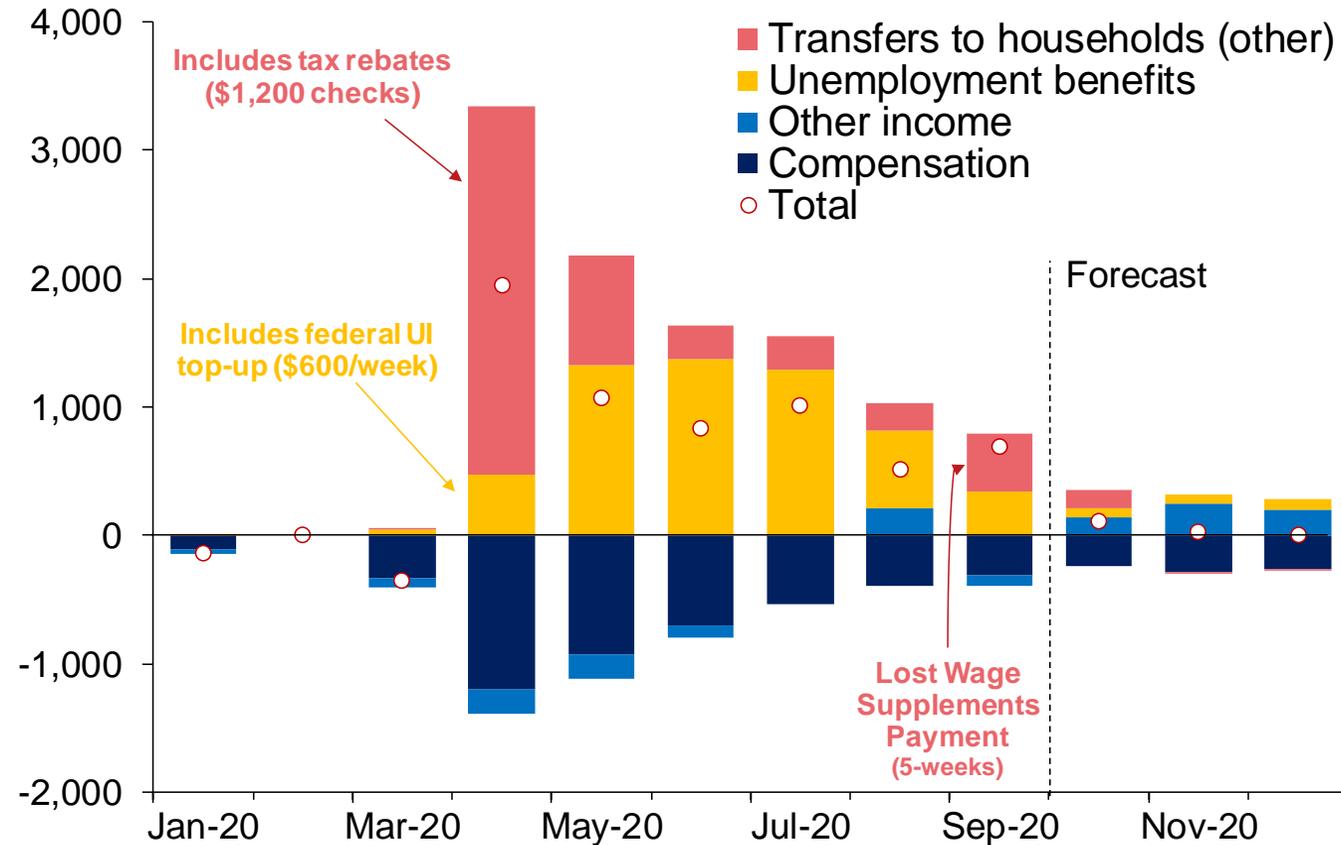
Source : Oxford Economics

Scenario	Headline	Probability
<b>Rapid upturn</b>	<i>Scientific advances boost confidence</i>	15%
<b>Baseline</b>	<i>Vaccine in 2021Q1, economy rebounds in 2021</i>	40%
<b>Return to lockdowns</b>	<i>W-shaped recovery as global infections spike, reversing economic gains</i>	25%
<b>Financial crisis</b>	<i>Deep downturn creates credit crunch</i>	5%

# The importance of fiscal aid

## US: The income risk from expiring fiscal aid

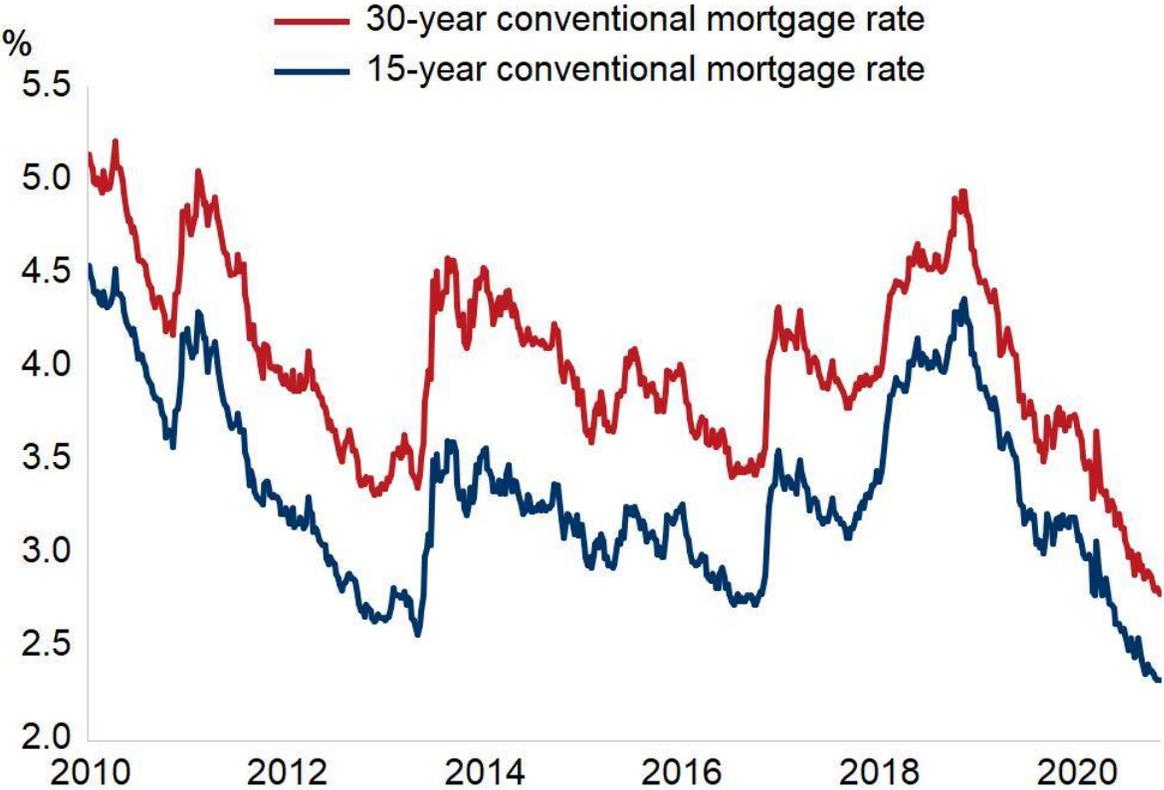
Total personal income, change relative to February, \$bn



Source: Oxford Economics/Haver Analytics

# Fed policy also acting as wind in the sails

## US: Weekly mortgage rates

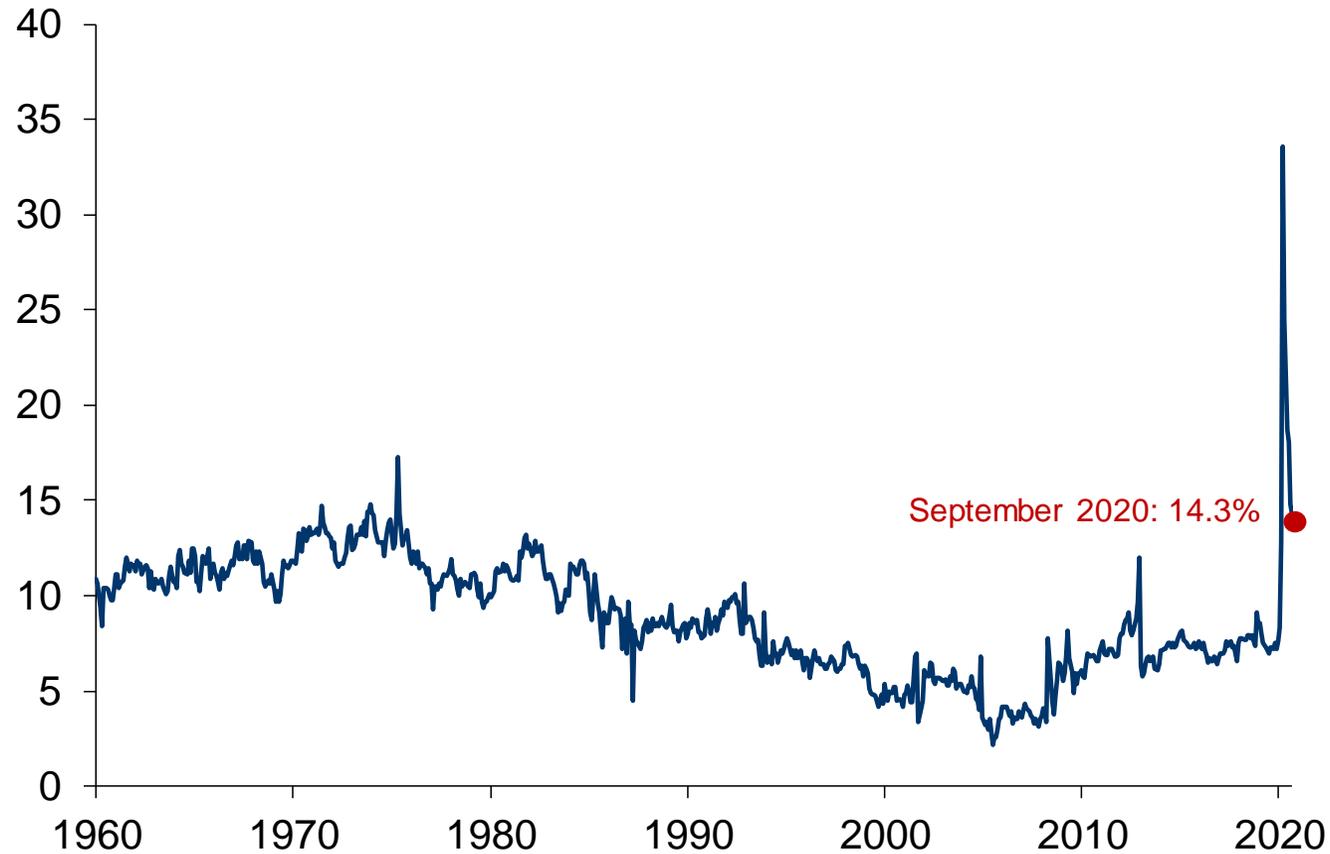


Source: Oxford Economics/Haver Analytics

# Savings provides temporary buffer, but it's falling fast

## US: Personal savings rate

% income

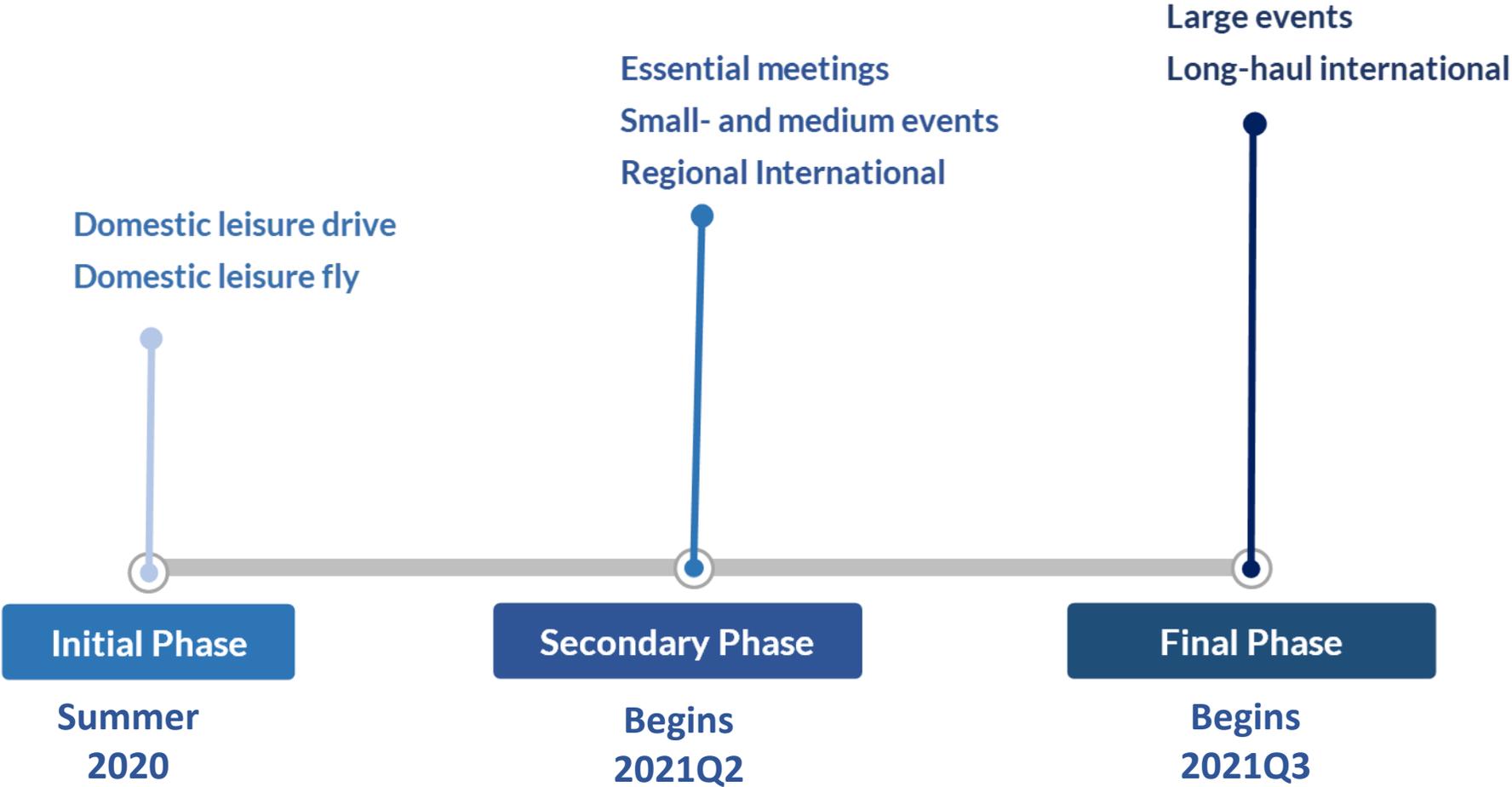


Source : Oxford Economics/Haver Analytics

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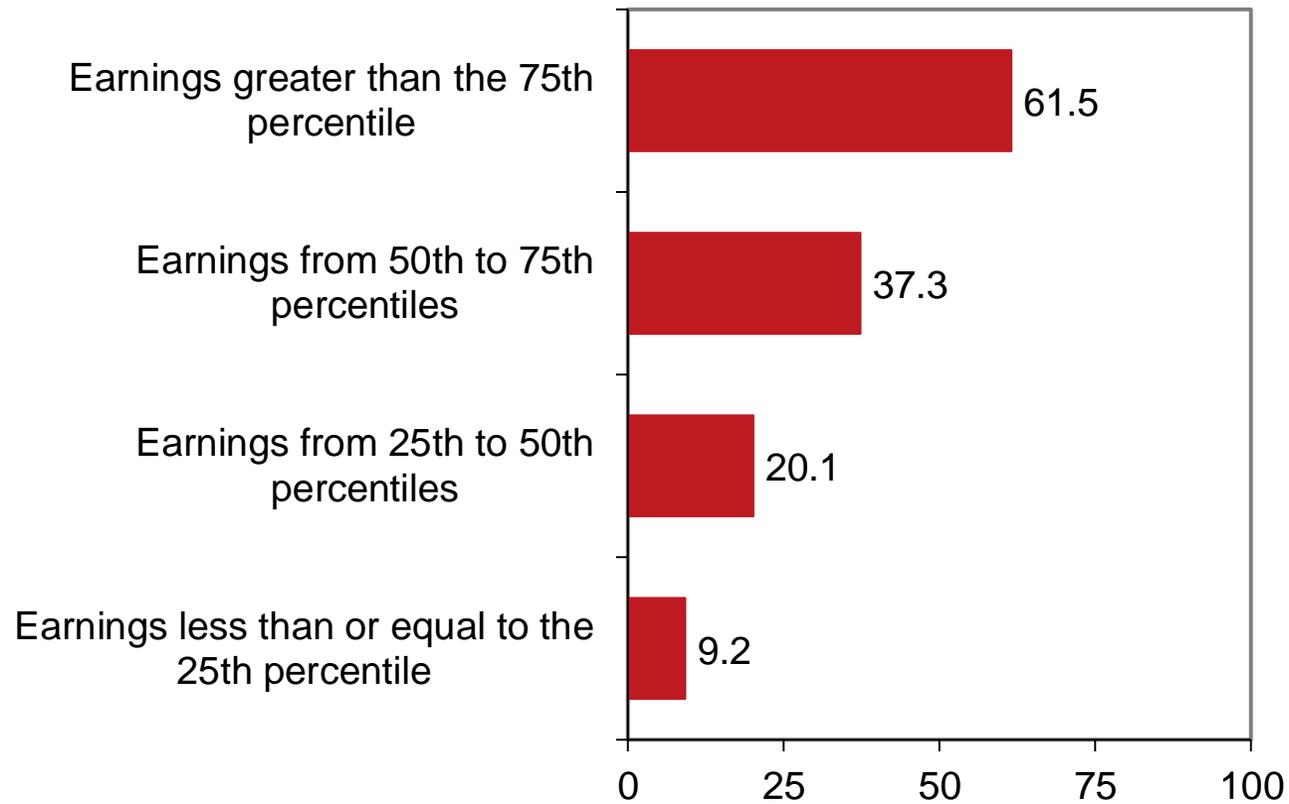
When will travel recover?

# Anatomy of a travel recovery



# High income earners least impacted by the crisis

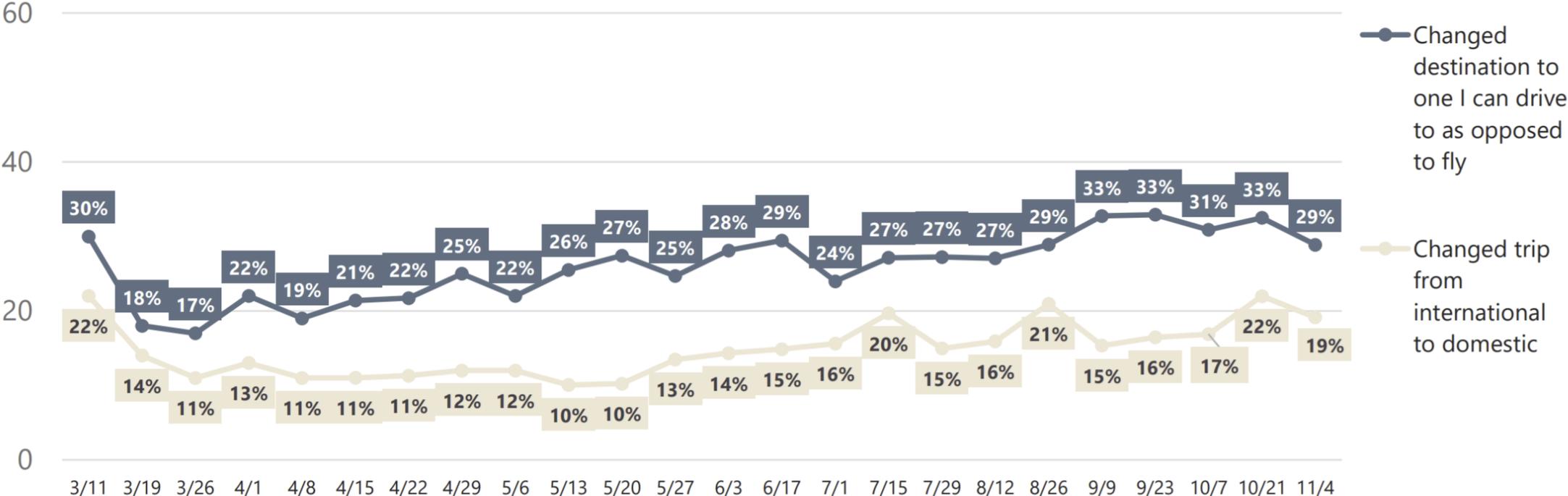
## US: Share of workers who can telework by wage level, in %



Source: Bureau of Labor Statistics/Oxford Economics

# Major reshuffling of the deck

## Impact of COVID-19 on Upcoming Travel Plans Comparison

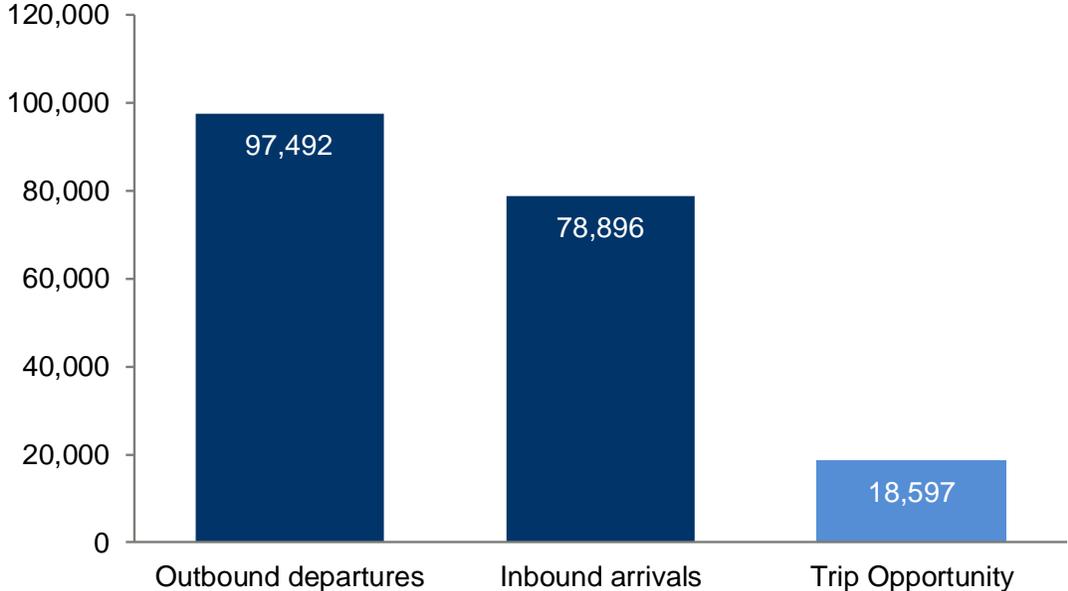


Base: Coronavirus Changed Travel Plans

# What happens if all international travel stops? Domestic opportunity

US Balance of Travel (2019, trips)

Thousands



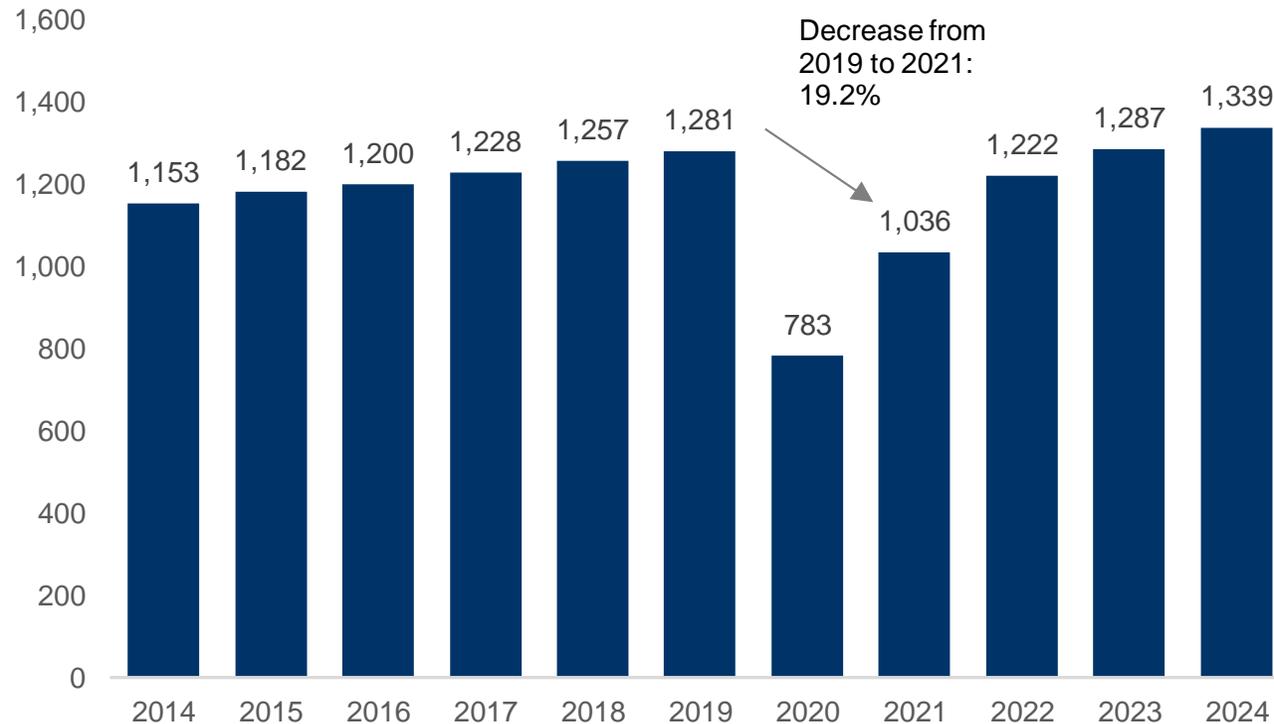
Source: Tourism Economics

**19 million more US outbound trips than inbound**

# US hotel room demand: down 39% this year

## Demand

US, room nights, in millions



Source: STR; Tourism Economics

However, next year will recover to 81% of 2019 demand levels

Back to “par” in 2023

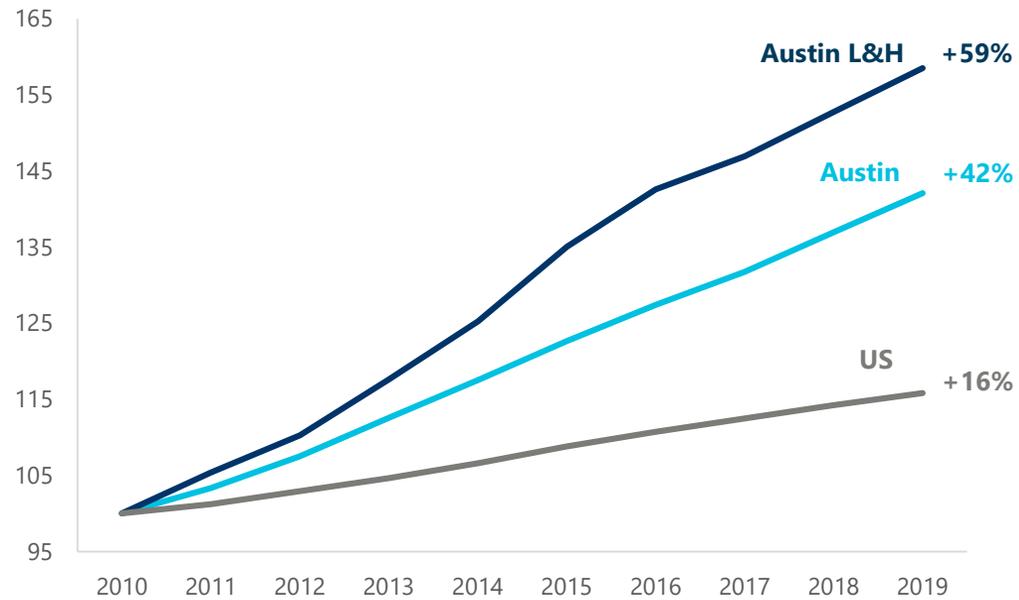
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**How do we advocate for  
the industry during this  
crisis?**

# Leisure & hospitality sector has led job growth in Austin

## L&H employment in Austin

Index (2010=100)

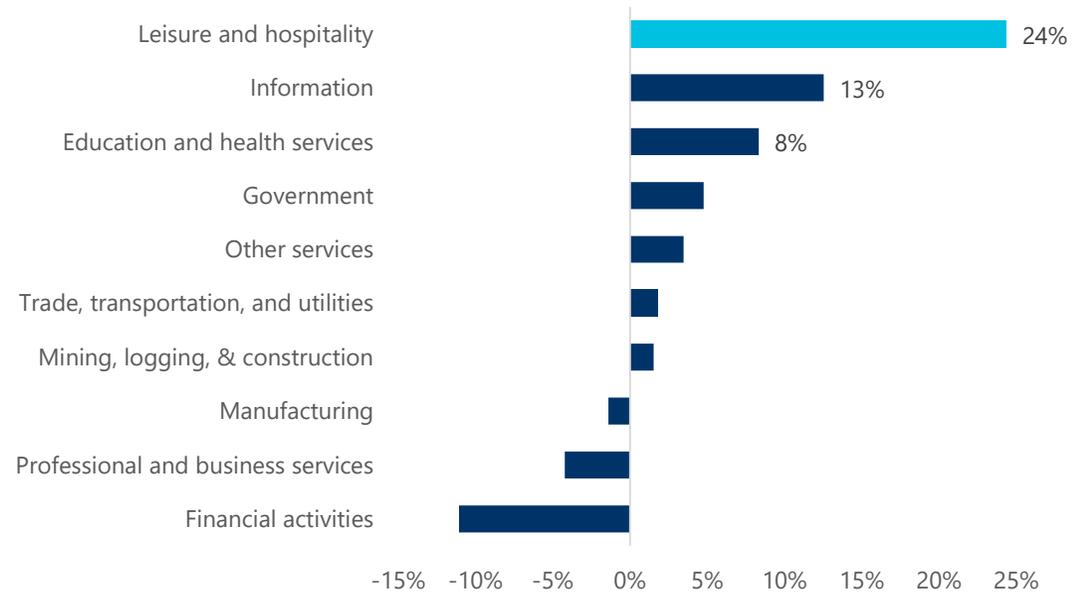


Source: BLS

# But no sector has been hit as hard at travel

## Austin employment loss by industry

% of industry lost since February

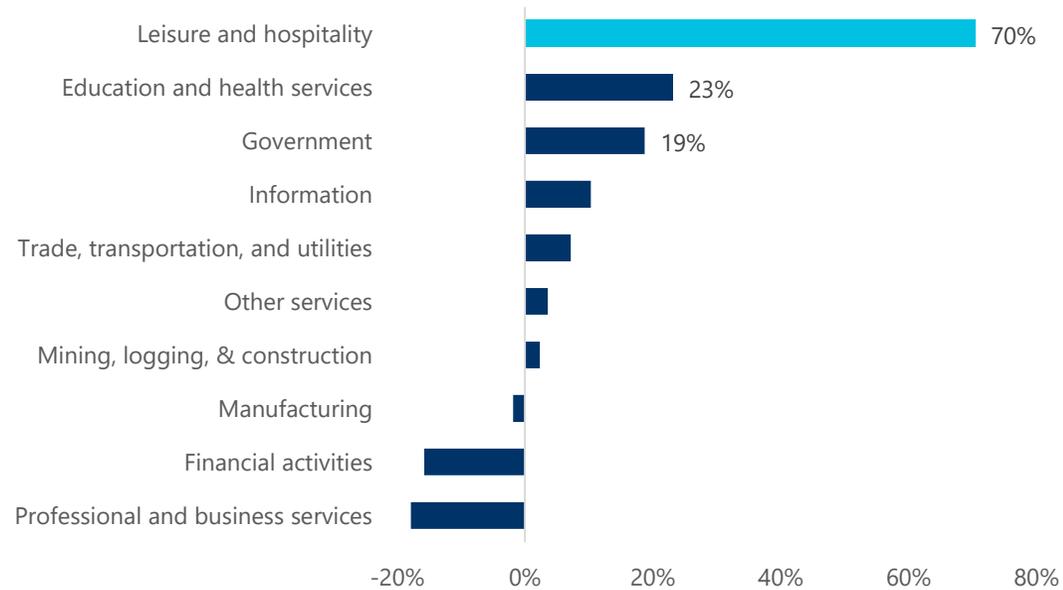


Source: BLS

# ...but now represents 70% of all jobs lost

## Austin: share of total employment loss

% of all jobs lost since February



Source: BLS

# This should not be controversial



**Adam Sacks**  
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1mo • Edited • 

All our forecasts and scenarios are moored to the non-negotiable assumption that travel will fully recover. The pandemic will end. The drivers of travel – income growth, demographic shifts, the importance of meetings and the intrinsic value of a vacation – will still be intact on the other side. History supports the premise; recovery is inevitable.

   402 • 58 Comments

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**Will there be an enduring  
legacy of this crisis?**

**Gratitude.**

**THANK YOU!**

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**November 2020**