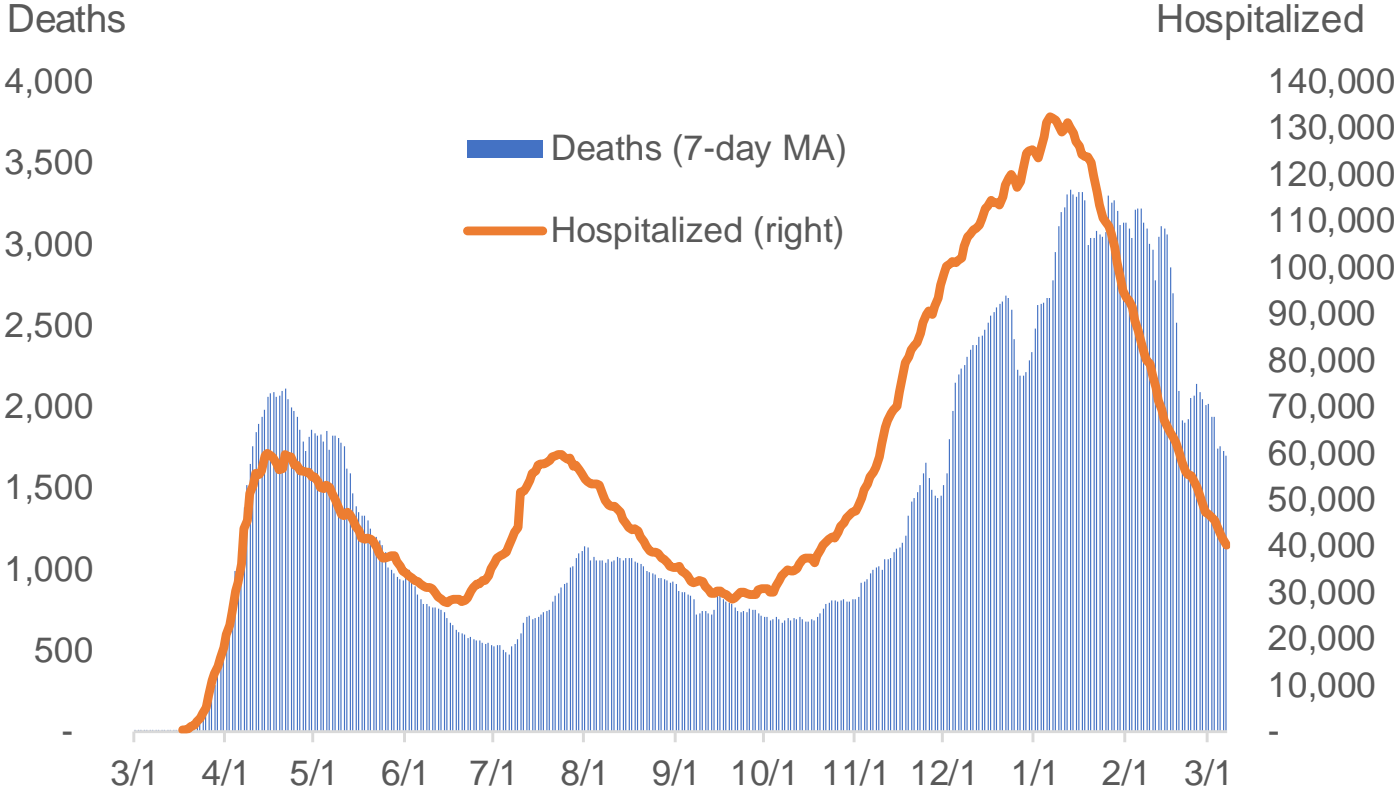


PLANNING FOR THE RECOVERY

Adam Sacks
President
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adam@tourismeconomics.com

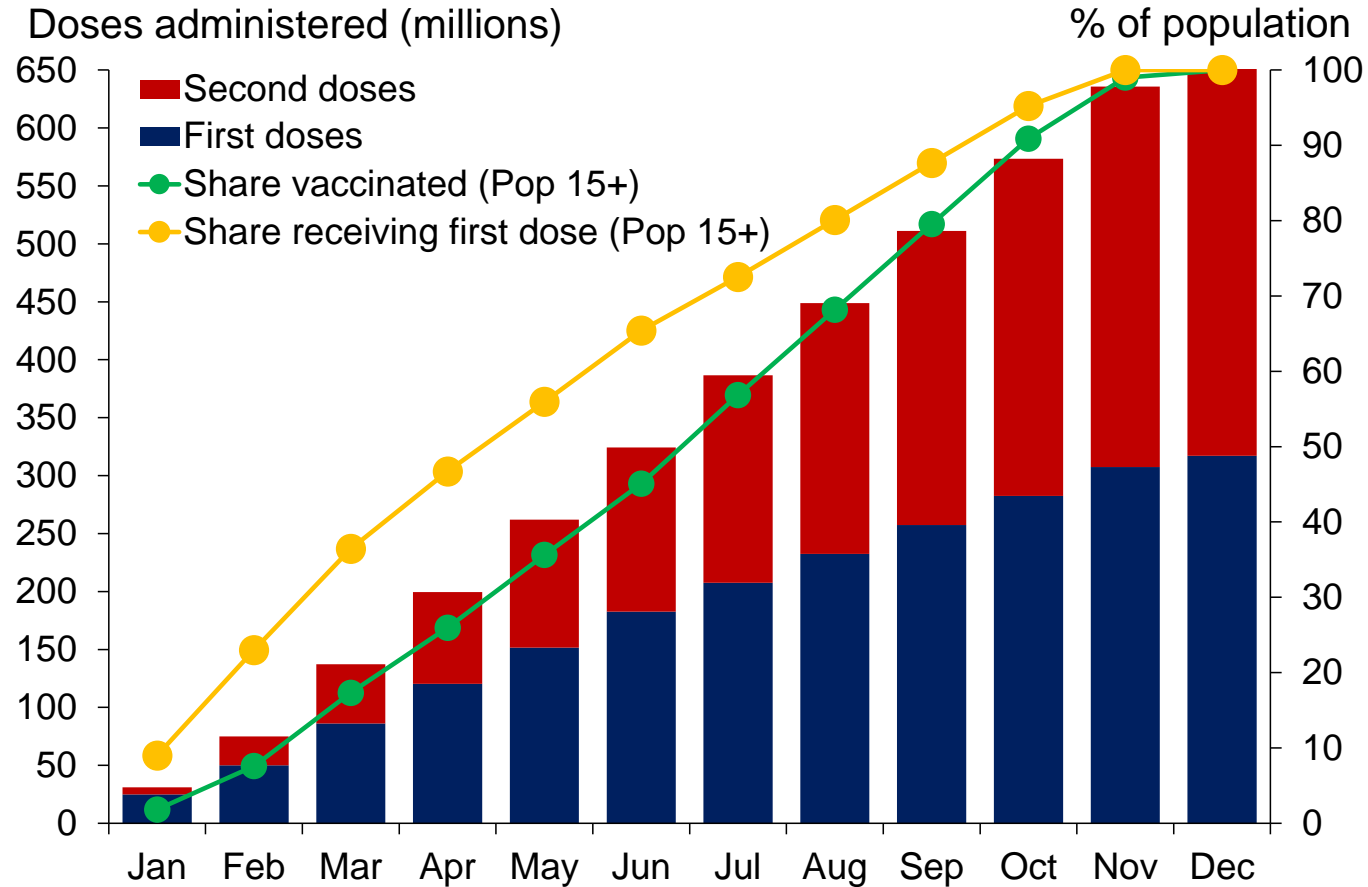
Dismal but improving situation

US COVID Deaths and Hospitalizations



The dawn is in sight

US: Estimated vaccine distribution

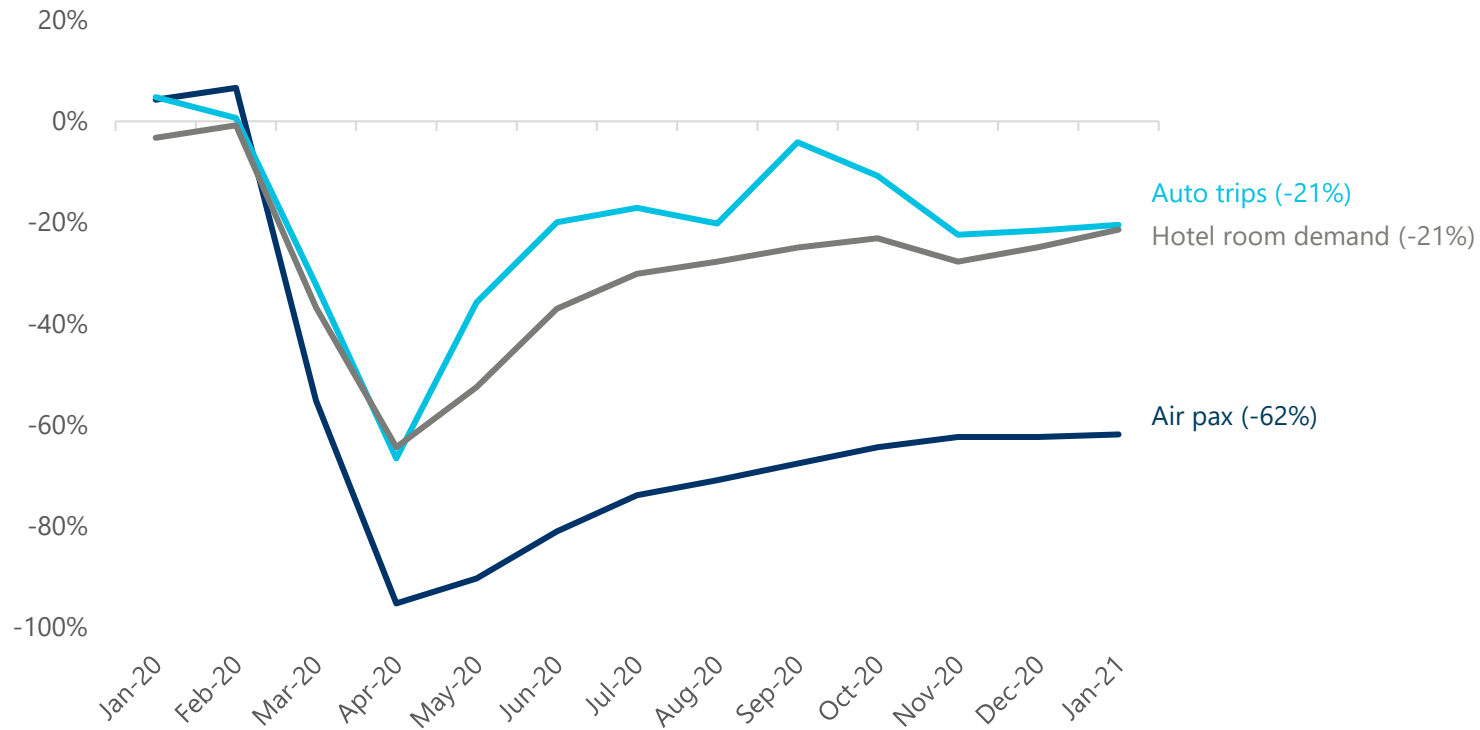


Source: Oxford Economics/CDC

Three snapshots of the US travel landscape

Travel performance

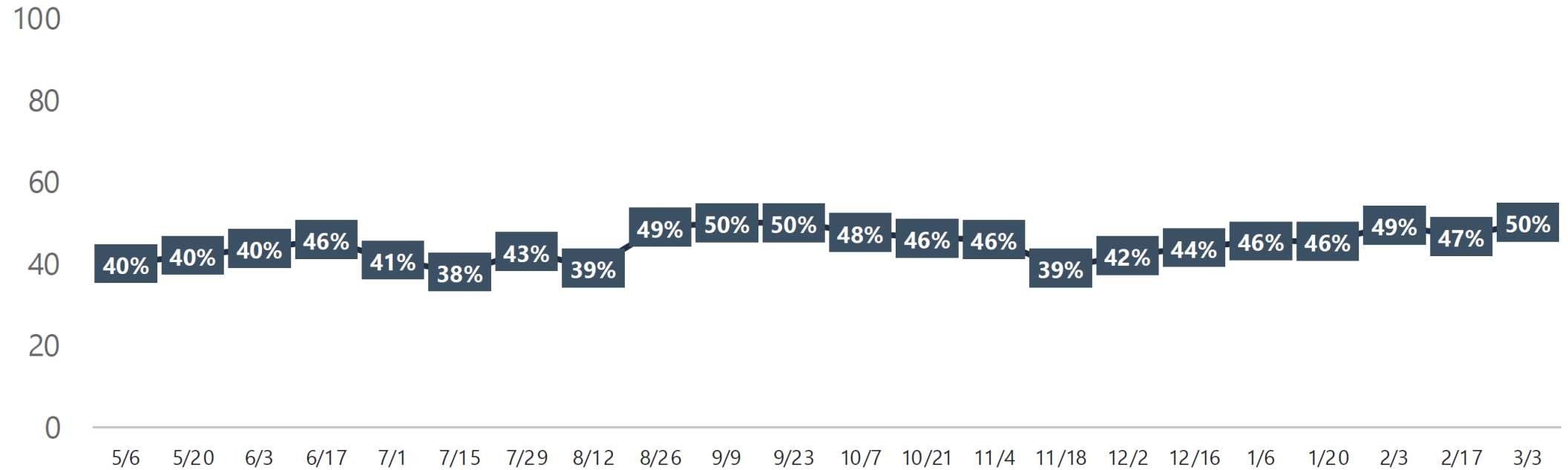
Year-over-year % change



Source: TSA, BTS, Arrivalist, STR

Travel confidence remains low

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

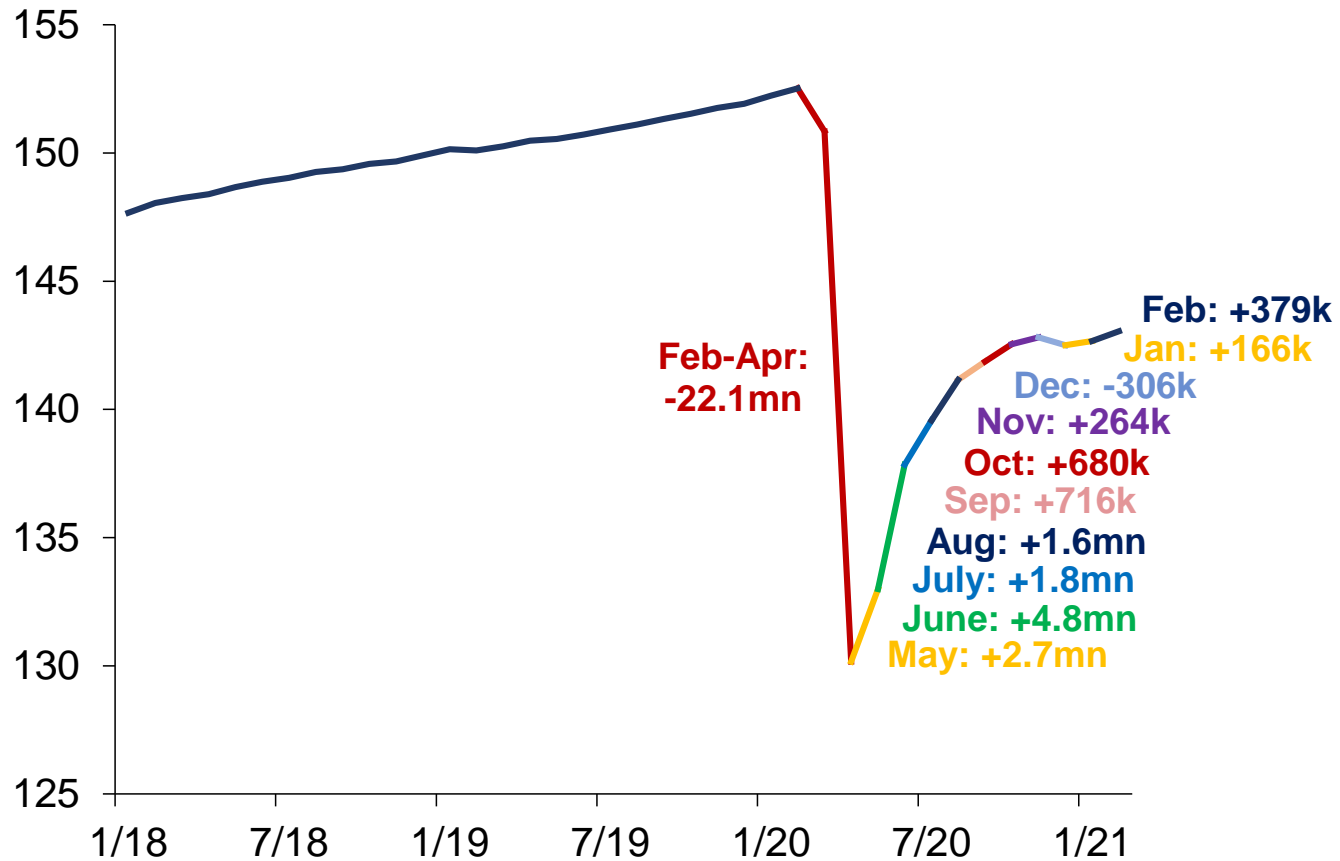


How will the economy influence the travel recovery?

After recovering about half of losses, jobs plateau

US: Nonfarm payroll employment

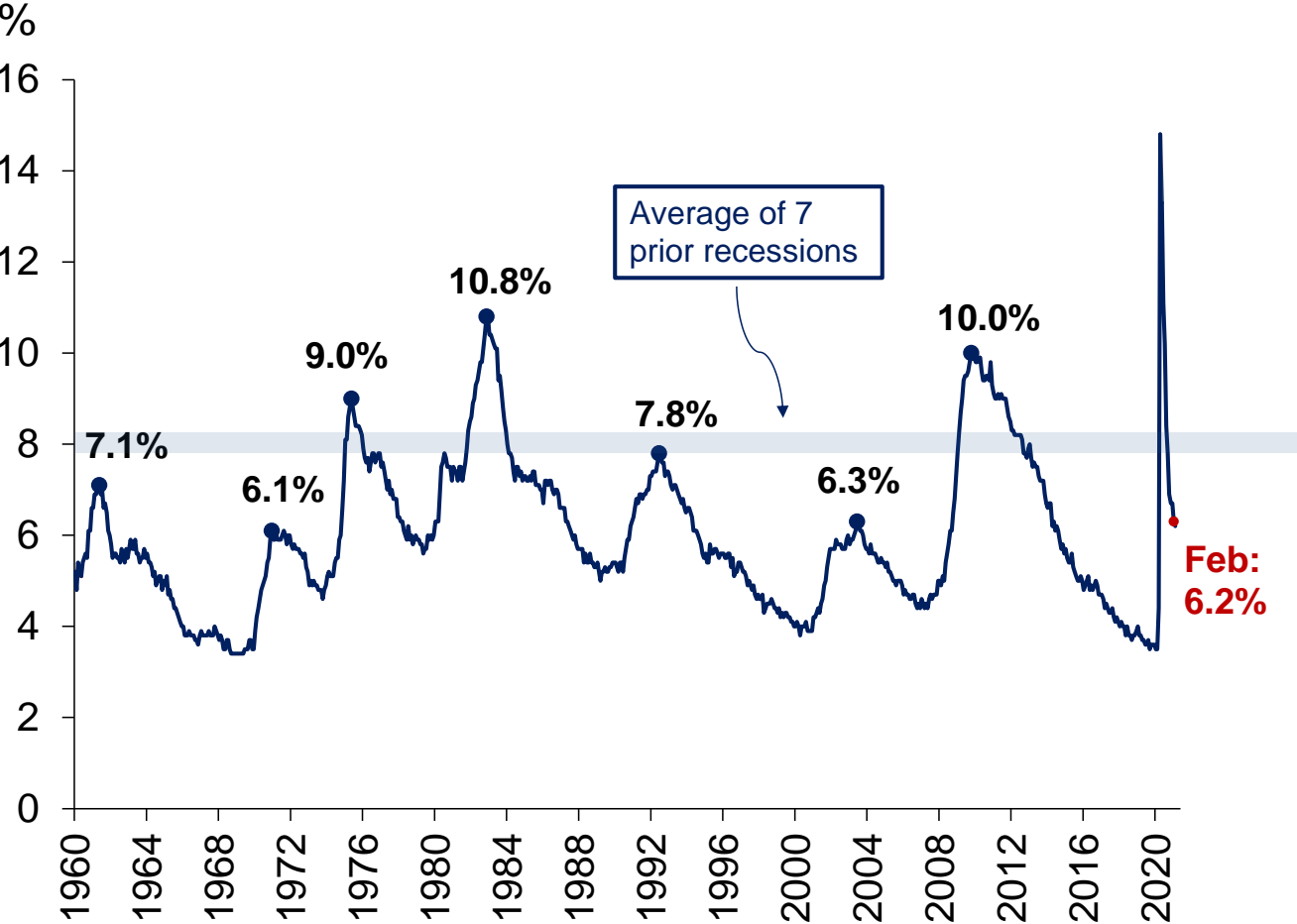
Millions



Source: Oxford Economics/Haver Analytics

Unemployment rate still near recession peaks

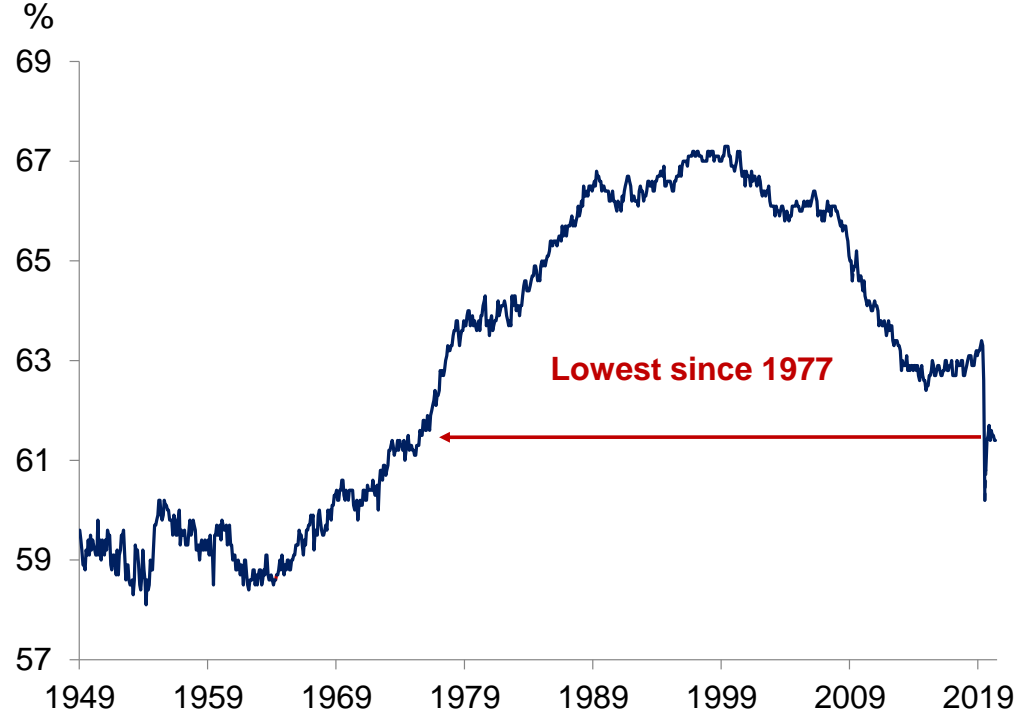
US: U3 unemployment rate



Source: Oxford Economics/Haver Analytics

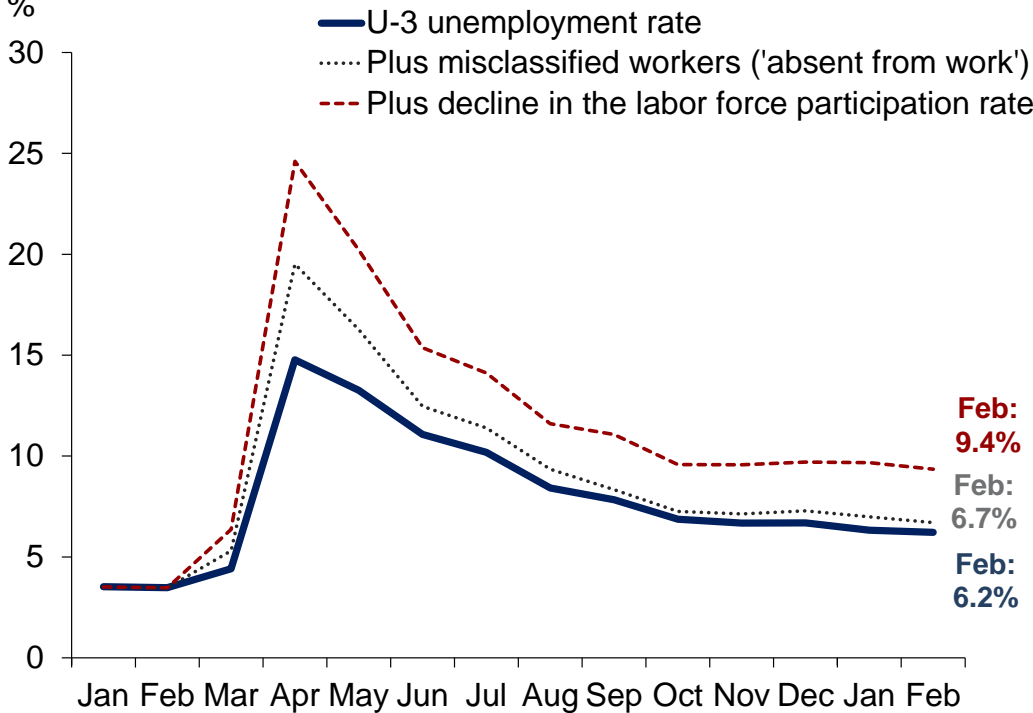
Participation rate at its lowest since the 1970s

US: Labor force participation rate



Source: Oxford Economics/Haver Analytics

US: Unemployment rates

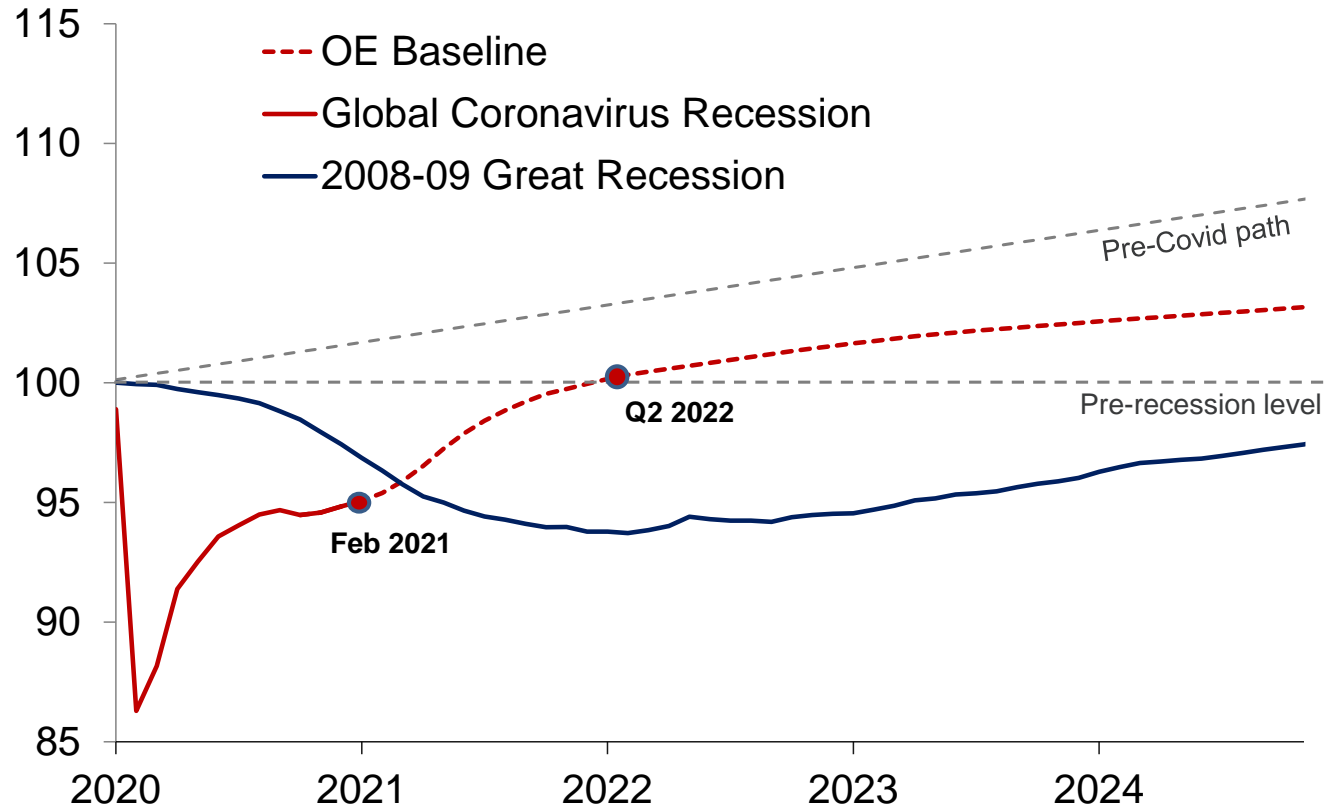


Source: BLS/Oxford Economics/Haver Analytics

Employment should pick up over spring/summer

US: Employment recovery paths

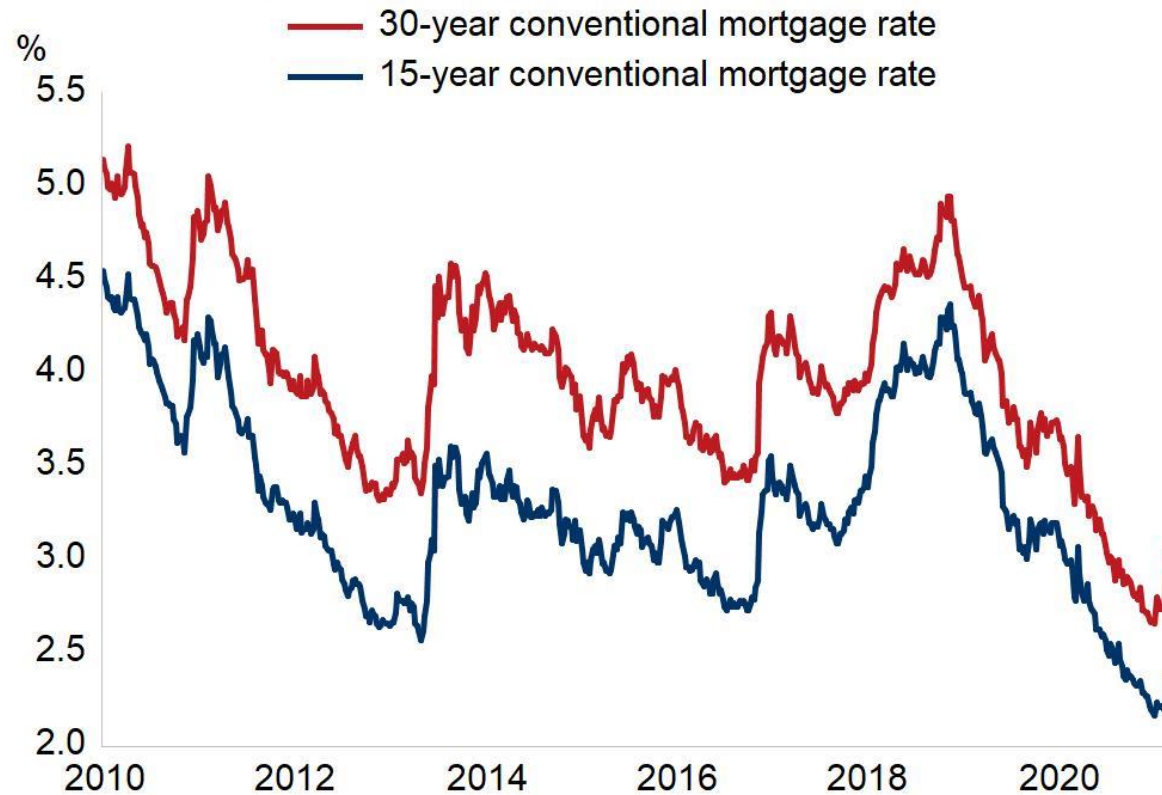
Peak pre-recession employment = 100



Source: BLS/Oxford Economics/Haver Analytics

Fed policy acting as wind in the sails

US: Weekly mortgage rates

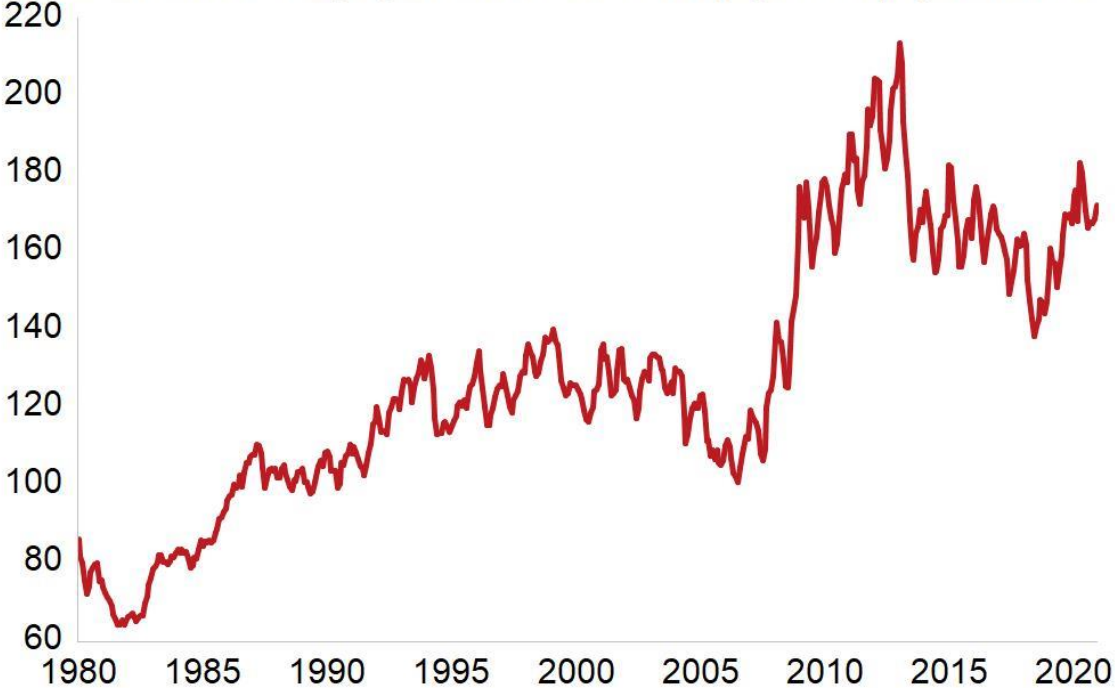


Source: Oxford Economics/Haver Analytics

... supporting housing affordability

US: Housing affordability

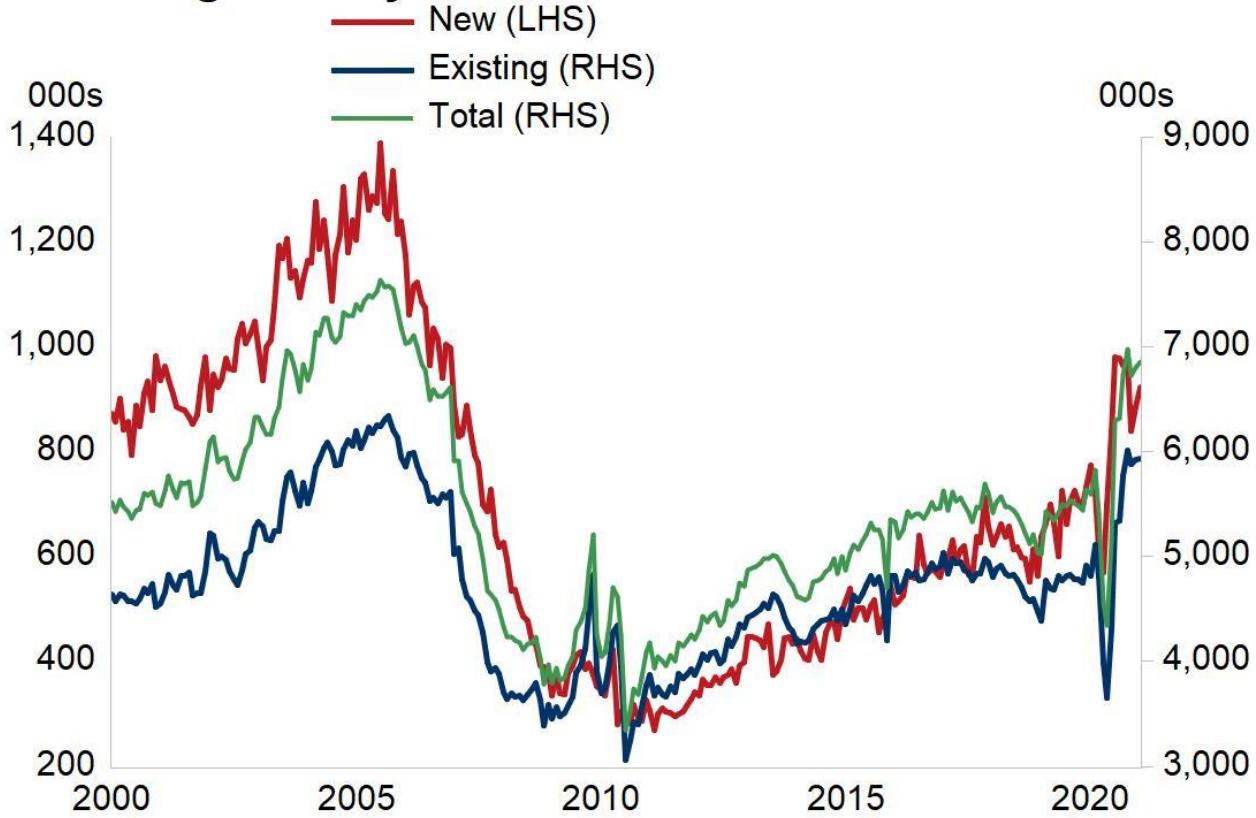
Median Income=Qualifying Income w/ 20% mortgage downpayment=100



Source: Oxford Economics/Haver Analytics

Very strong homes sales and low inventory

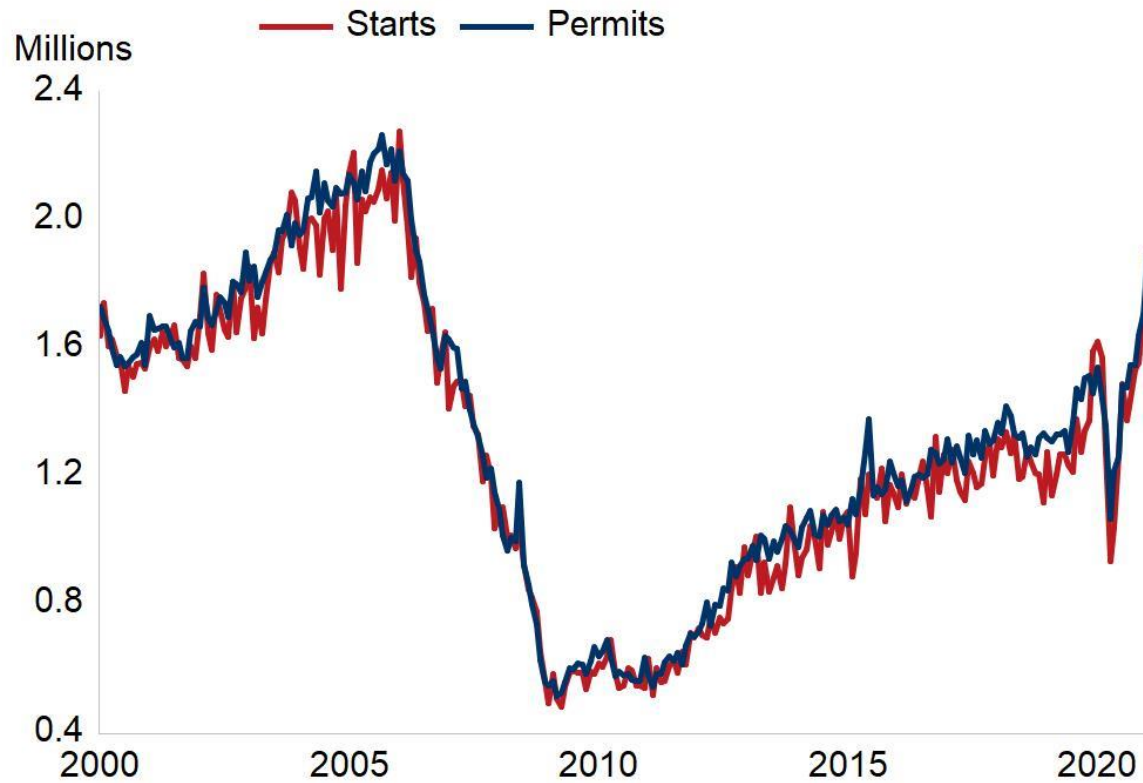
US: Single family home sales



Source: Oxford Economics/Haver Analytics

Supporting housing construction activity

US: Housing activity

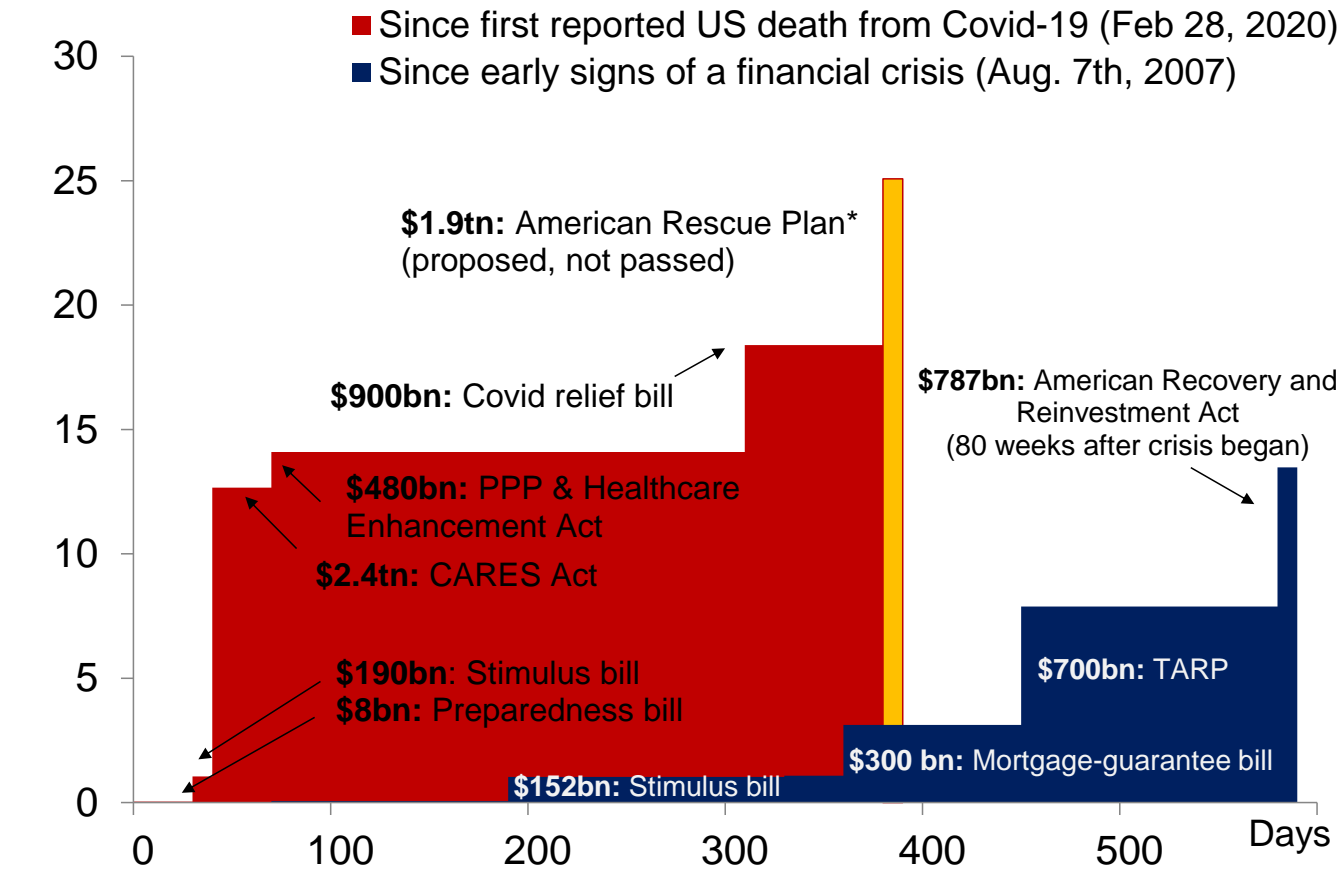


Source: Oxford Economics/Haver Analytics

Large and rapid fiscal stimulus without precedent

US: Funds authorized by Congress

Share of GDP, %

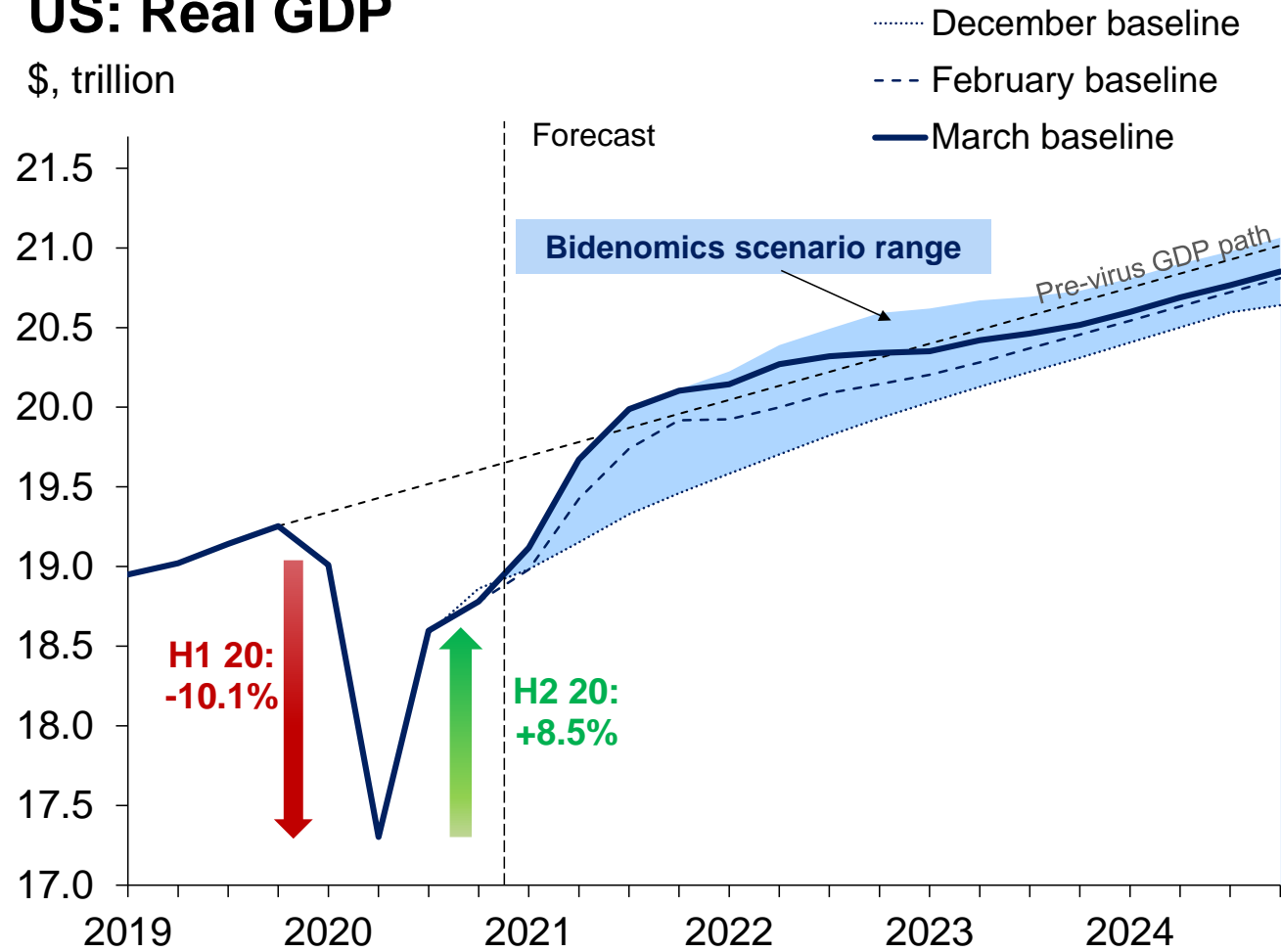


Source : Oxford Economics/CBO

Policy upside risk shouldn't be discounted

US: Real GDP

\$, trillion



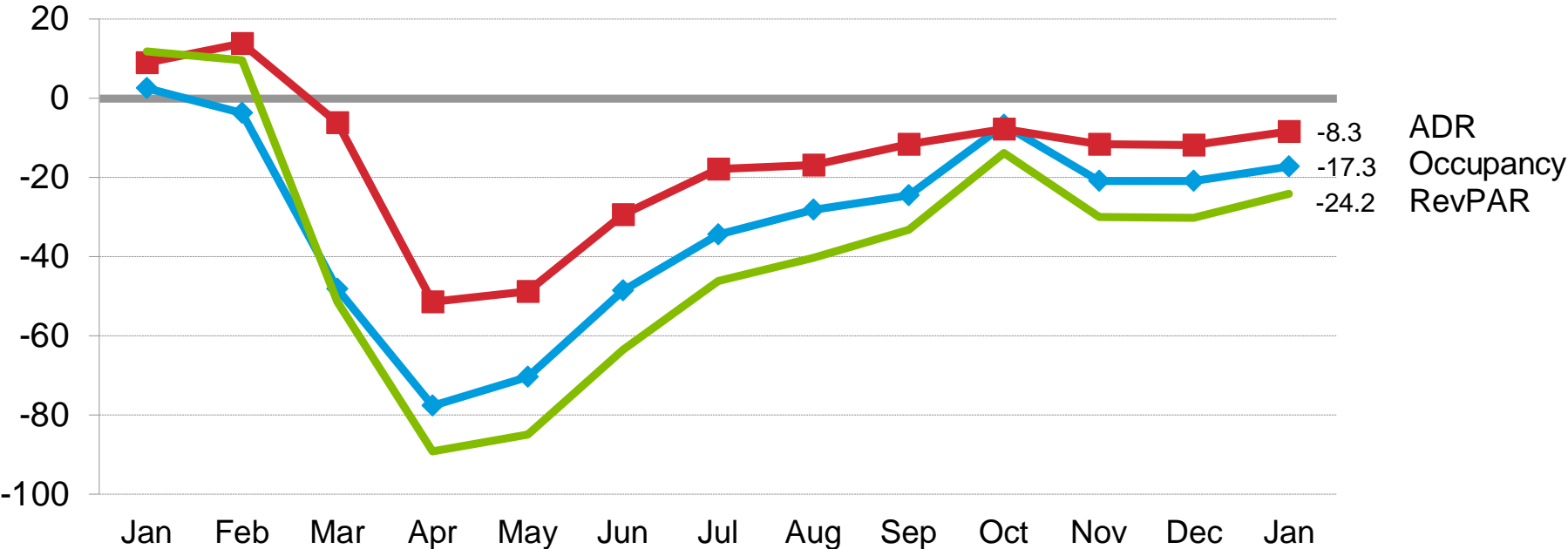
Source : Oxford Economics

When will travel recover?

The journey of the past year

Buncombe County Hotel Performance

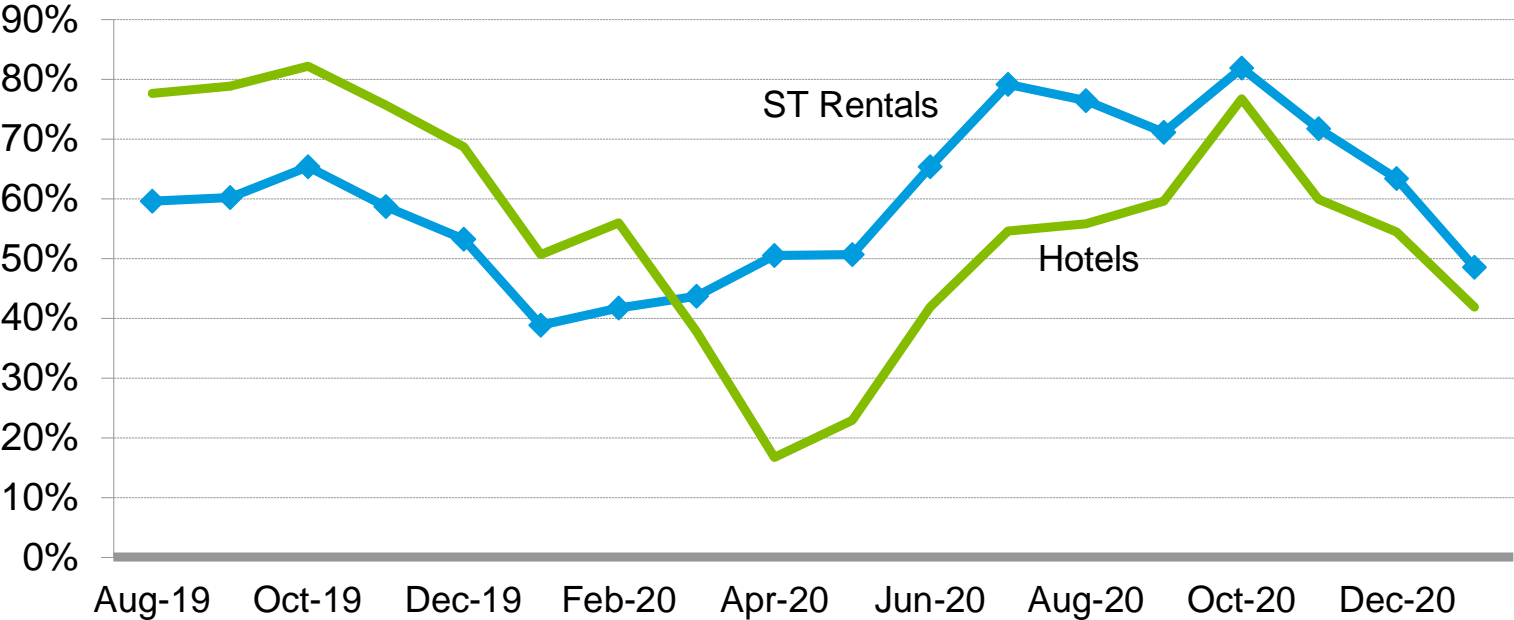
year-over-year % change



Source: STR

Short-term rentals have outperformed hotels

Buncombe County Occupancy Rates

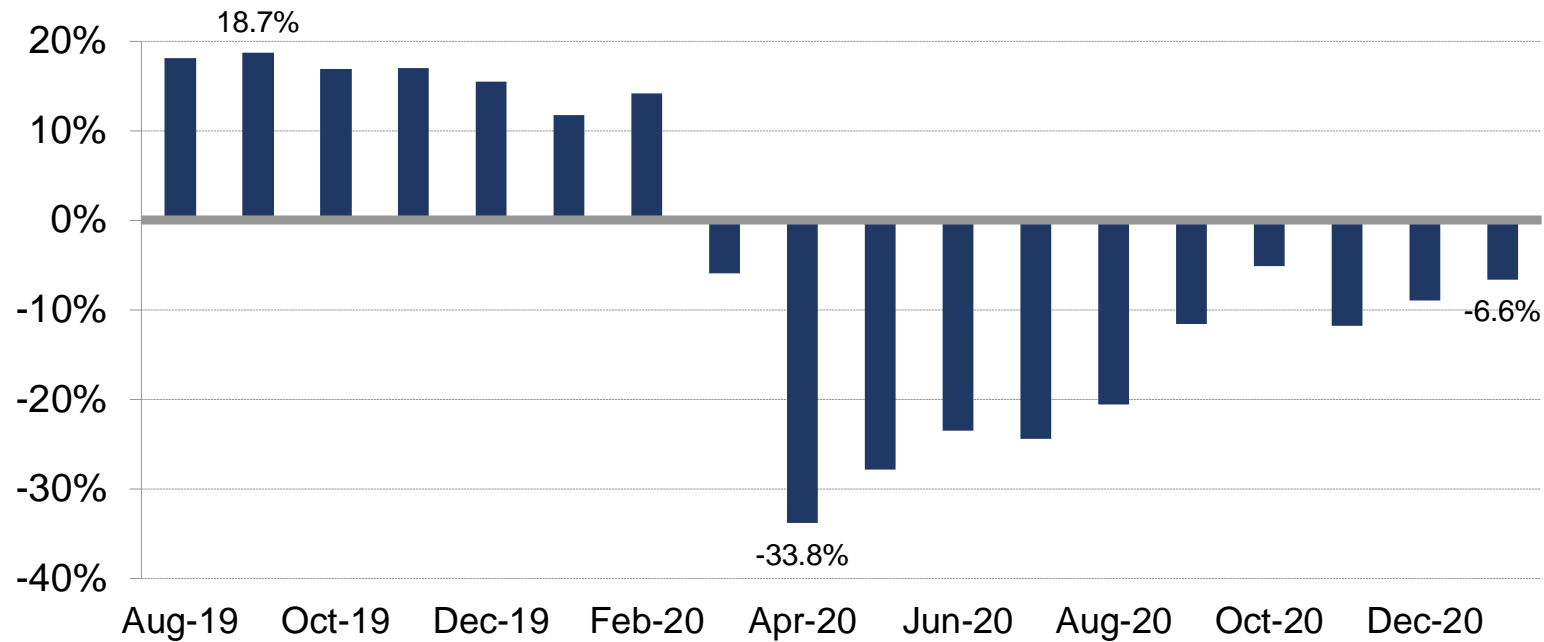


Source: STR, AirDNA

But hotels are making a comeback

Buncombe County Hotel Occupancy Premium

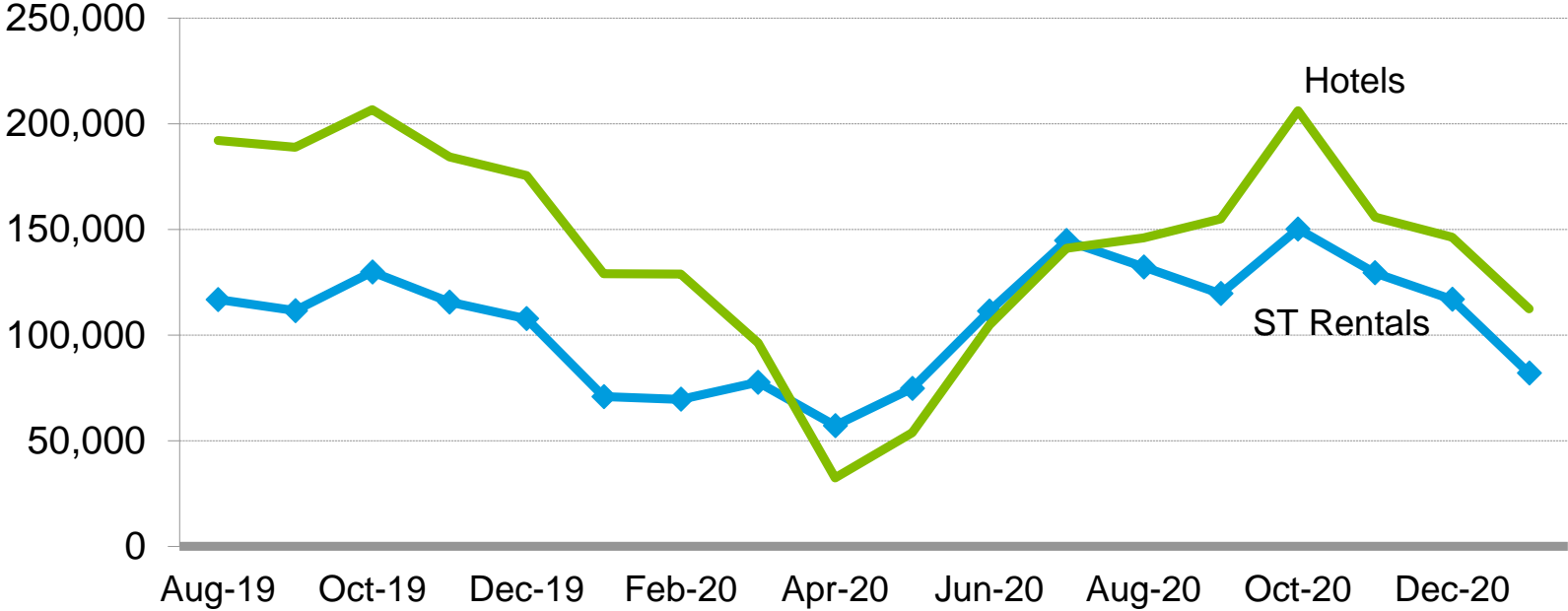
Hotel occupancy minus ST rental occupancy



Source: STR, AirDNA

Hotels are once again the leading accommodation type

Buncombe County Room Demand

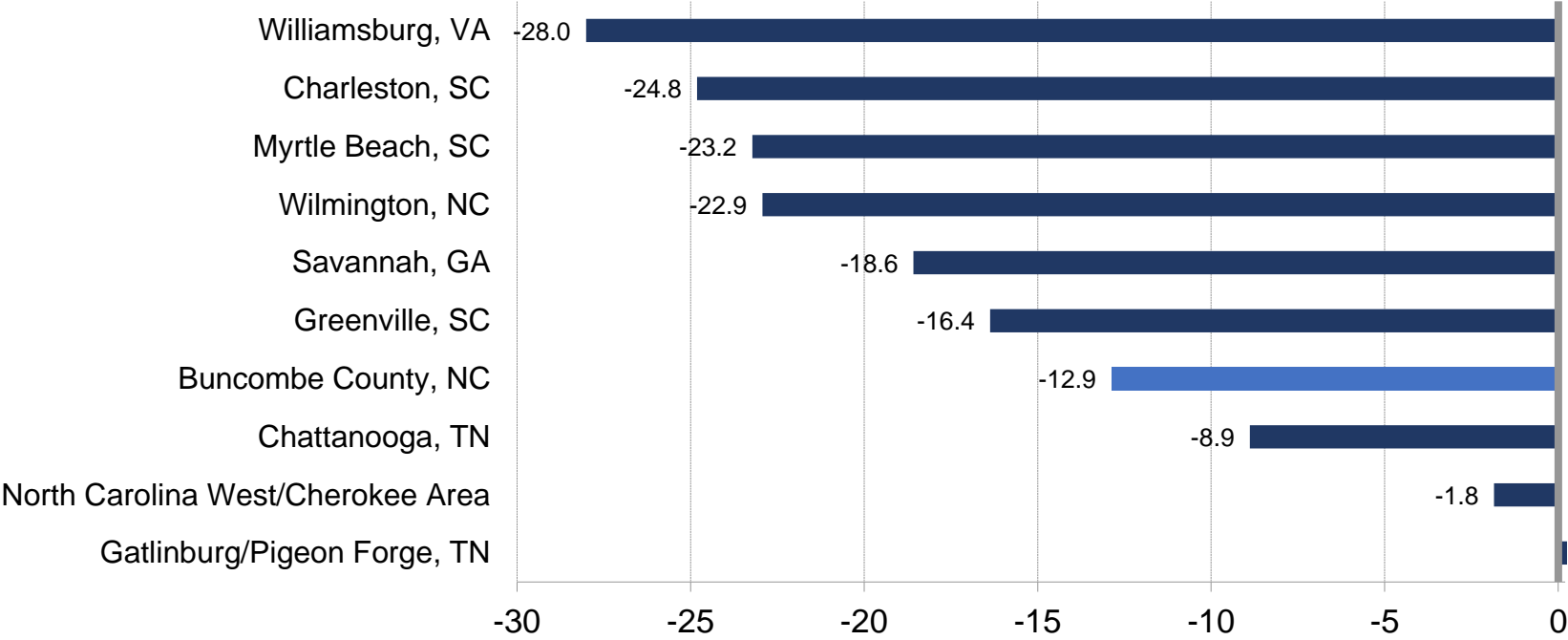


Source: STR, AirDNA

Asheville outperformed most of its peers in 2020

Hotel Room Demand

2020 % change



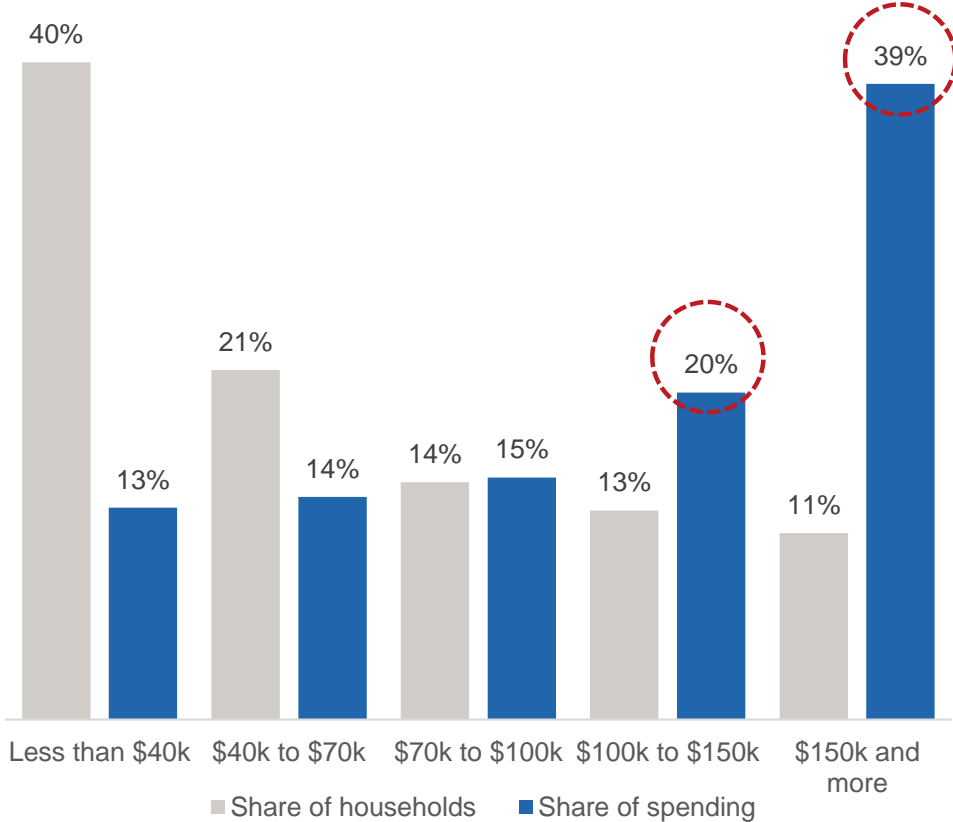
Source: STR

Assumptions: Baseline

- **2021 Q1**
 - Difficult start to year. Concerted efforts to get disease under control
- **2021 Q2-Q3**
 - Vaccination programs make a meaningful impact
 - Leisure travel picks up headed into summer
- **2021 Q4**
 - Context for business travel and group events has normalized substantially.
 - Group and business travel returns (but at 20%-30% below 2019 levels)

Will higher income households support recovery?

Share of leisure lodging spending by income



Unemployment rate (October):

- Bachelor's or higher: 4.2%
- High school grad: 8.1%

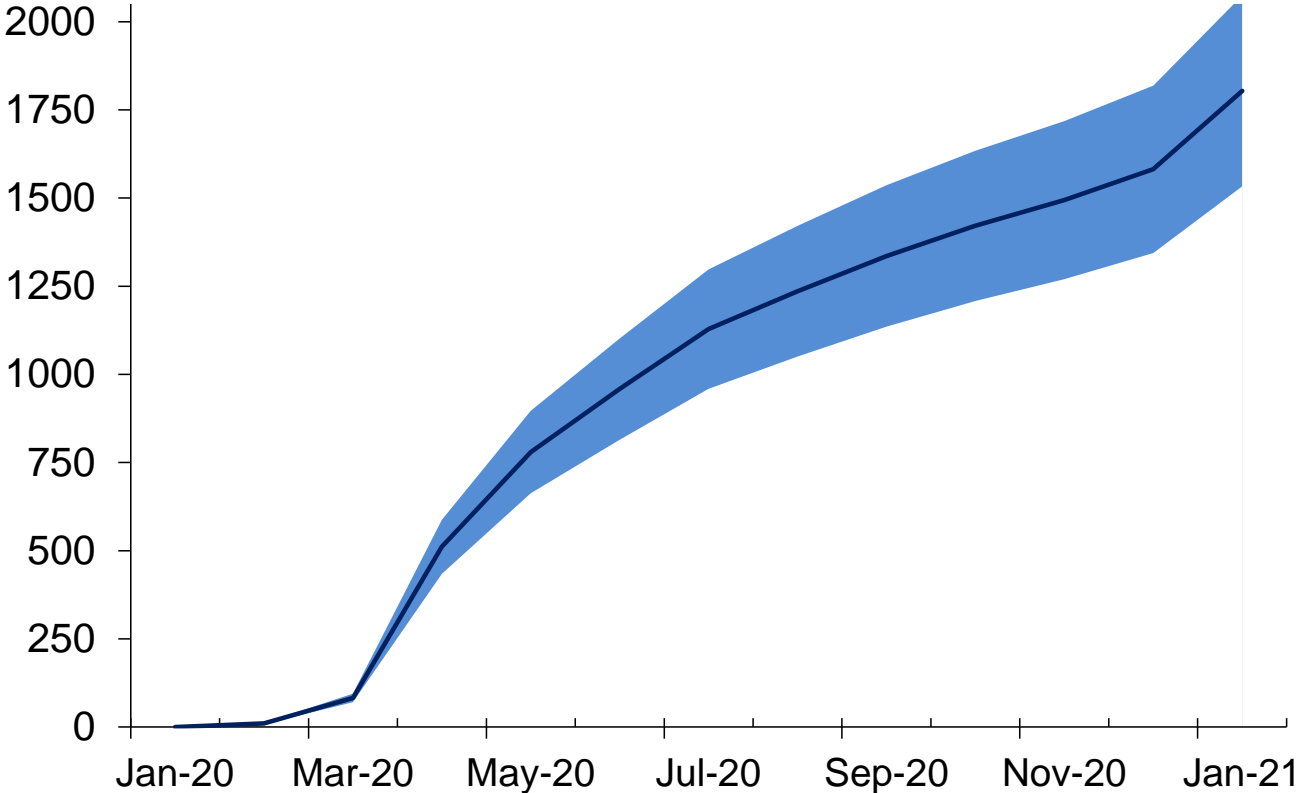
Households earning \$100k+ account for 24% of households... but 59% of leisure spending on lodging

Note: Lodging spending is based on recent three-year average (2015 to 2018). Consumer spending represents leisure trips. Pre-tax annual income, in thousands.
Source: BLS; Tourism Economics

A massive \$1.7 tn cash stash for households

US: Cumulative household savings

\$, billion, since January 2020

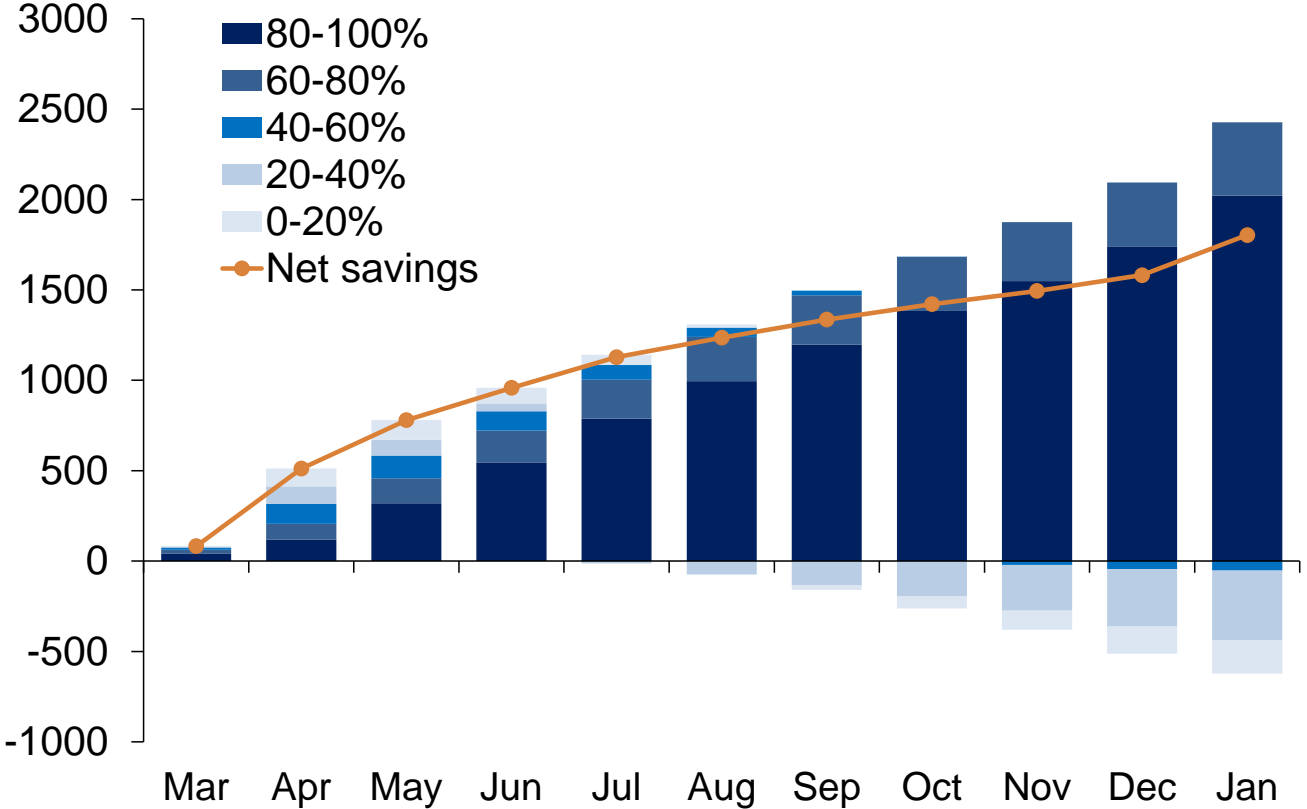


Source: Oxford Economics

It's all the top 20% (and 40%) of income-earners

US: Uneven savings across income quintiles

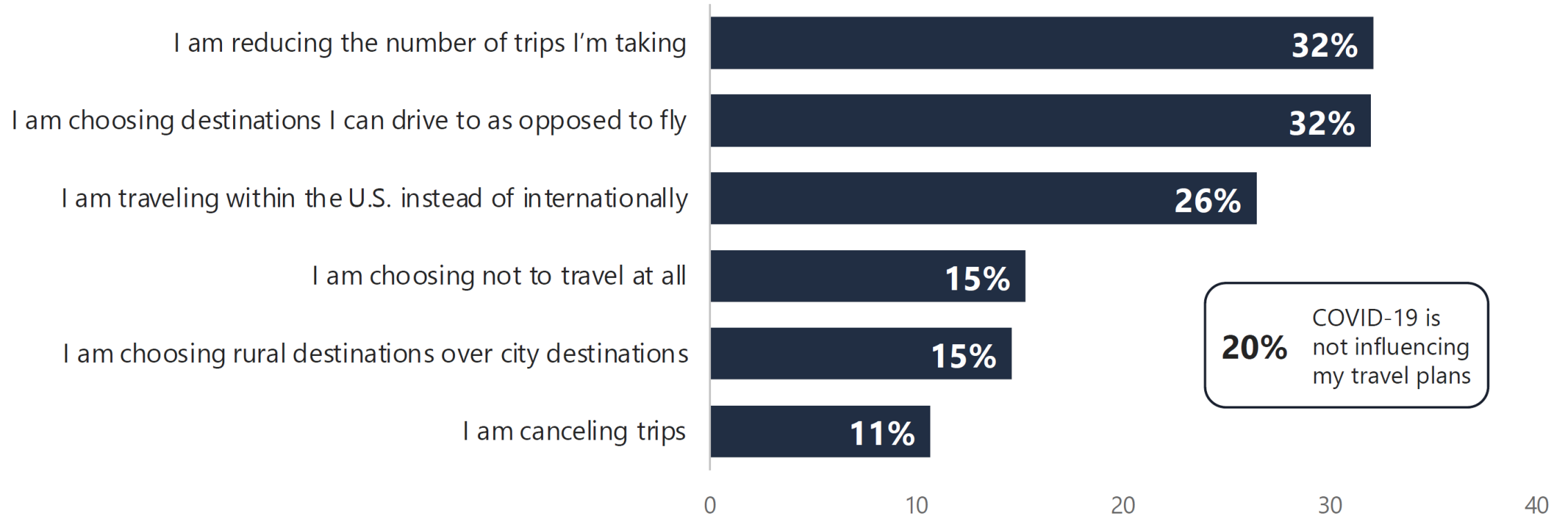
Cumulative excess personal savings since March (~\$1.8tn), \$, billion



Source: Oxford Economics

Major reshuffling of the deck

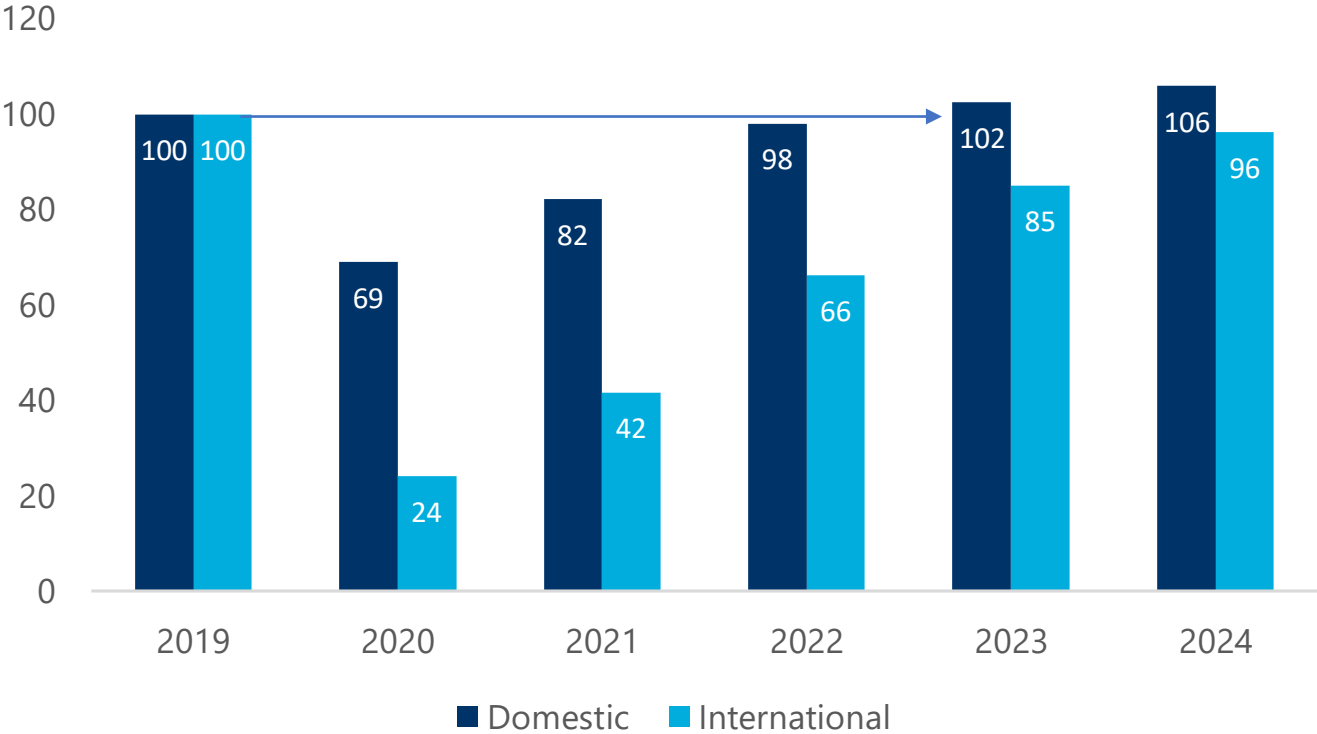
Influence of COVID-19 on Travel Plans in the Next Six Months



Domestic trips nearly back in 2022, international will take longer

Domestic and international trips

Index (2019=100)

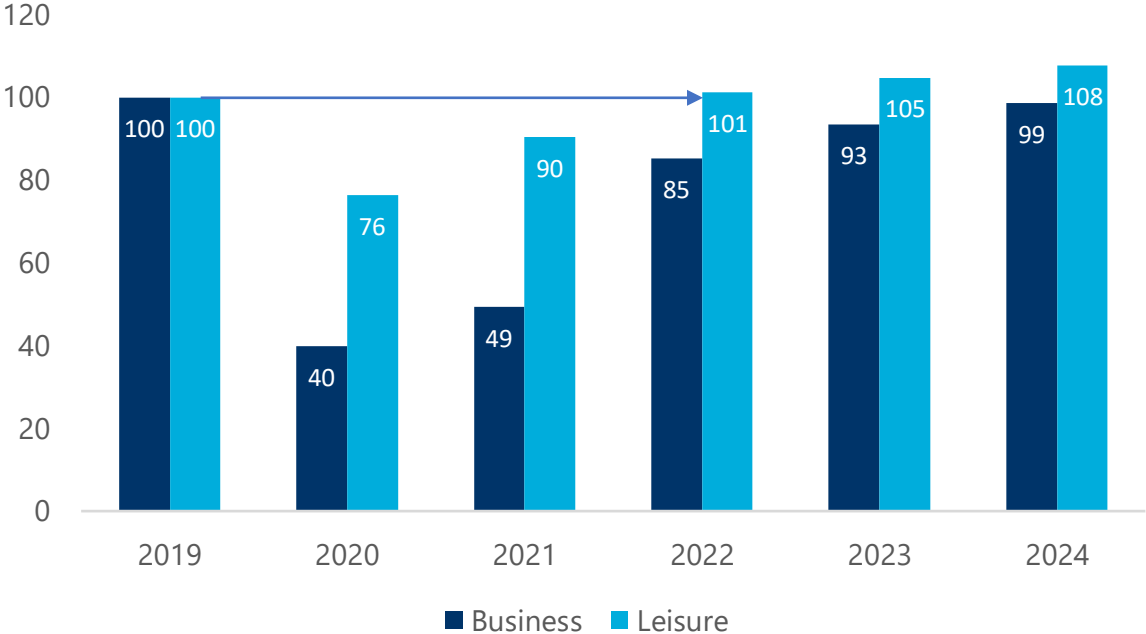


Source: U.S. Travel Association, Tourism Economics

Leisure travel will fuel the recovery

Business and leisure trips

Index (2019=100)



Leisure back to 2019 levels in 2022

Business nearly back in 2024

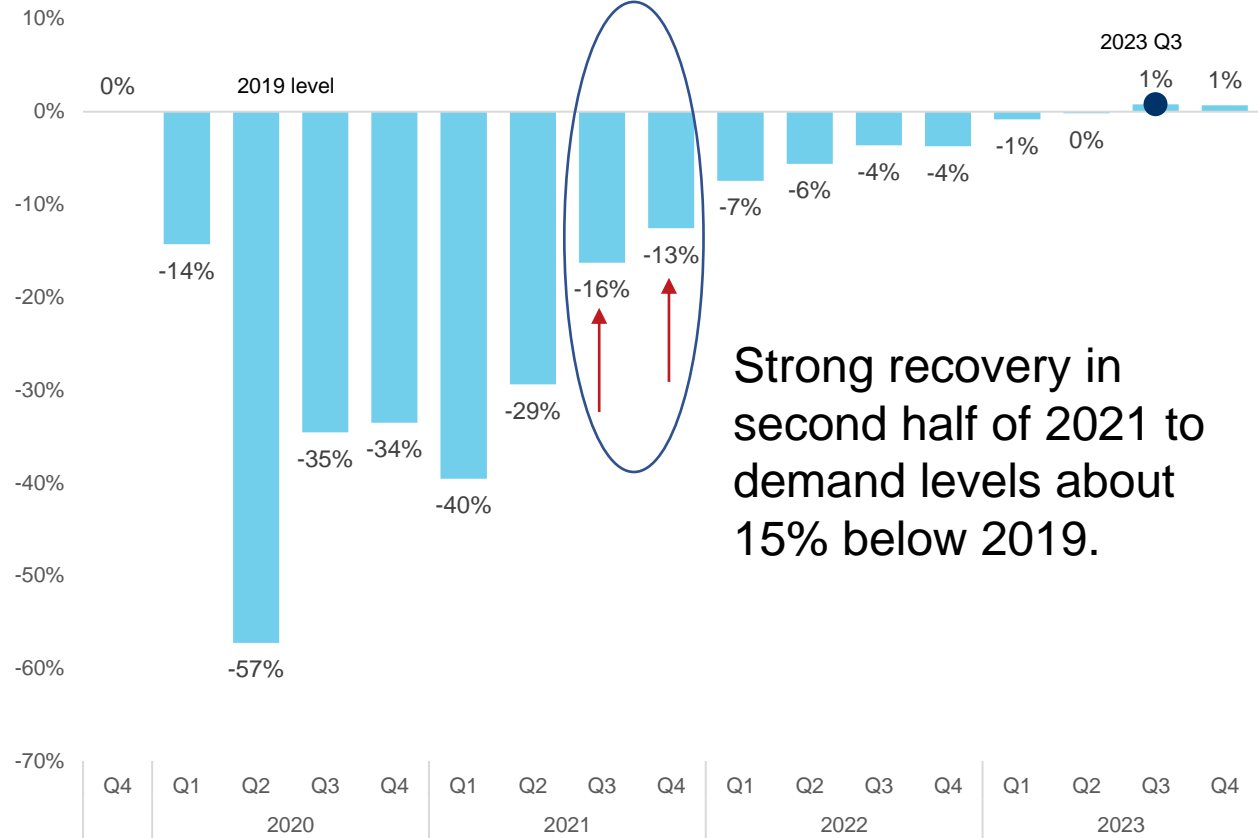
Note: Only domestic trips

Source: U.S. Travel Association, Tourism Economics

The second half of the year will look very different

Room demand

Quarterly, relative to 2019



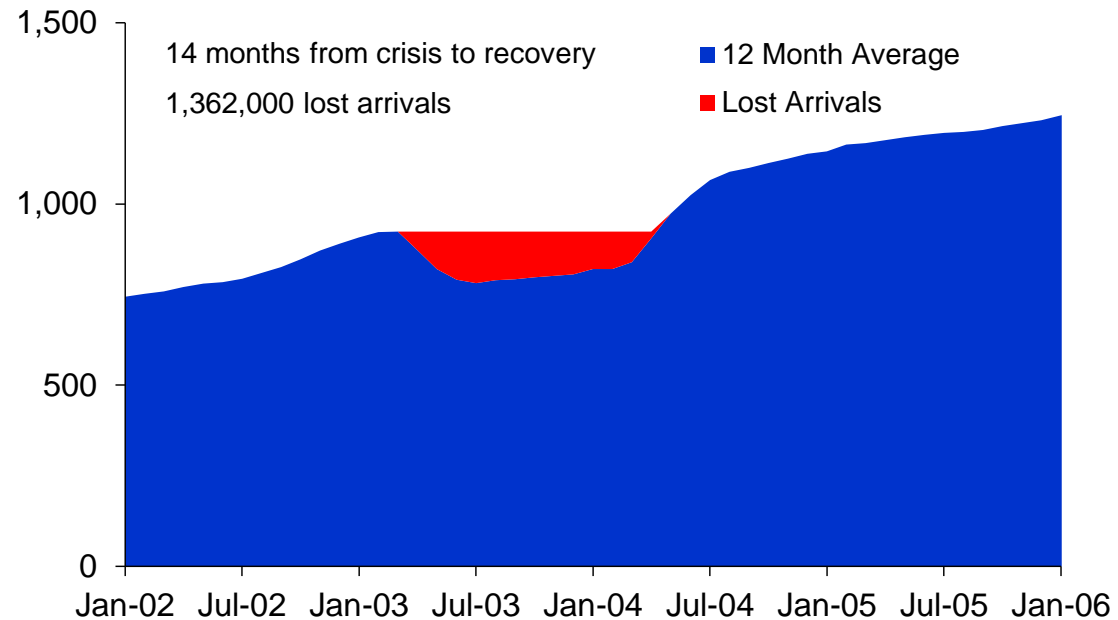
Source: STR; Tourism Economics



Recovery after a pandemic: 14-17 months

2003 SARS outbreak in Hong Kong

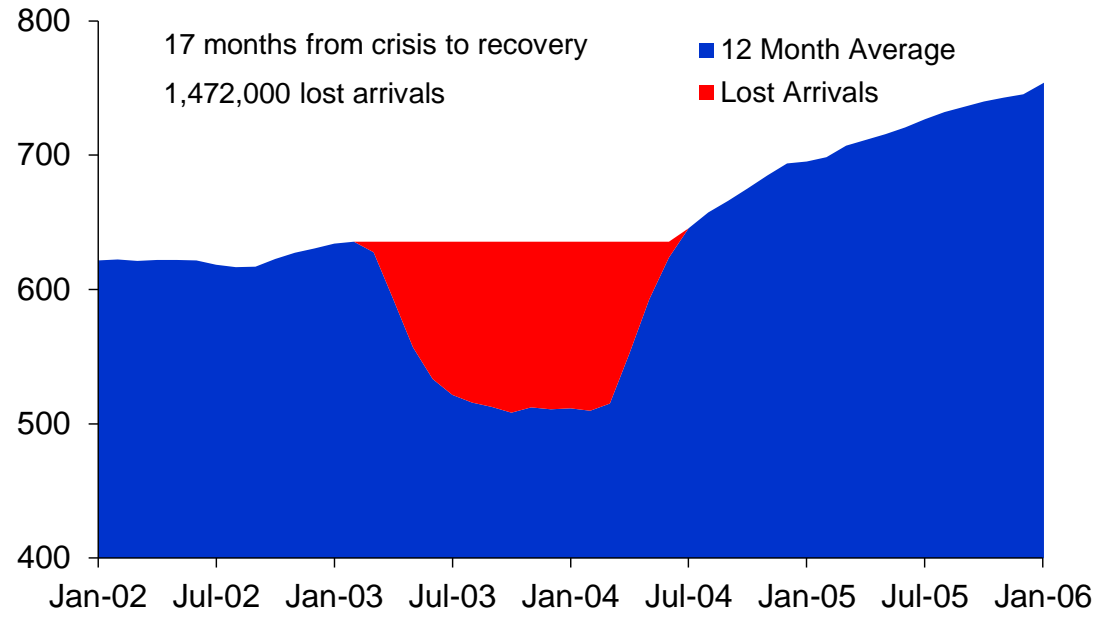
International arrivals (thousands)



Source: Tourism Economics

2003 SARS outbreak in Singapore

International arrivals (thousands)

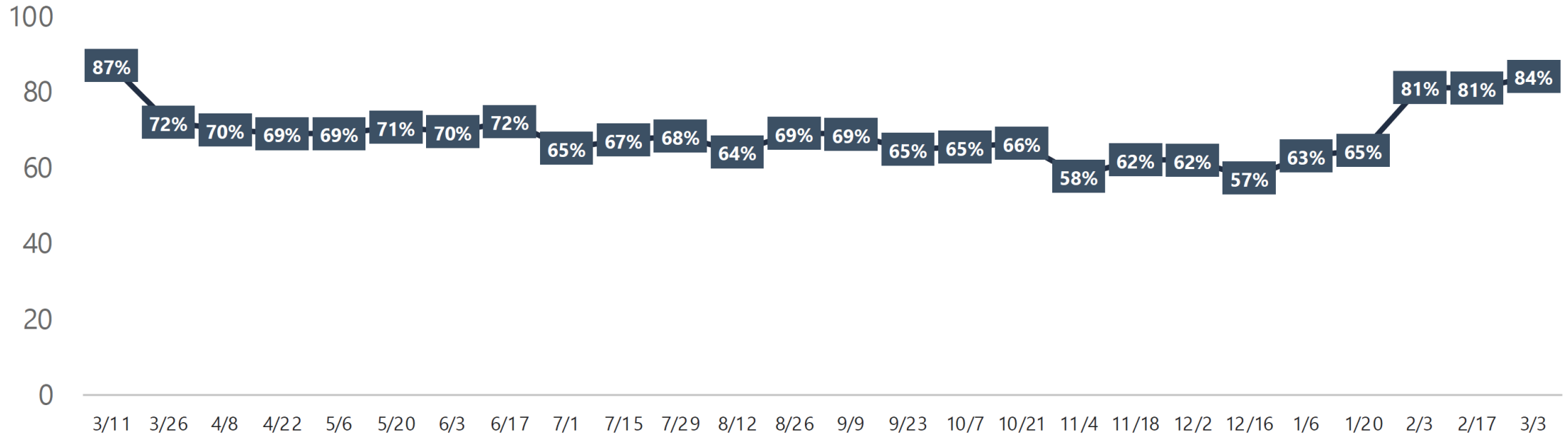


Source: Tourism Economics

80% of travellers indicate return within six months of virus containment according to recent IATA survey

Intentions to travel are already rising

Travelers with Travel Plans in the Next Six Months Comparison

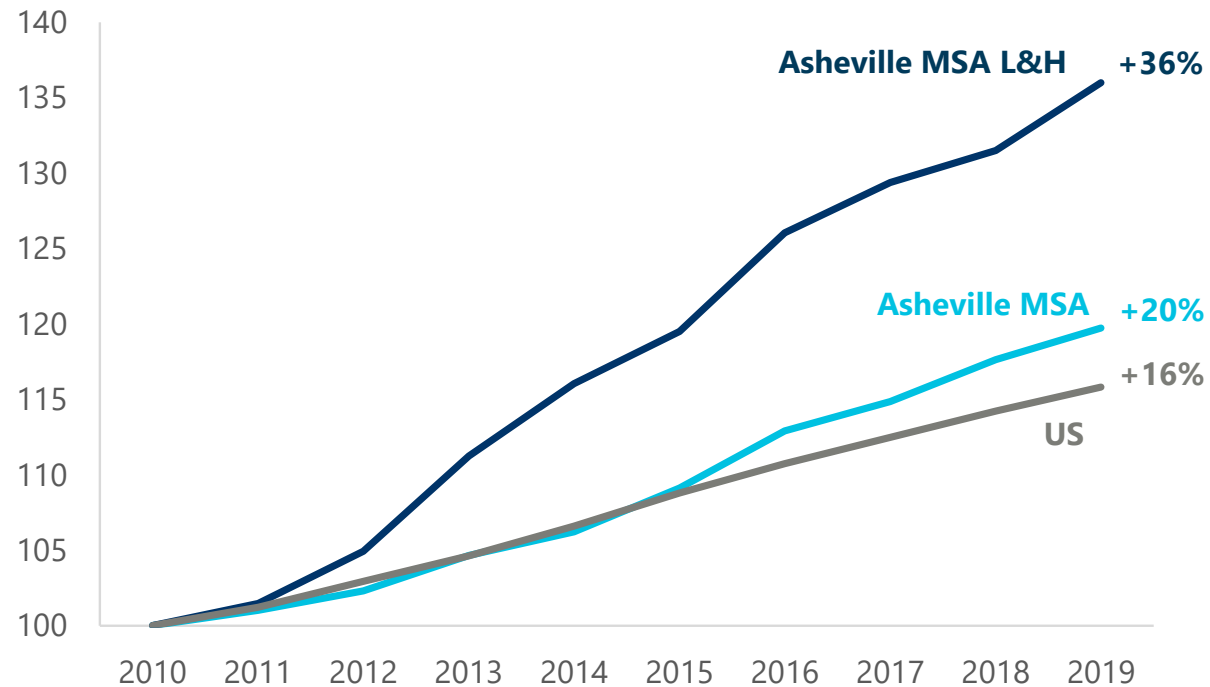


**How do we advocate for
the industry during this
crisis?**

Reminder: the travel sector was a leader of Asheville job growth

L&H employment in Asheville MSA

Index (2010=100)

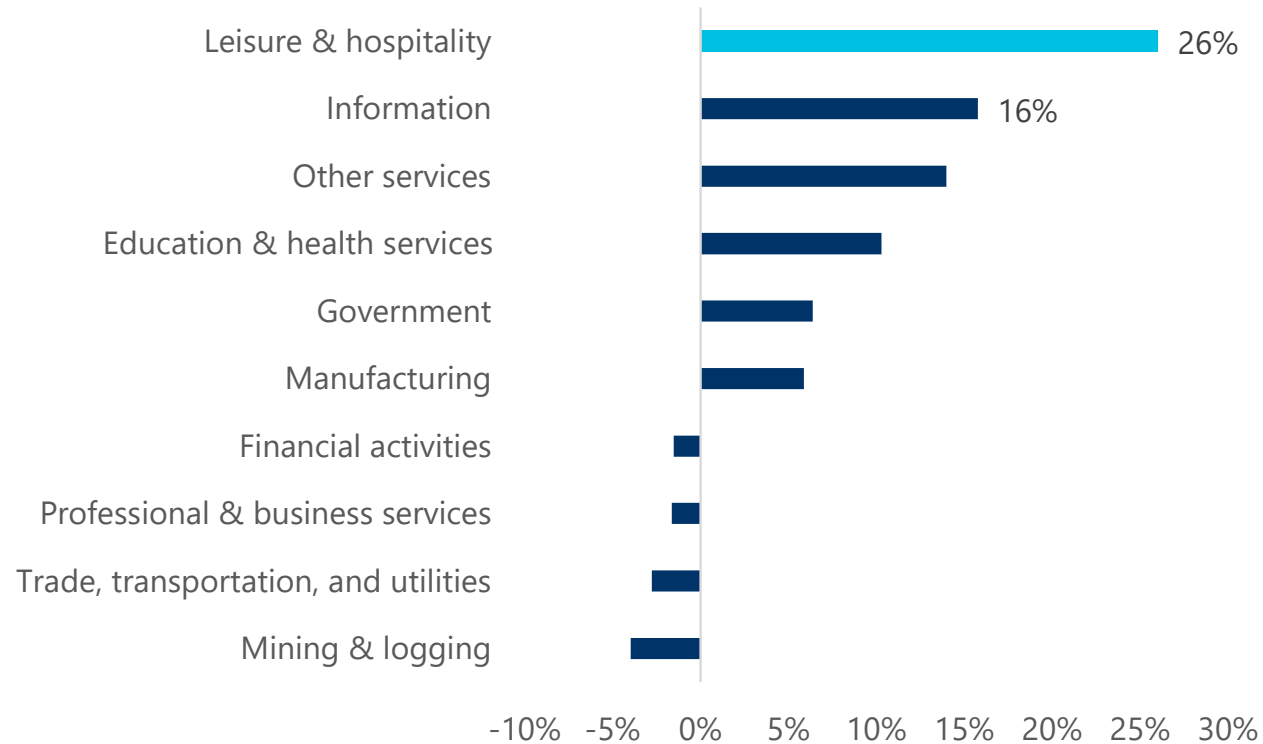


Source: BLS

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

Asheville MSA employment loss by industry

% of industry lost since February 2020

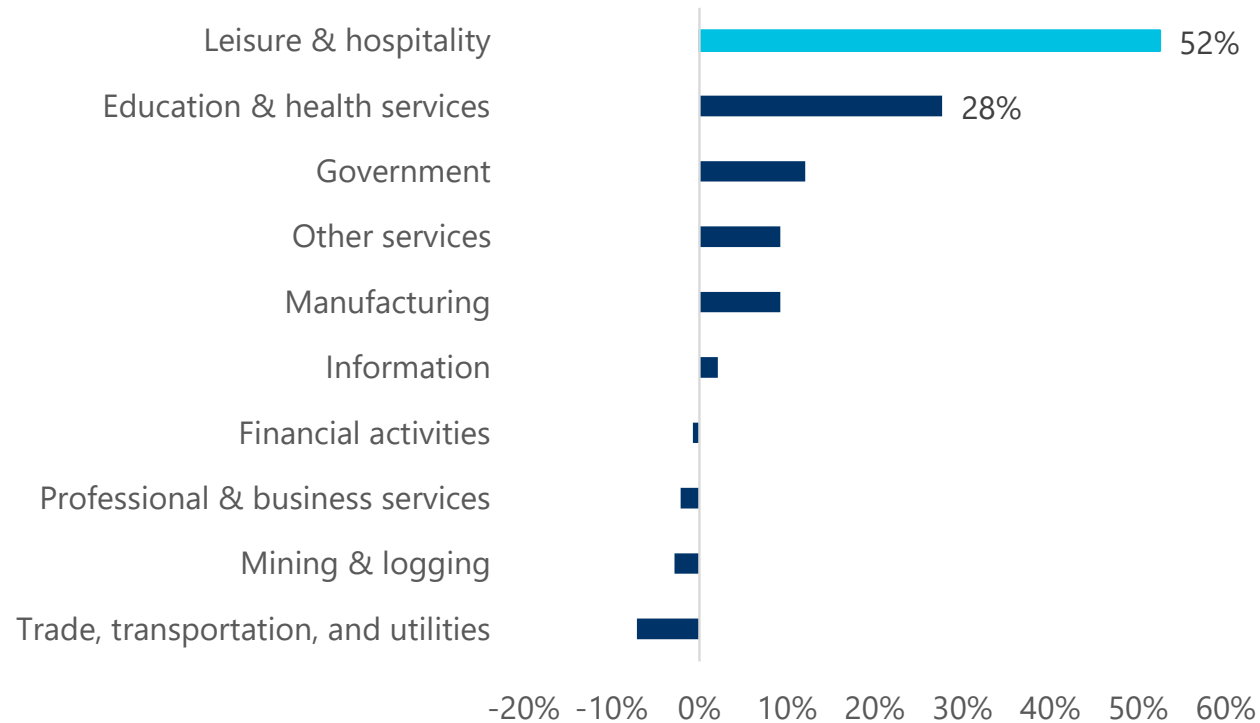


Source: BLS

Travel must be our focus for an economic recovery

Share of total Asheville MSA employment loss by industry

% of all jobs lost since February 2020





Source: BLS

Considerations for recovery




- 1 All indicators point to a strong leisure travel rebound**
This will drive a recovery in the labor market
- 2 Asheville's domestic market mix is encouraging**
High shares of leisure and drive visitors will boost the recovery
- 3 Group size and purpose favors Asheville**
Small and medium-sized events will recovery more quickly than larger events





This should not be controversial




Adam Sacks
President, Tourism Economics
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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President
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March 2021