

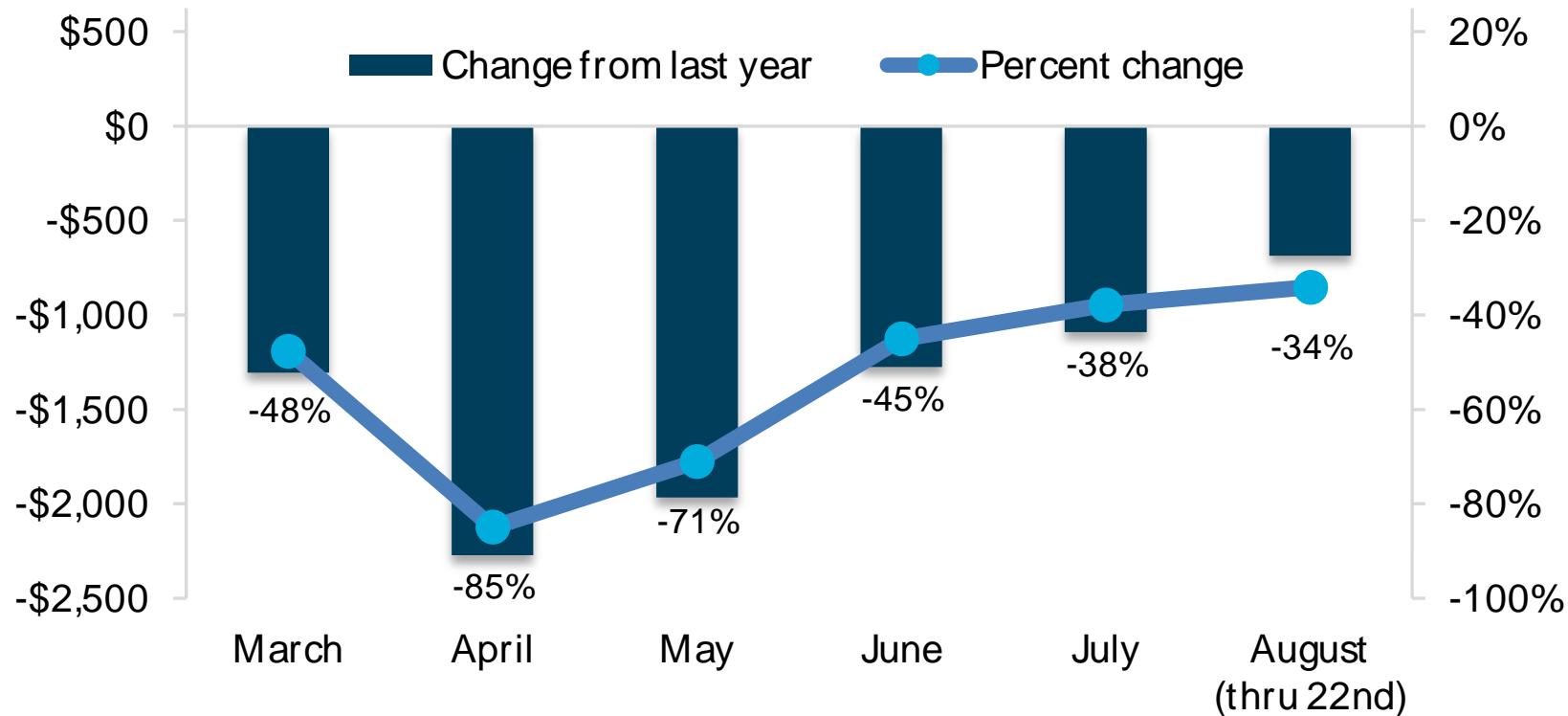
# PLANNING FOR THE RECOVERY

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# Georgia travel spending fell dramatically, but has been improving

## Georgia monthly travel spending

\$ millions, year-over-year change

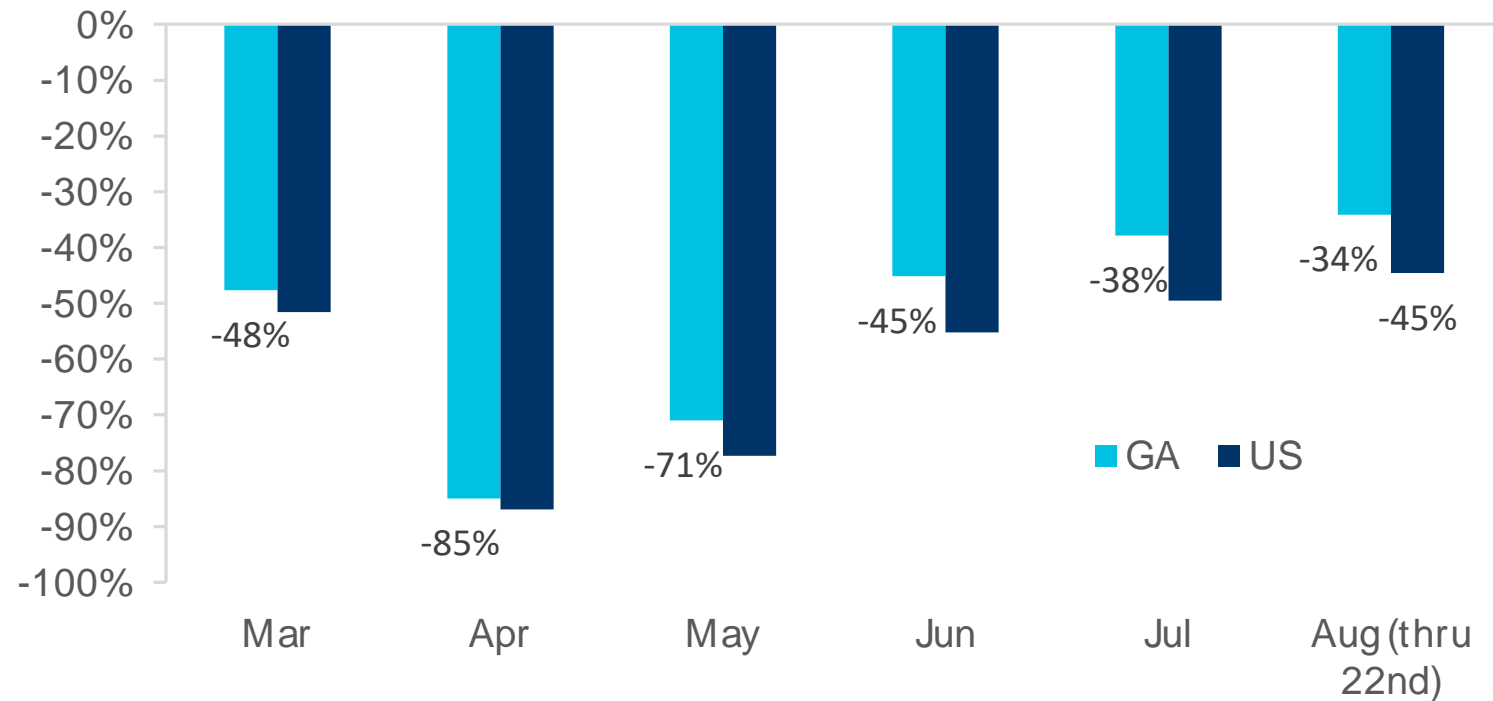


Source: Tourism Economics

# And Georgia is recovering at a faster rate than the US

## Travel spending losses

Year-over-year % change

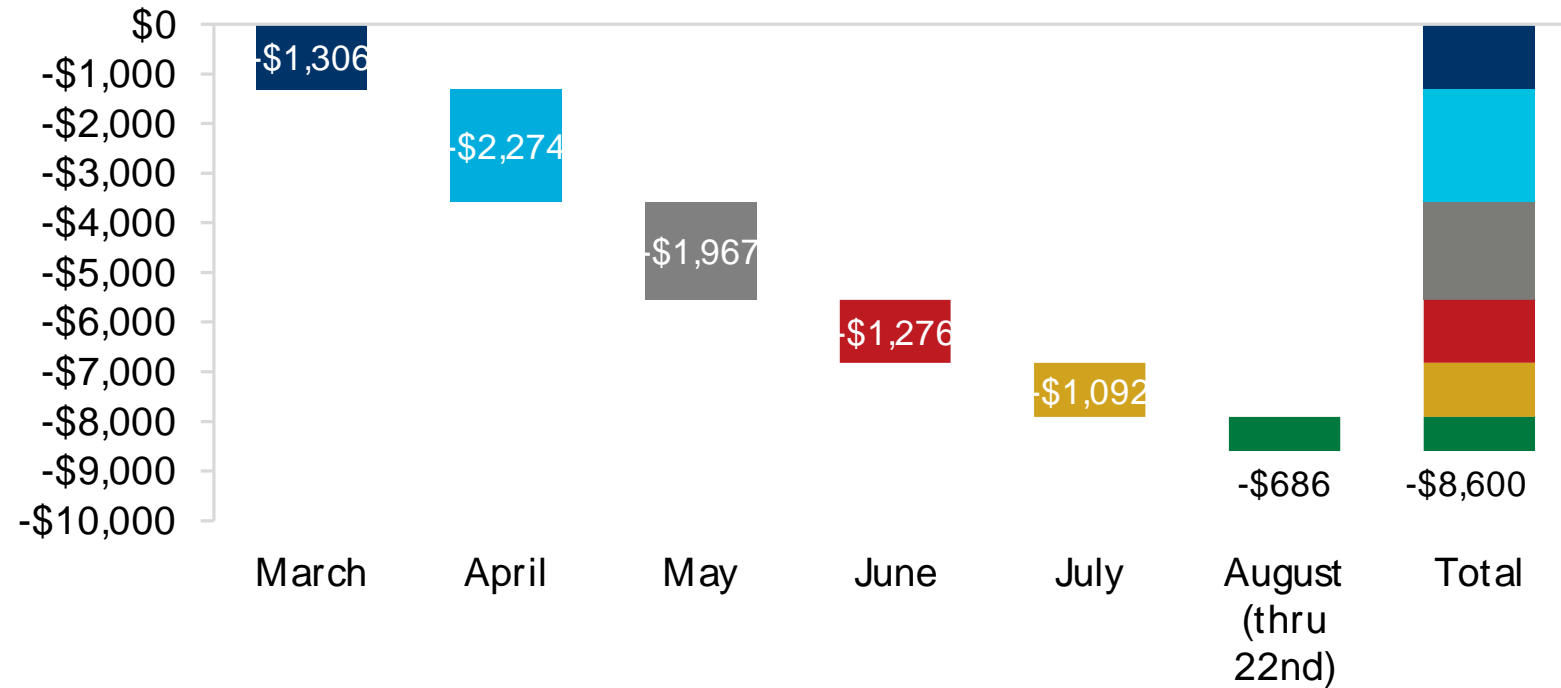


Source: Tourism Economics

# Nevertheless, travel spending losses are approaching \$10 billion

## Georgia travel spending loss by month

\$ millions

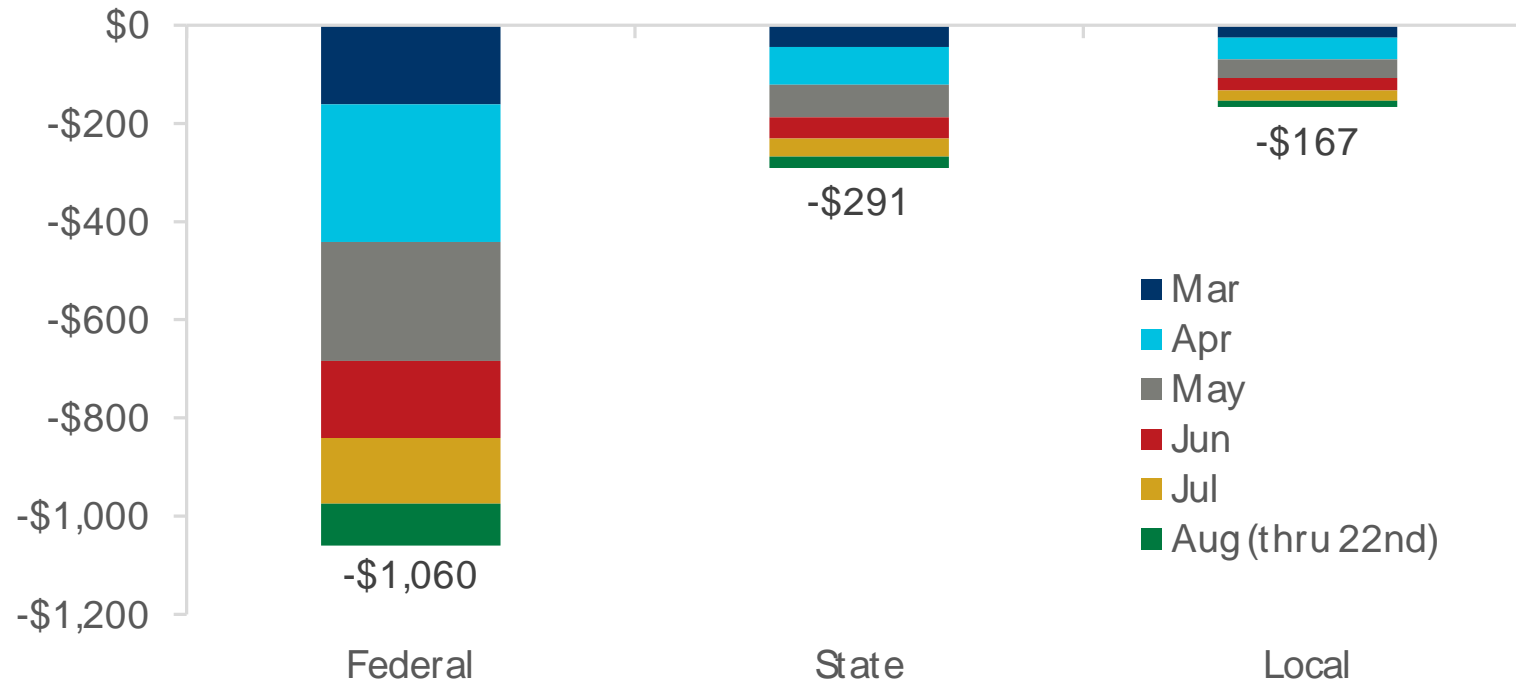


Source: Tourism Economics

# ...with implications for state and local government

## Georgia tax revenue losses on travel spending

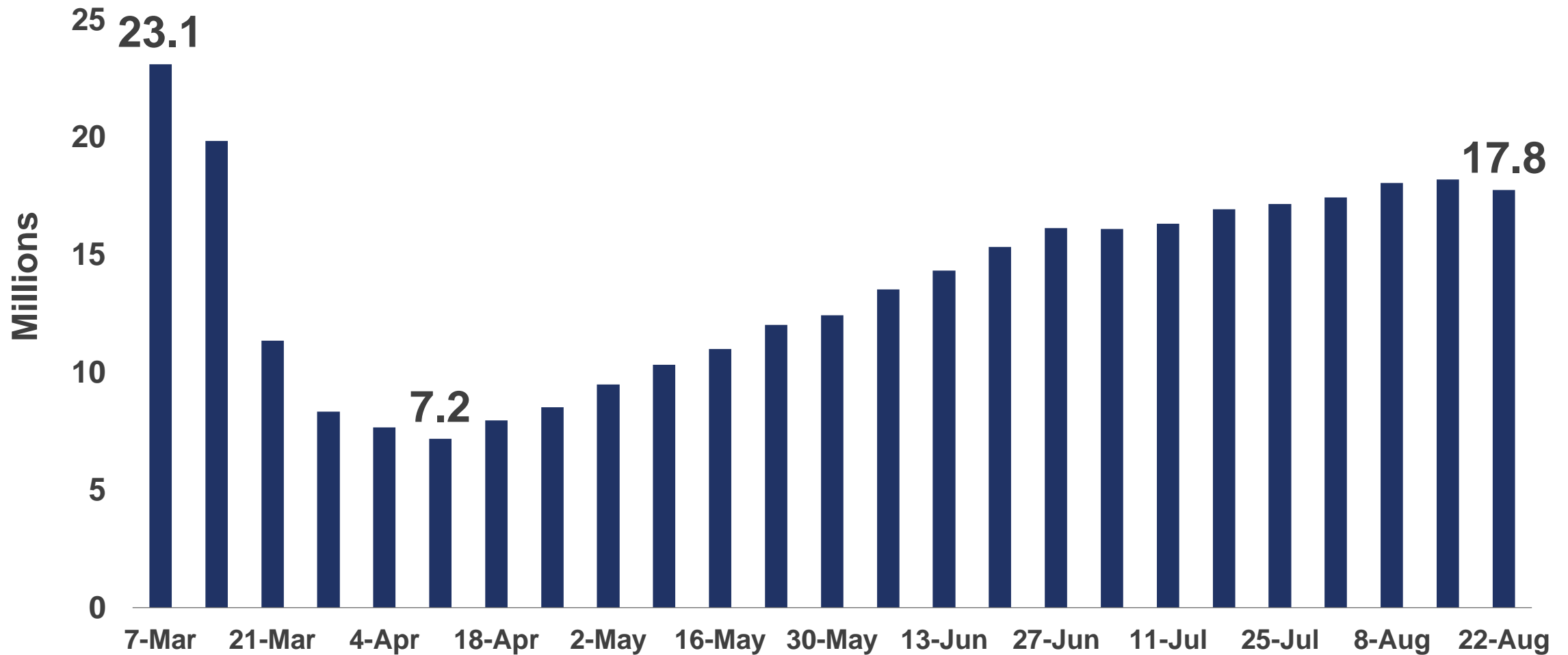
\$ millions, year-over-year change



Source: Tourism Economics

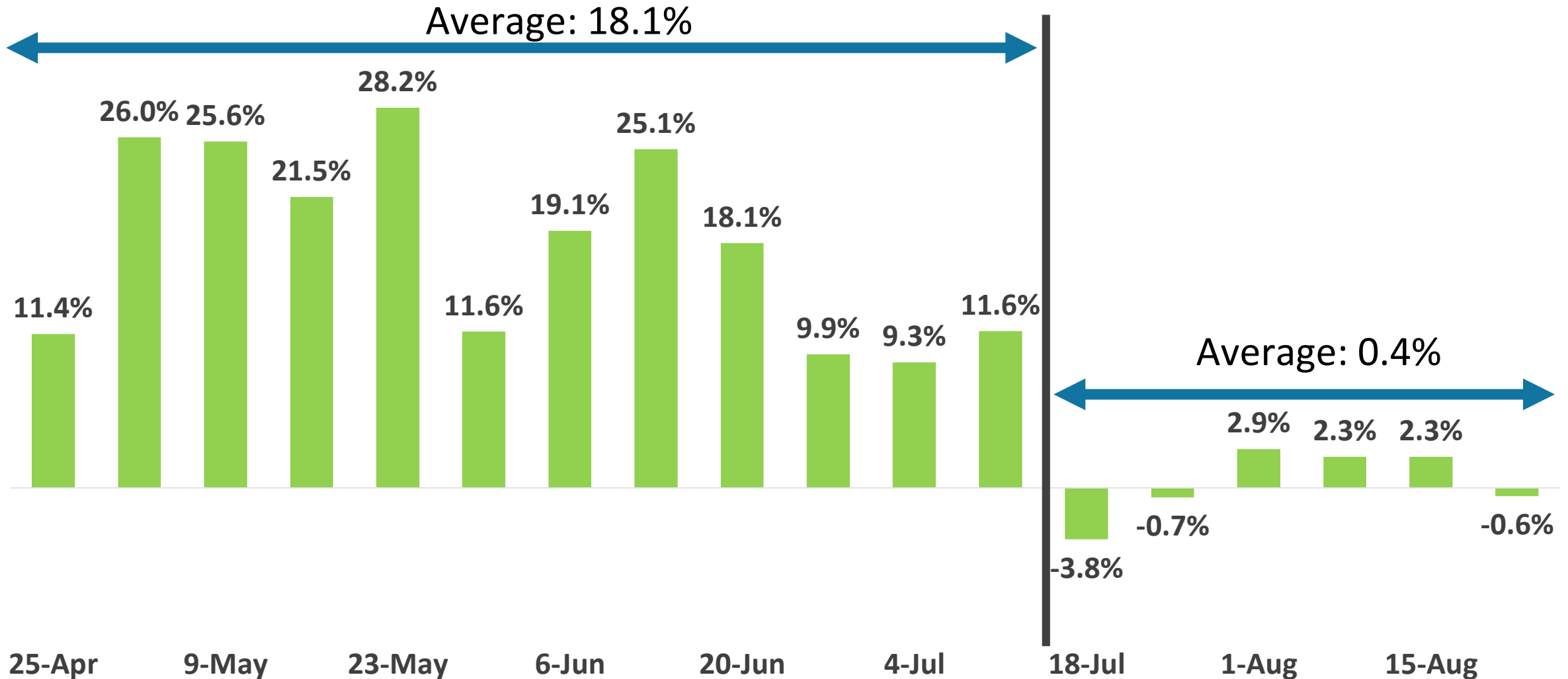
# Weekly Room Demand: First Decrease Since 4/11

Total U.S., by Week



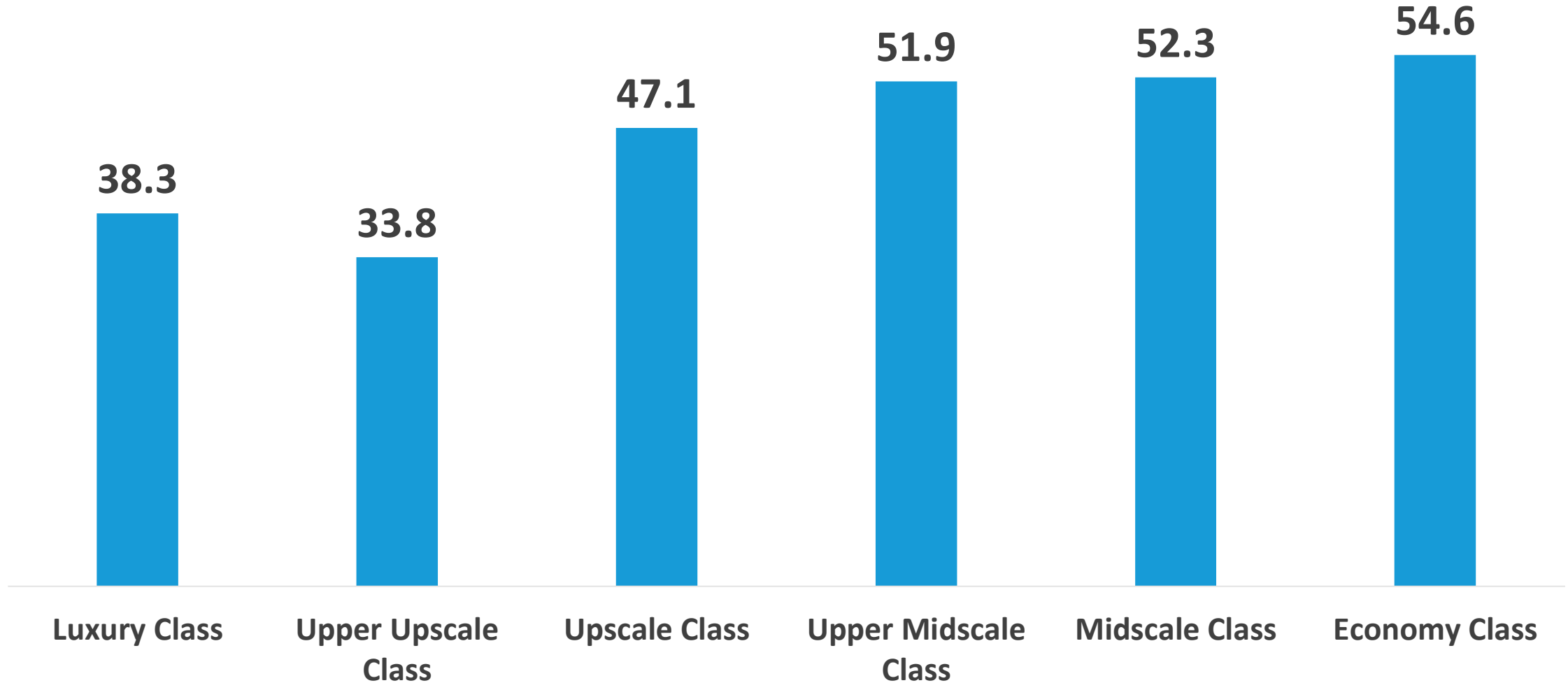
# TSA Count Growth Fluctuates Around the “0 %” Line

TSA Checkpoint Count, Week over Week, from 4/18



# Class Performance: Low Price Point = High Occupancy

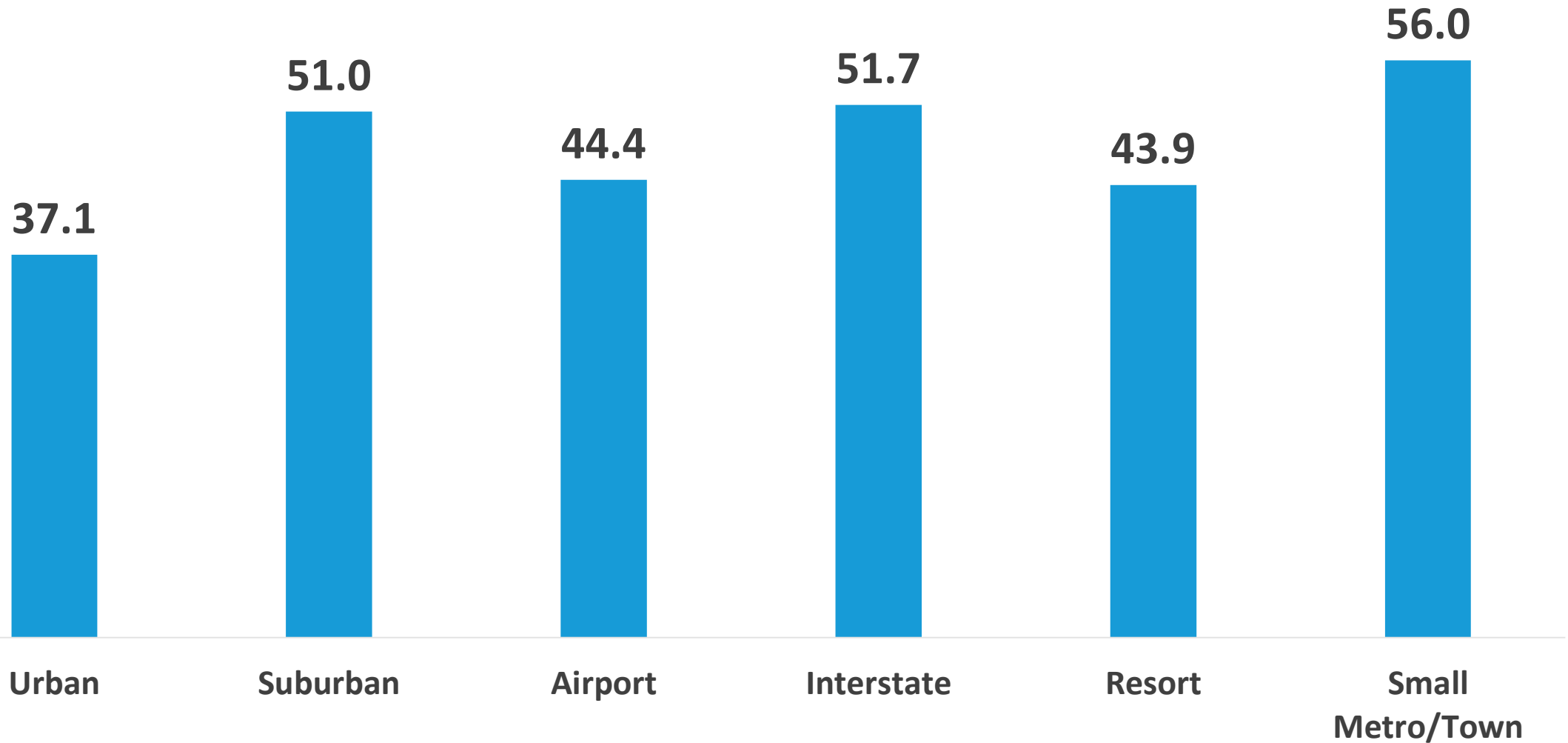
Total U.S., Occupancy %, week ending August 22





# Location Performance: Three Locations with 50%+ Occ

Total U.S., Occupancy %, week ending August 22



## Segmentation: National Group Occ Still at 3.8%

Total U.S., Segmentation KPIs, % Change, week ending August 22



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	Transient	Group
Occupancy	-45.7	-80.3
ADR	-16.1	-25.7
RevPAR	-54.4	-85.4

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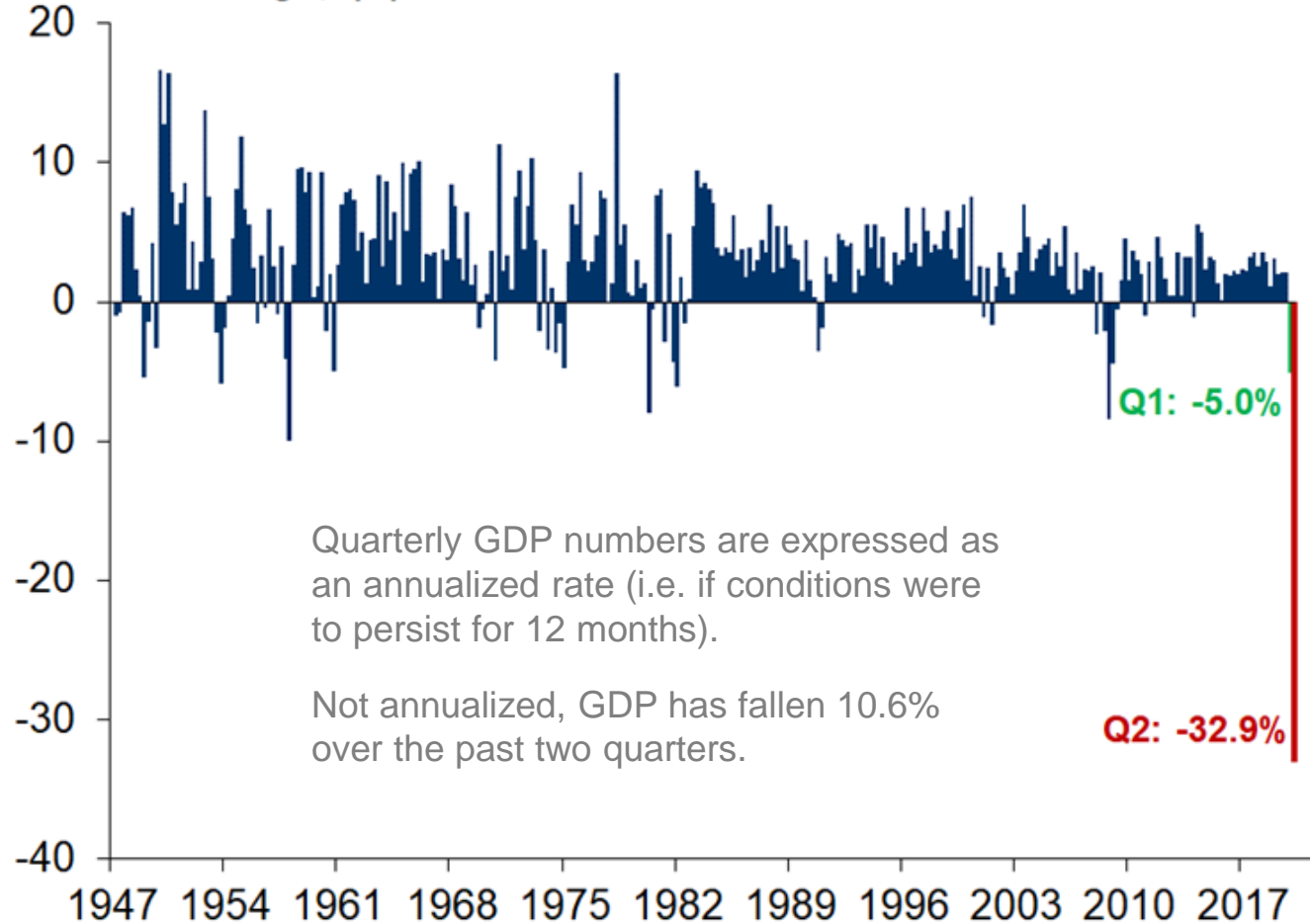
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## Economic indicators that matter

# Q2 GDP: Historic and meaningless

## US: The worst quarterly decline in GDP

Percent change, q/q annualized



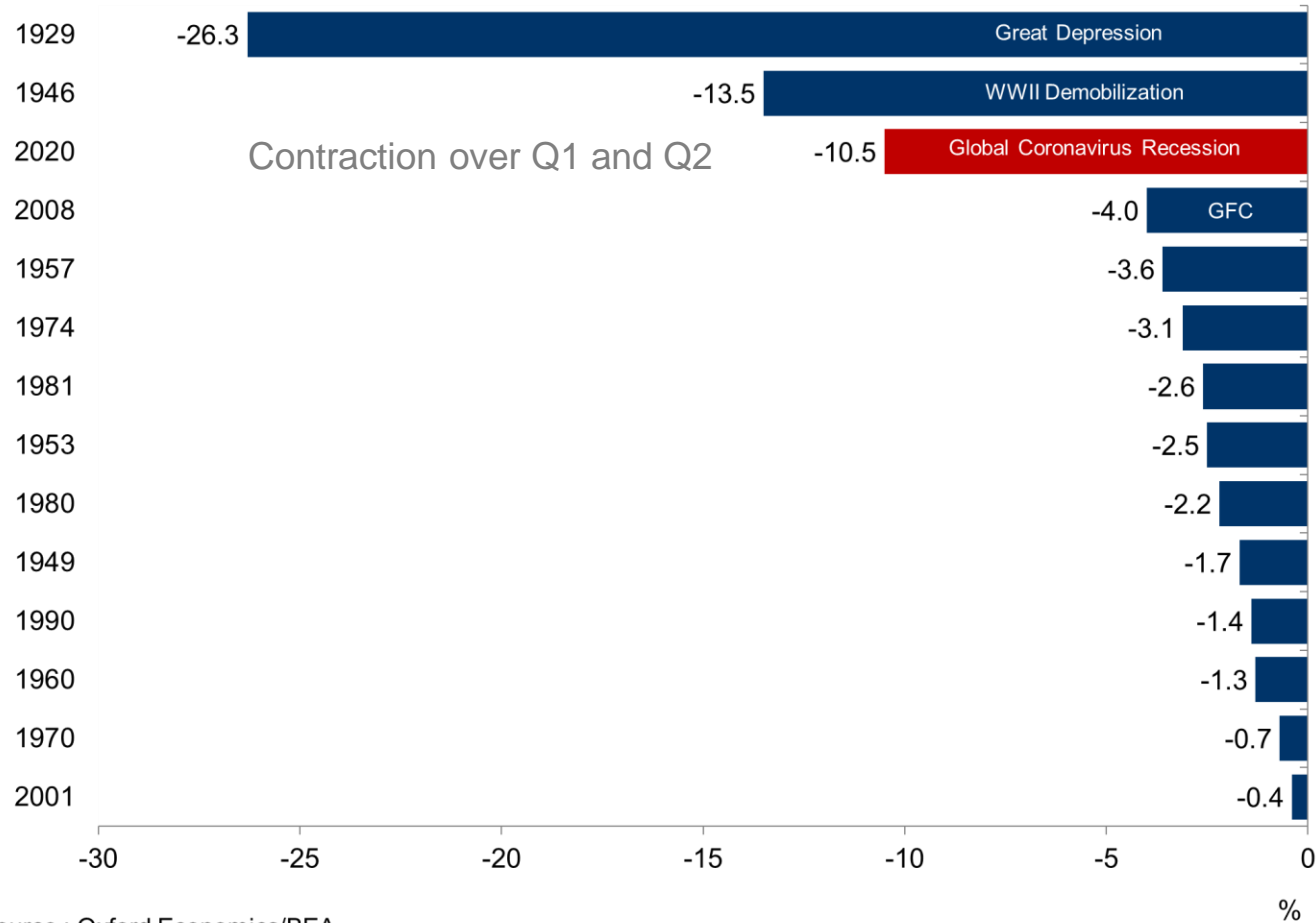
Quarterly GDP numbers are expressed as an annualized rate (i.e. if conditions were to persist for 12 months).

Not annualized, GDP has fallen 10.6% over the past two quarters.

Source : Oxford Economics/Haver Analytics

# Historic

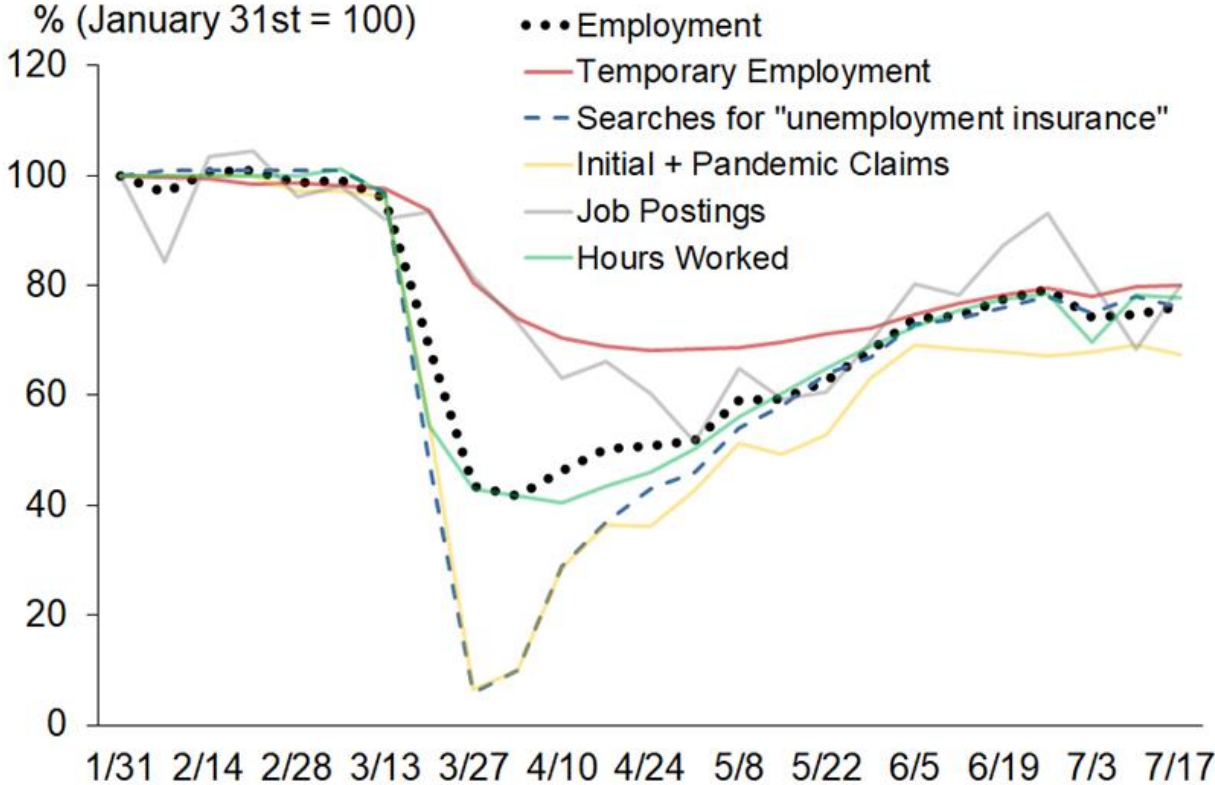
## US: Peak-to-trough GDP decline during recessions



Source : Oxford Economics/BEA

# Jobs recovery has paused

## US: Recovery Tracker -- Employment

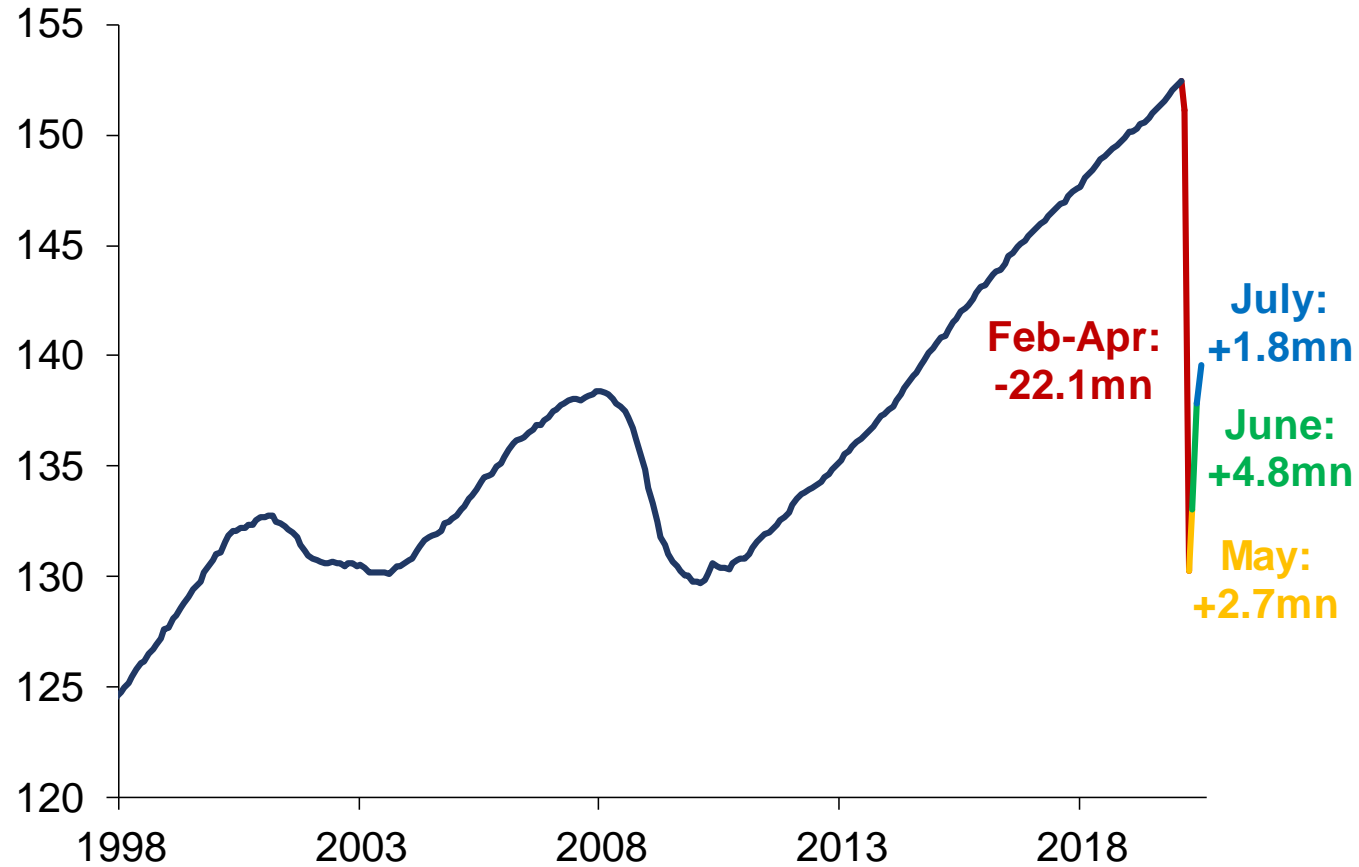


Sources: Oxford Economics, Homebase, Google, Burning Glass, Department of Labor, American Staffing Association

# 1.8 million jobs added in July; still down 13 million jobs

## US: Nonfarm payroll employment

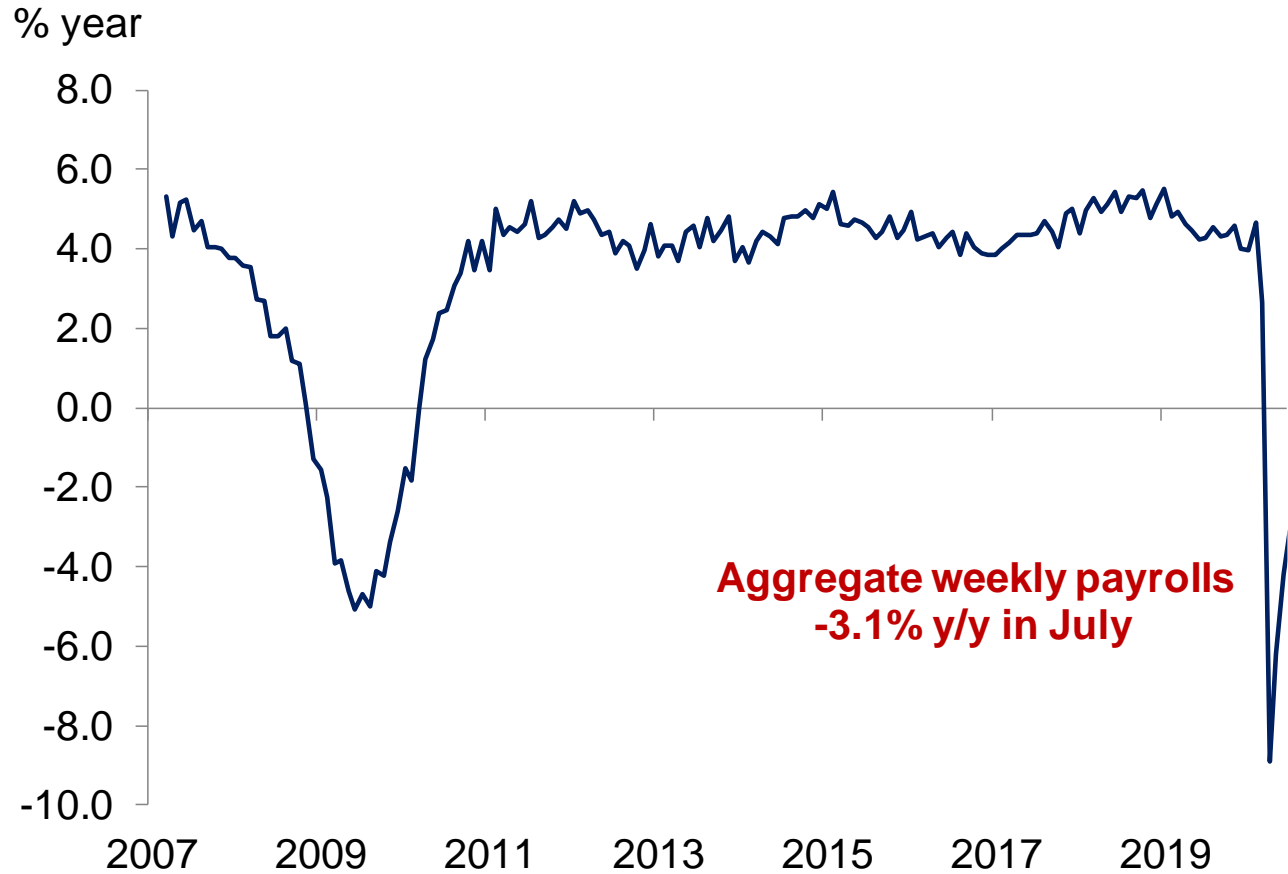
Millions



Source: Oxford Economics/Haver Analytics

# This represents a massive income loss

## US: Aggregate weekly payrolls



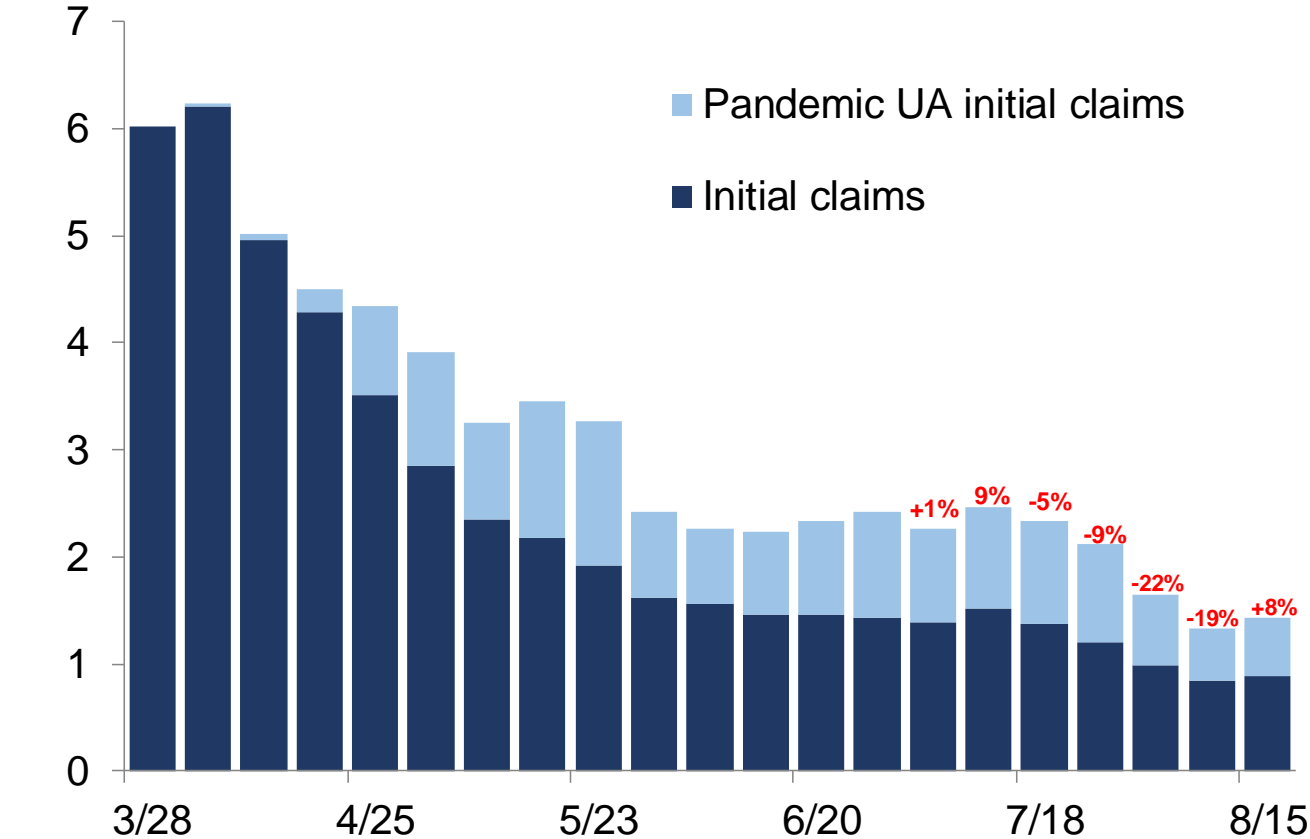
Source : Oxford Economics/Haver Analytics



# Unemployment claims remain high (base of 30 mn)

## US: Total initial claims for unemployment benefits

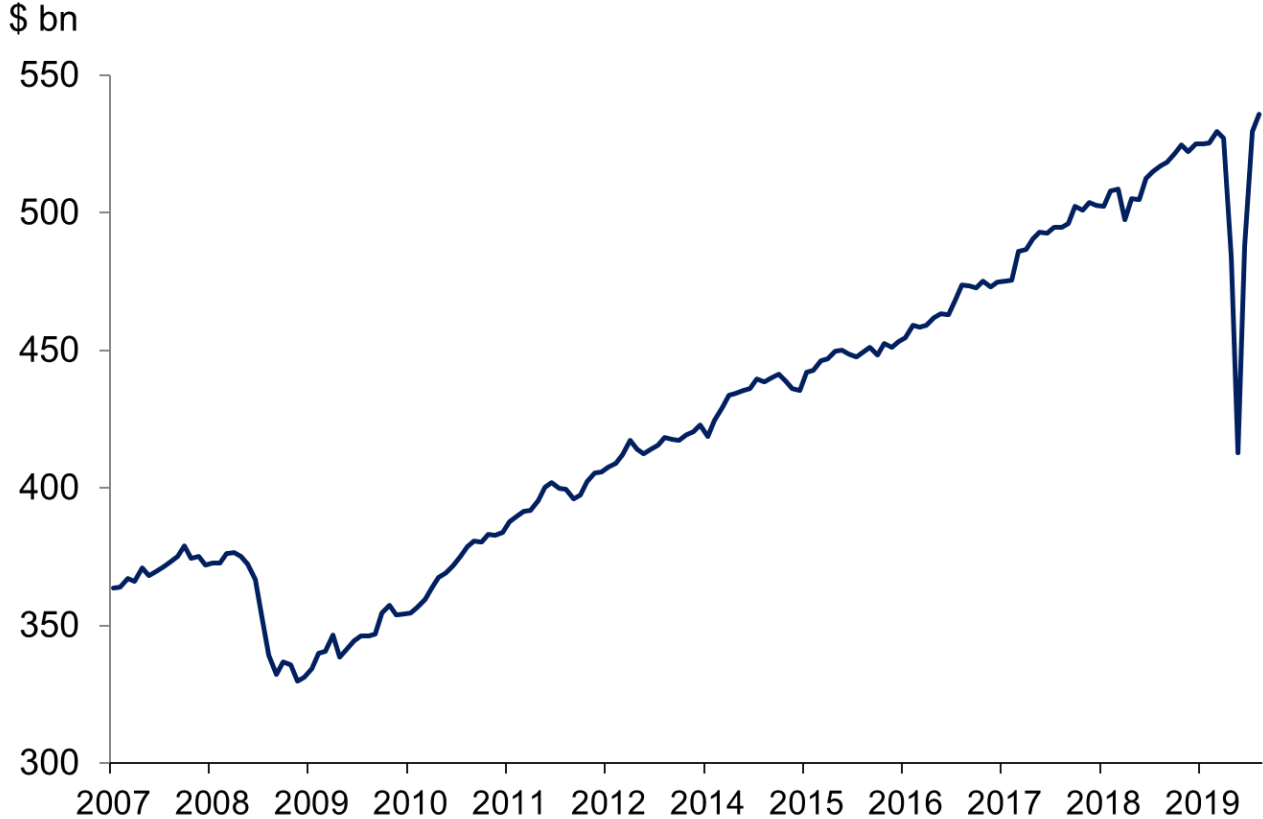
Millions, nsa



Source : Oxford Economics/Haver Analytics

# Retail sales are back above their pre-pandemic peak

## US: Retail sales



Source : Oxford Economics/Haver Analytics

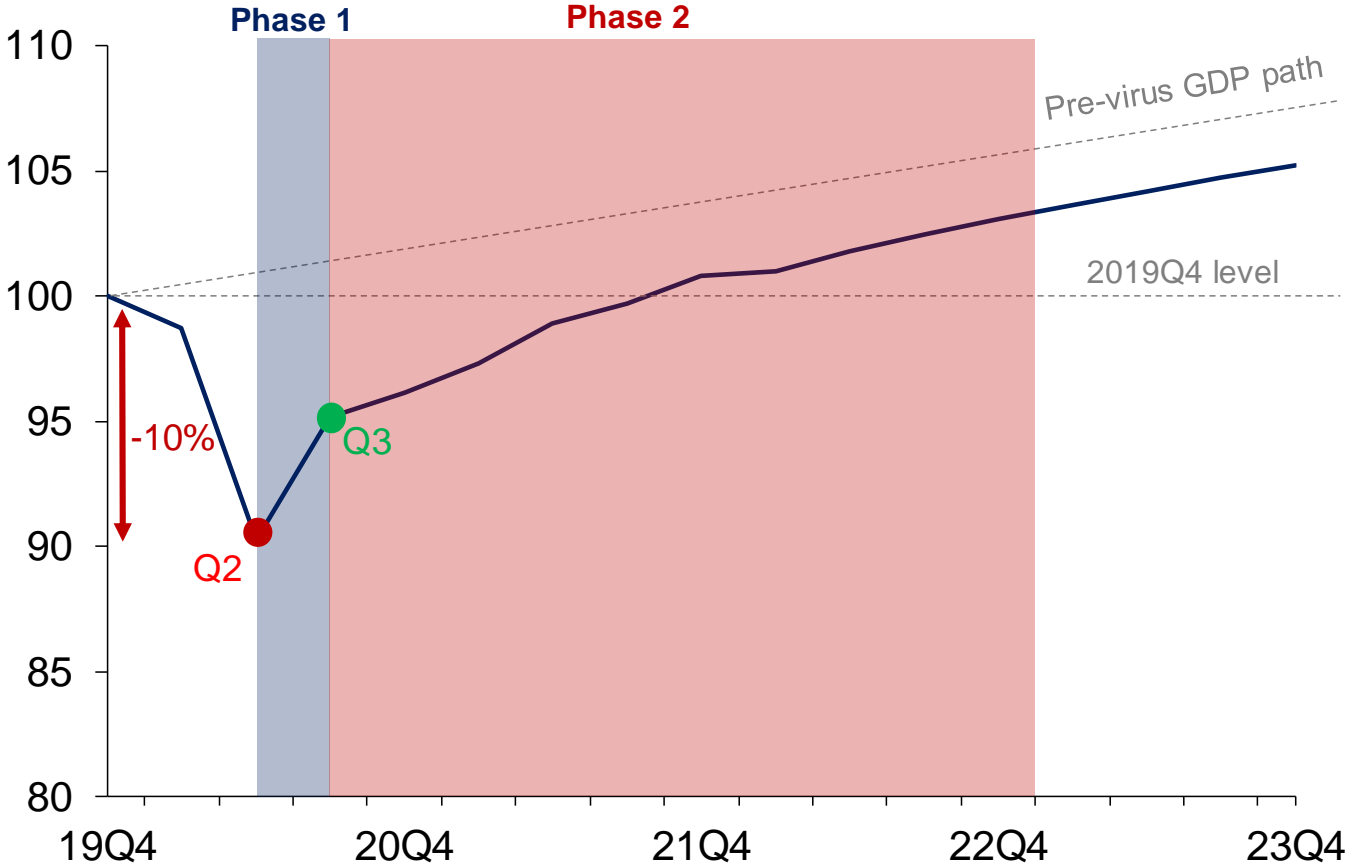
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## Our forecast

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

## Deepest US recession since WWII

GDP Q4 2019 = 100



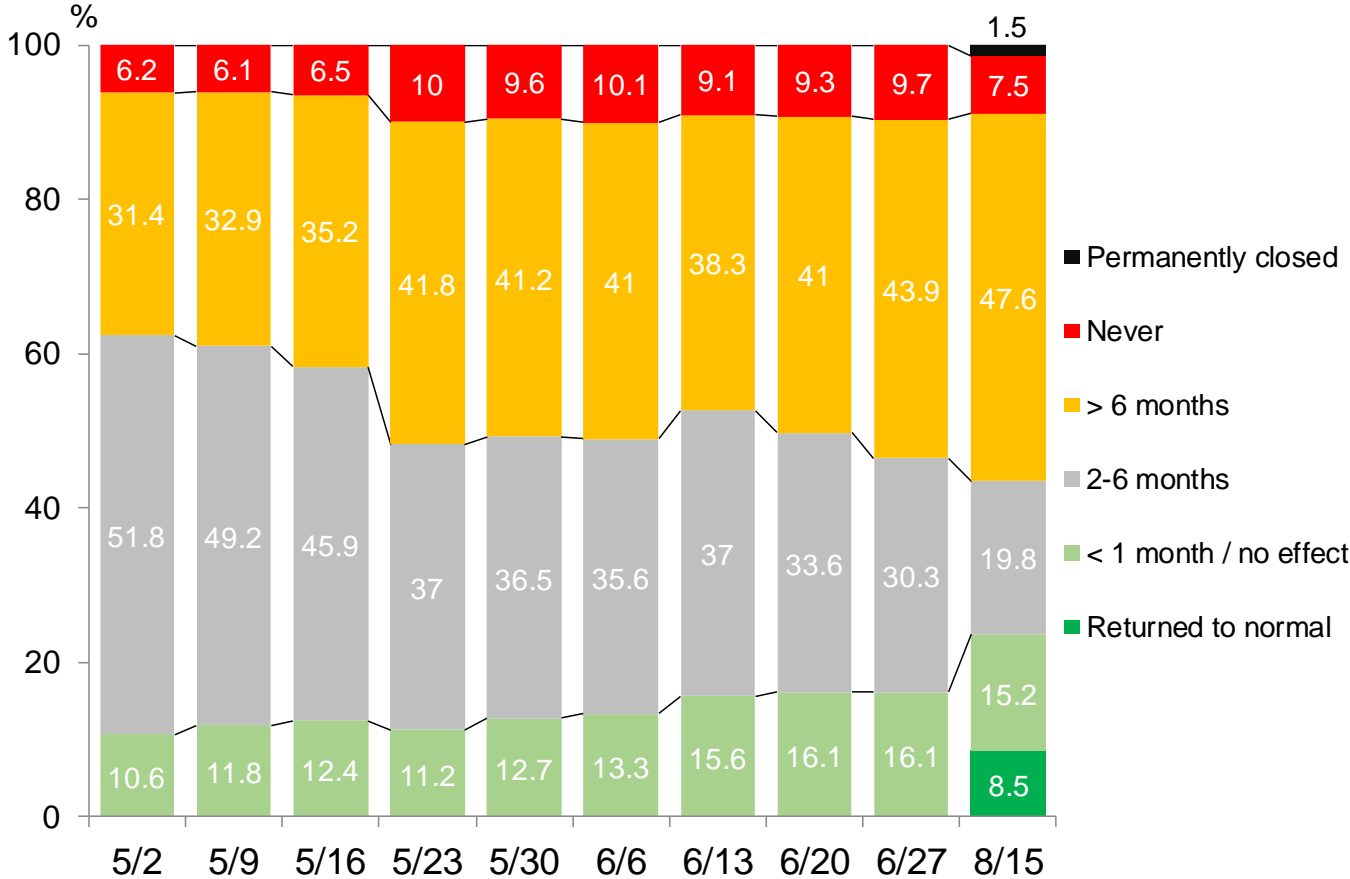
Source : Oxford Economics

Risks are skewed to the downside

# Growing pessimism for small businesses

## US: A bifurcated small businesses outlook

"How much time do you think will pass before business operations return to year-ago levels?"



Source: Oxford Economics/Census Bureau Small Business Pulse Survey

# Oxford Scenario Service Outlook

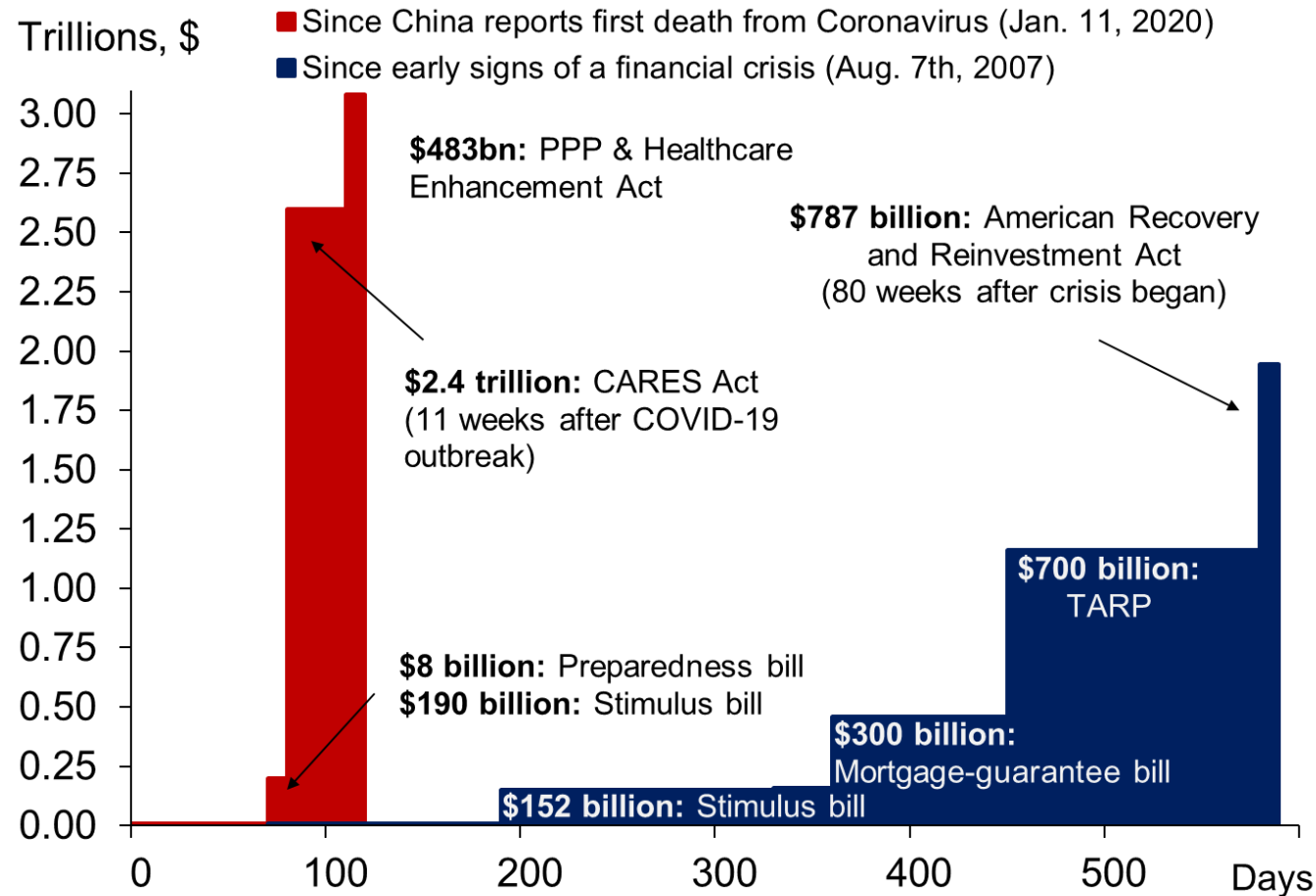
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## Five global scenarios: (US GDP in 2020 and 2021; probability)

- **Baseline forecast** (-4.2%, 3.9%; 40% probability)
  - While growth bounces back following a peak in infections and lockdown stringency in Q2 2020, the COVID-19 induced recession in the first half of the year has some lingering costs for global GDP.
- **Recovery fades amid renewed wave of infections** (-4.7%, -6.4%; 20% probability)
  - A second coronavirus wave results in renewed lockdowns, with persistent public health concerns weighing on confidence and activity in the medium term.
- **Scientific advances speed up return to normal** (-3.3%, 5.4%; 20% probability)
  - Restrictions are eased more quickly, facilitating a more rapid recovery and limiting permanent damage on the global economy.

# ...but easing of lockdowns will release stimulus impact

## US: Funds authorized by Congress



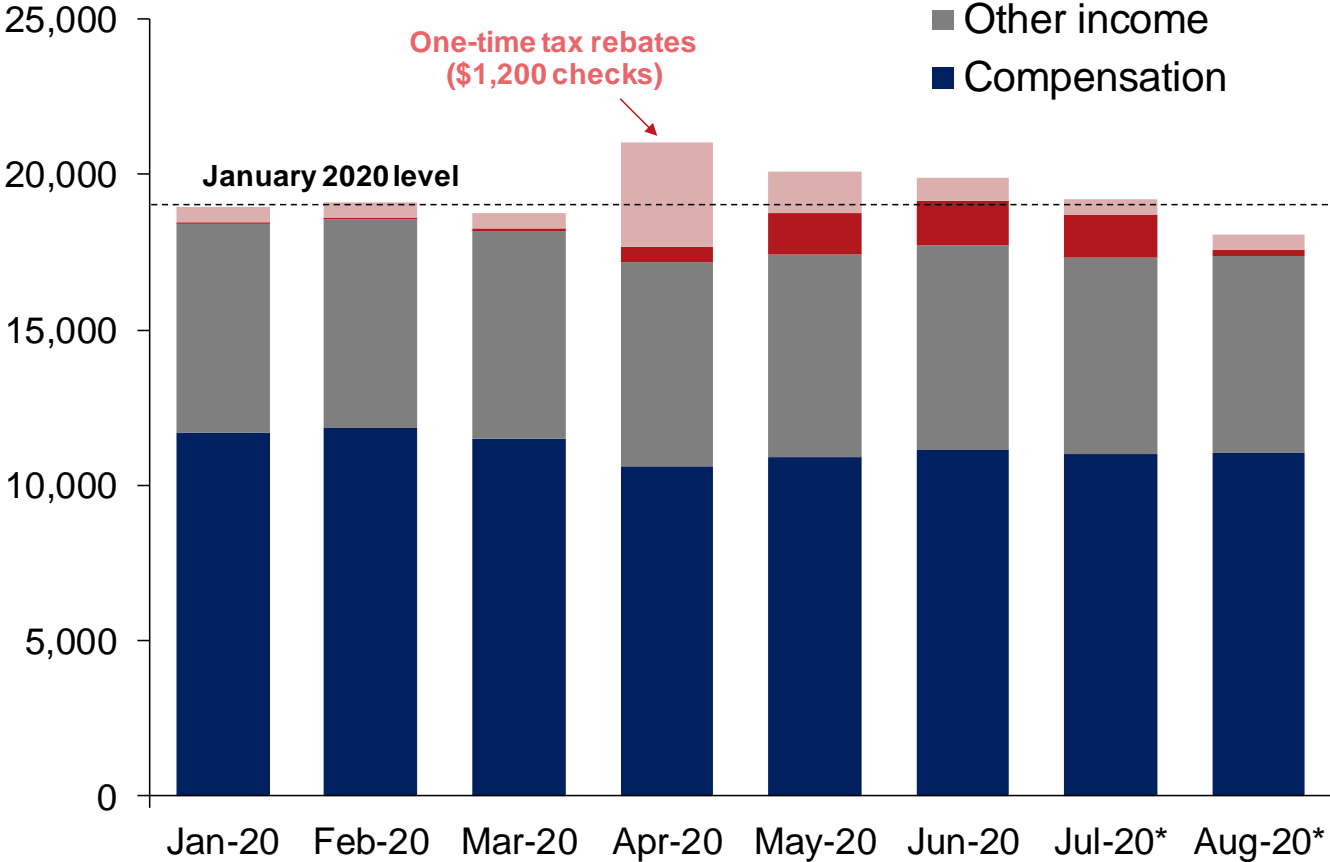
**Debt-to-GDP ratio will rise above 100% for the first time since WWII**

Source : Oxford Economics/CBO

# Income & savings were supported by fiscal aid

## US: Nominal income

Total personal income, \$bn



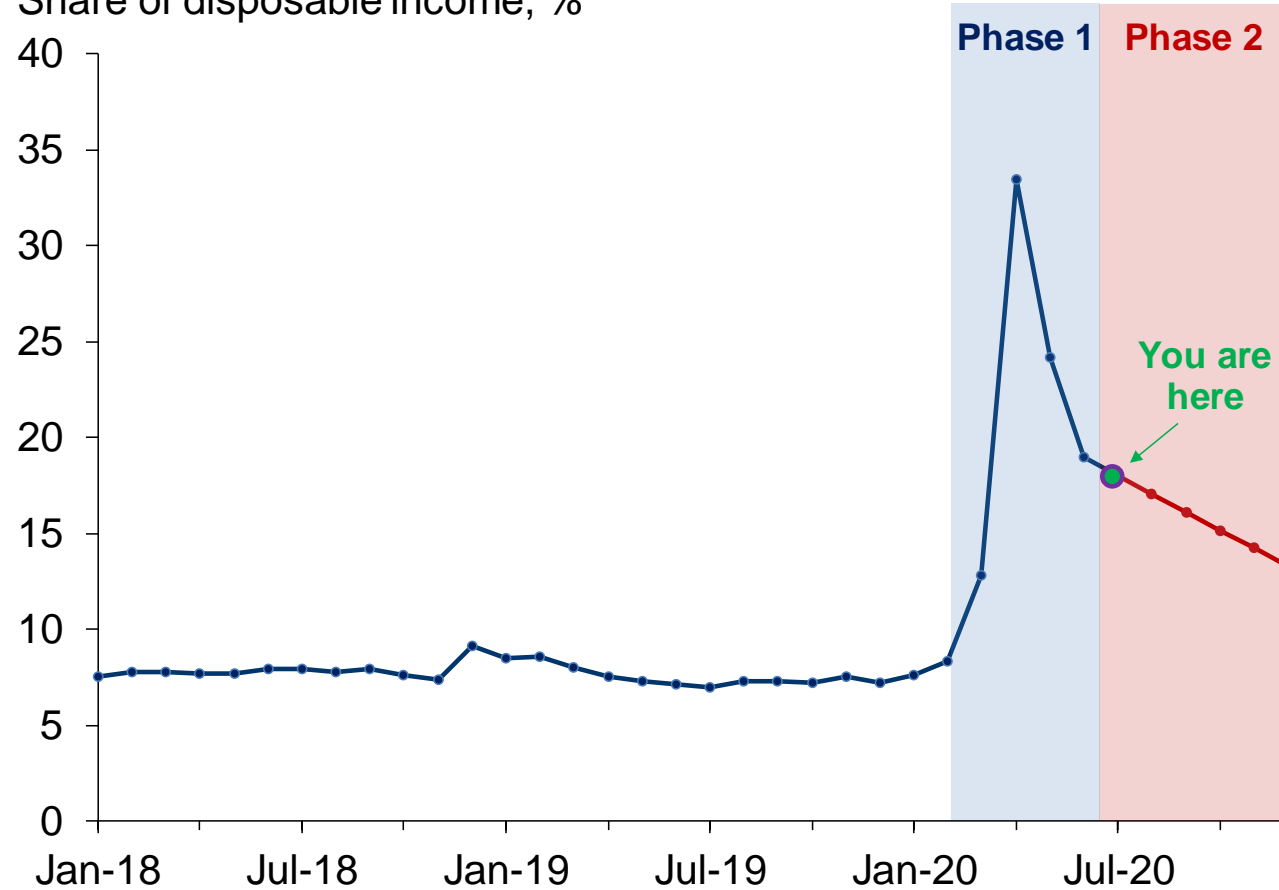
Source: Oxford Economics/Haver Analytics



# Rebound in spending supported by savings

## US: Personal saving rate

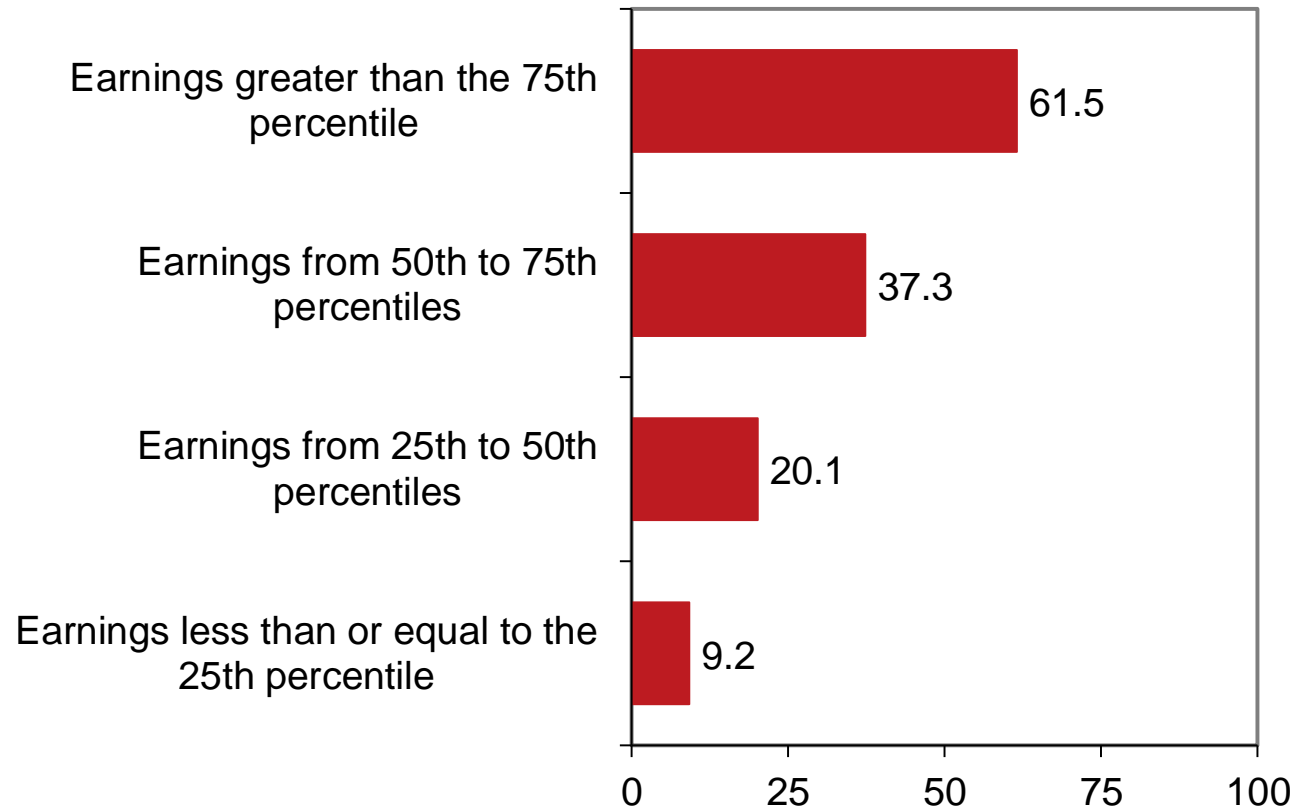
Share of disposable income, %



Source: Oxford Economics/Haver Analytics

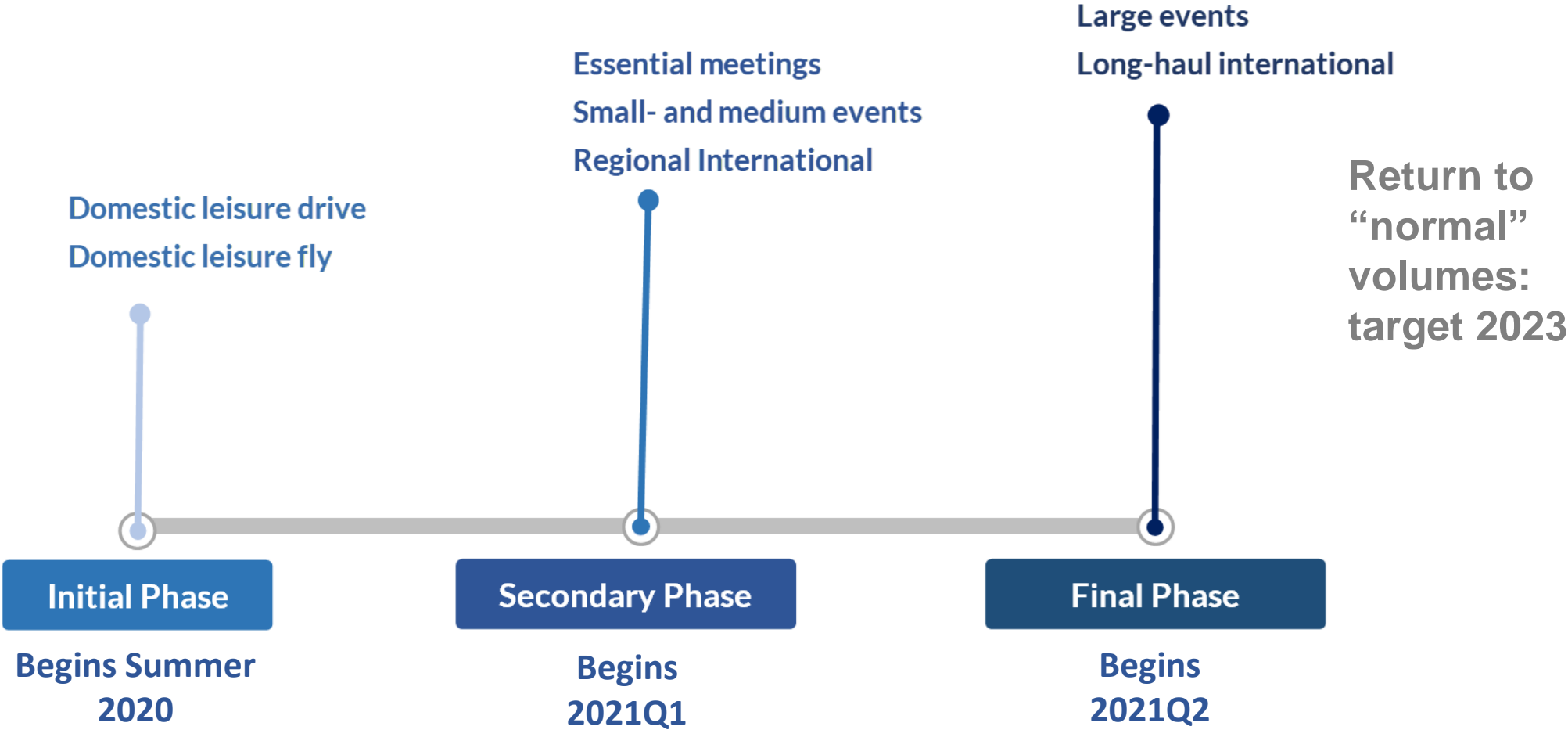
# High income earners least impacted by the crisis

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



Source: Bureau of Labor Statistics/Oxford Economics

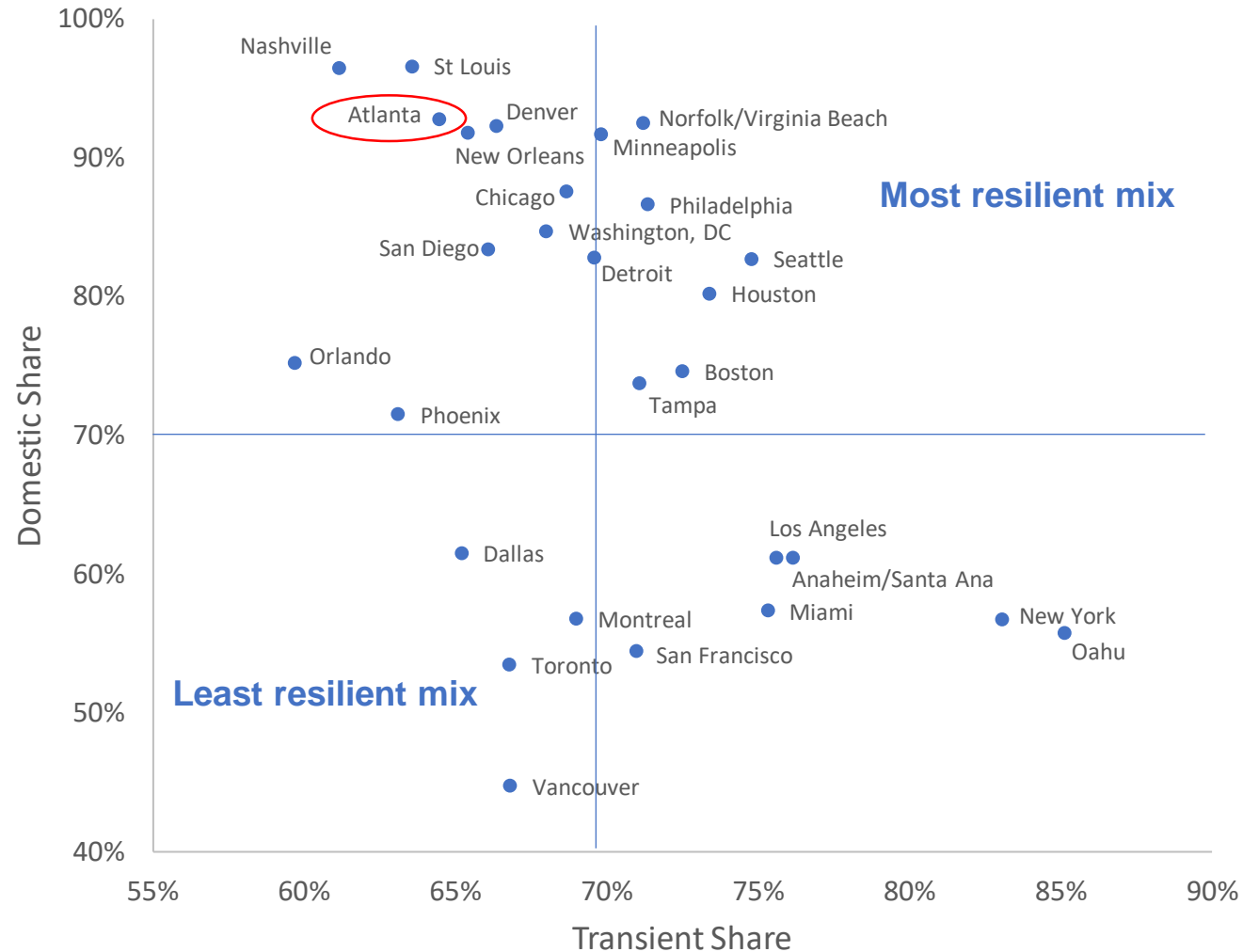
# Anatomy of a travel recovery



# Destination performance will largely hinge on exposure

## Hotel room demand by customer type

Share of 2019 room nights sold



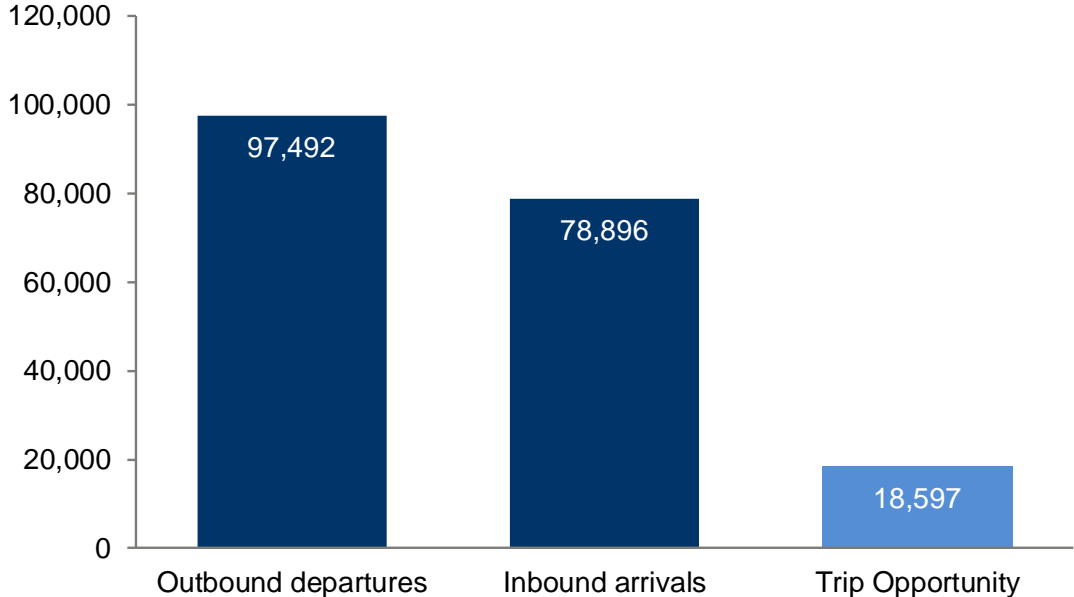
But historical mix is only part of the story.

Ability to transition to new markets will be key to accelerating recovery.

# What happens if all international travel stops? Domestic opportunity

US Balance of Travel (2019, trips)

Thousands



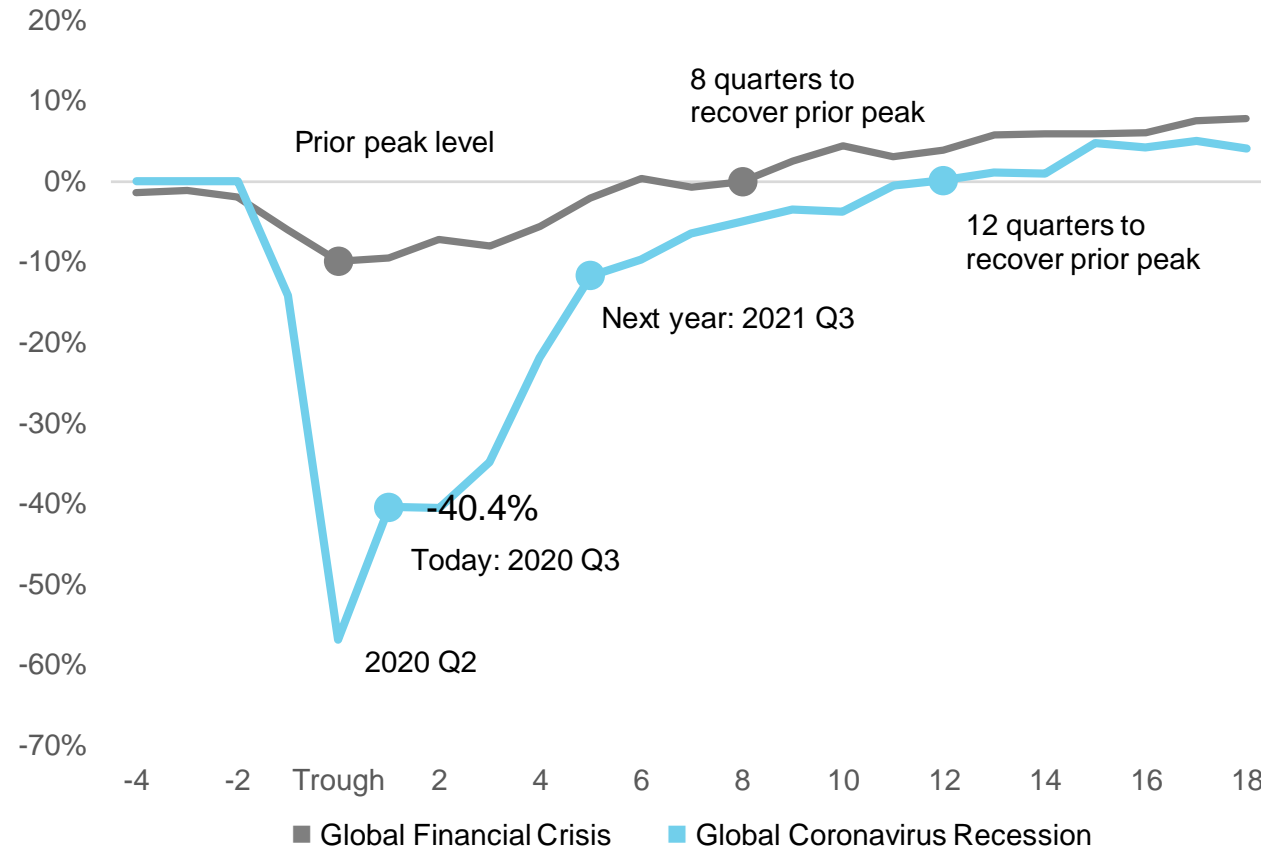
Source: Tourism Economics

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

# US hotel room demand: 3-year recovery period (2023Q3)

## Room demand: US

Quarters relative to trough, level relative to prior peak



Compares to 2 years after GFC...

But we start the timer in 2021Q2 in a post-pandemic world

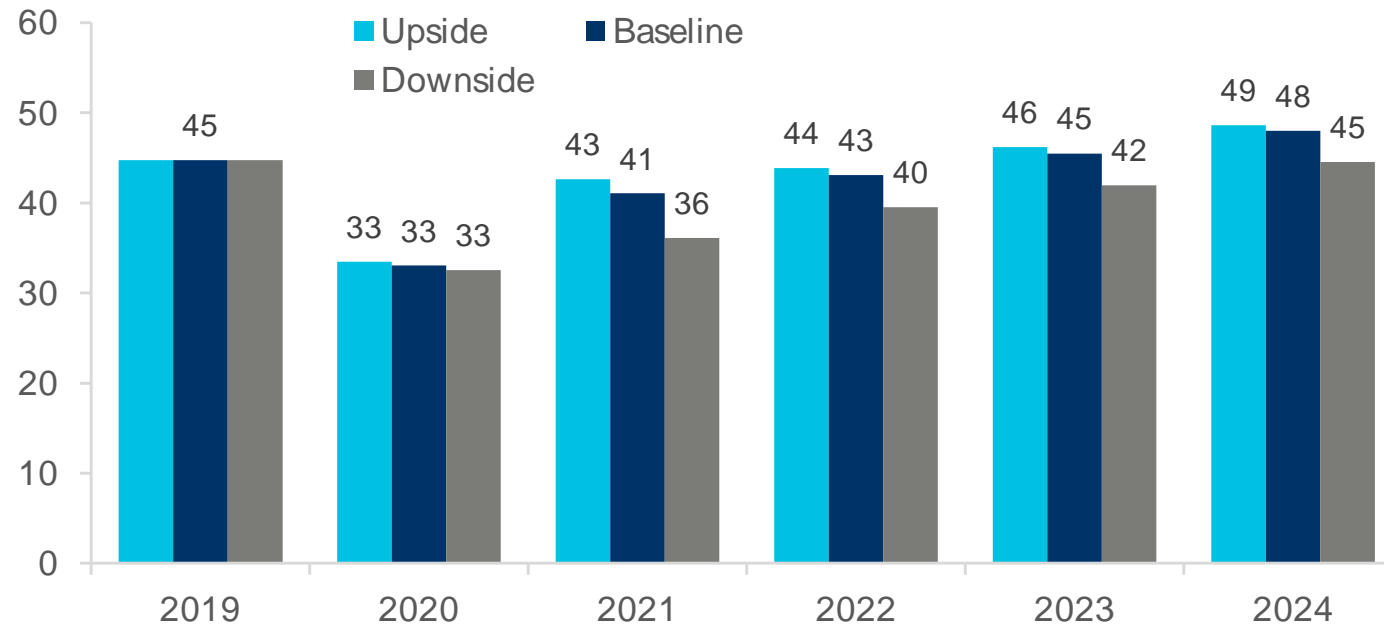
However, next year will recover to 81% of 2019 demand levels

Source: STR; Tourism Economics

# Georgia room demand will be whole in 2023

## Hotel room demand in Georgia, three scenarios

Rooms, millions



Source: Tourism Economics

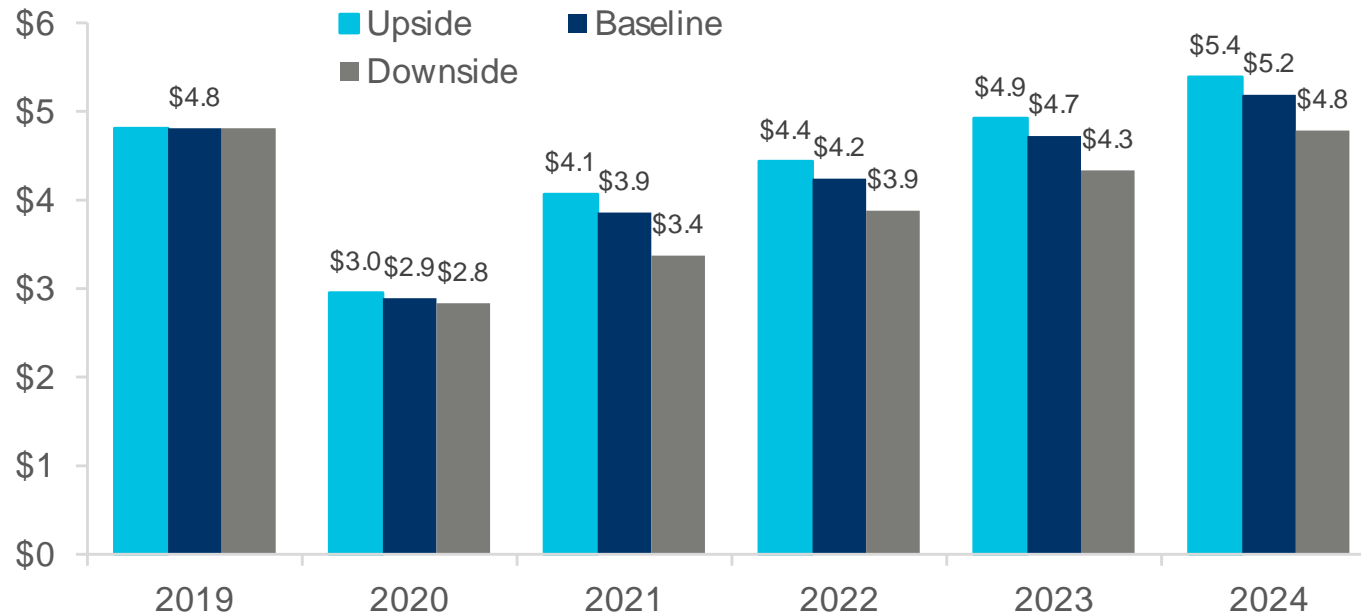
**Baseline outlook:  
2021 will recover to  
90% of 2019 demand  
levels**

**And 2022 will reach  
96% of prior peak**

# Georgia room revenue will take a bit longer

## Hotel room revenue in Georgia, three scenarios

Dollars, billions



Source: Tourism Economics

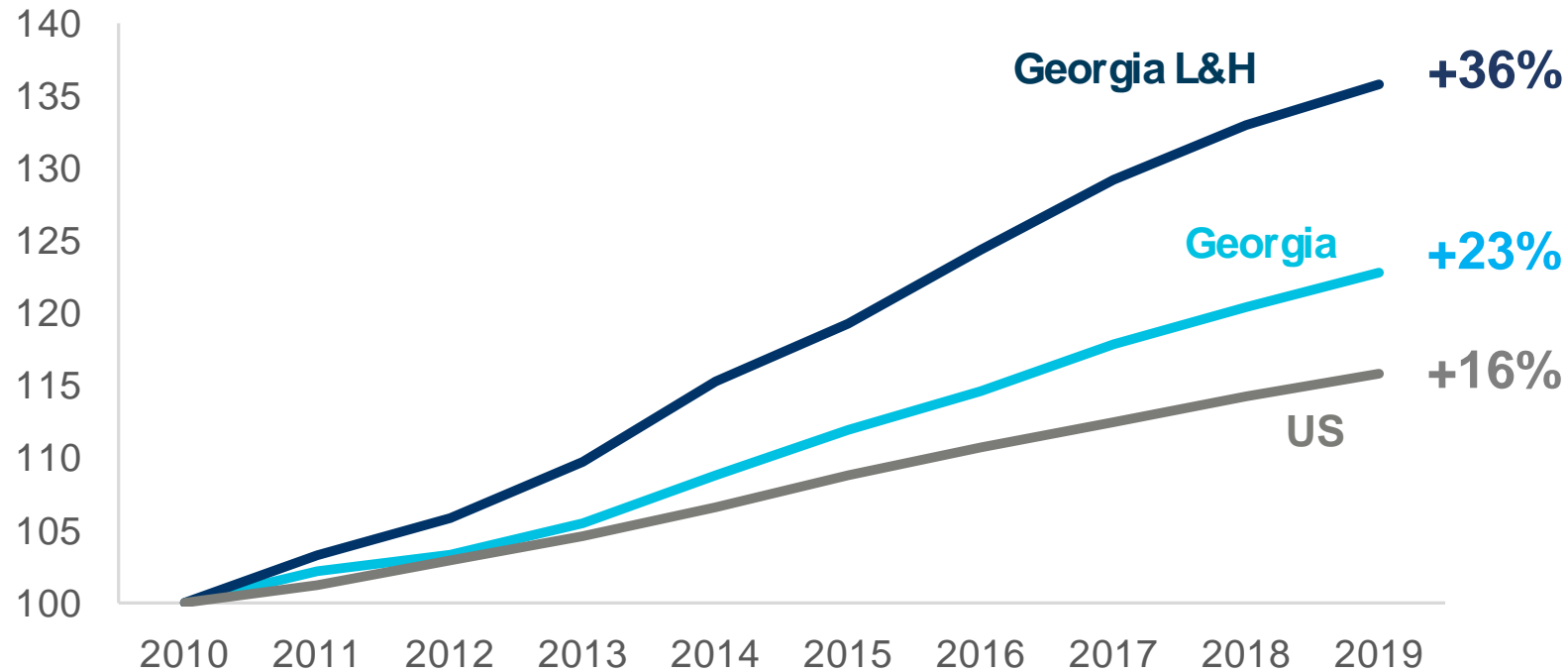
The baseline outlook anticipates 2021 will recover to 80% of 2019 REVENUE levels



# Leisure & hospitality sector has led job growth in Georgia

## L&H employment in Georgia

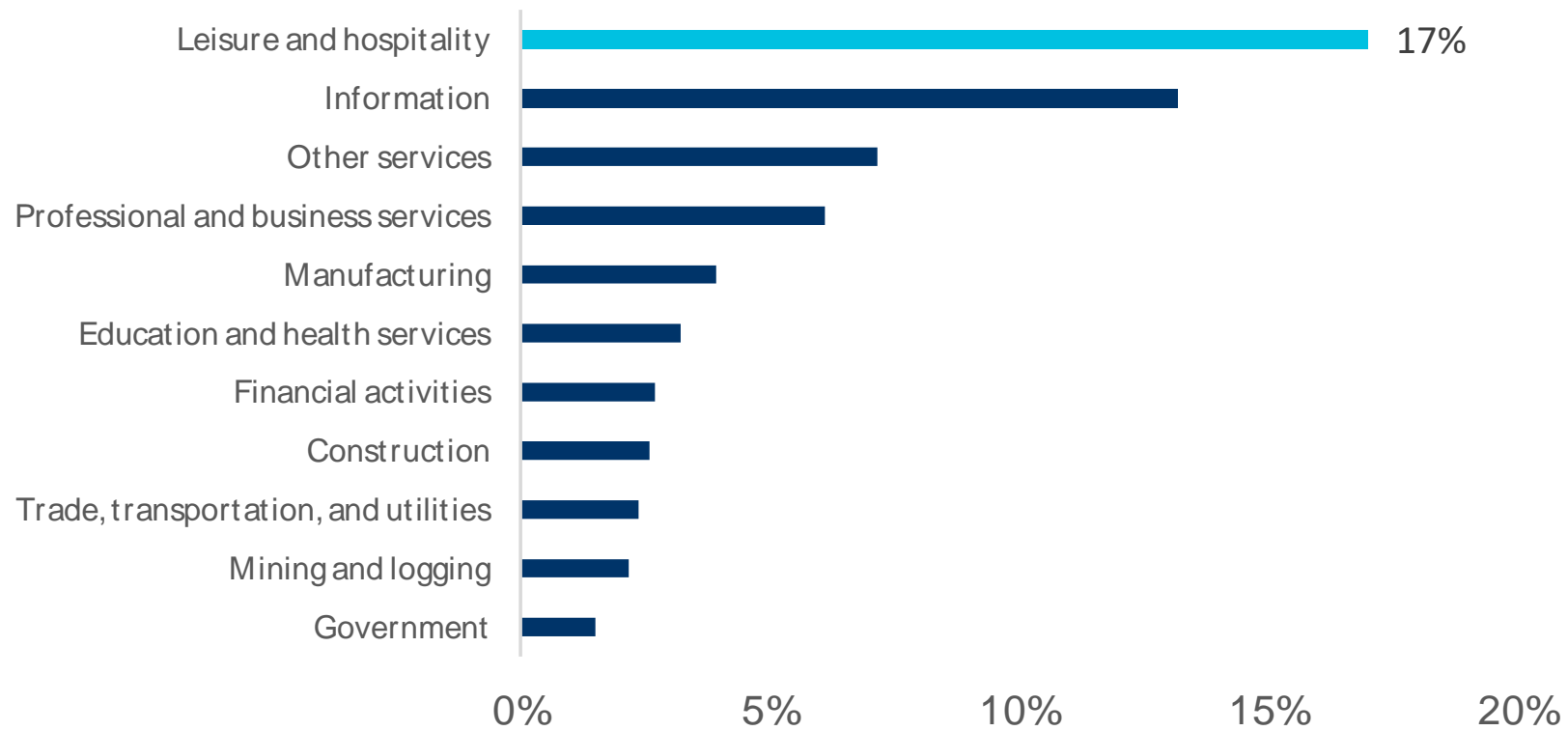
Index (2010=100)



Source: BLS, BEA

# But no sector has been hit as hard at travel

## Georgia employment loss by industry % of industry lost since February

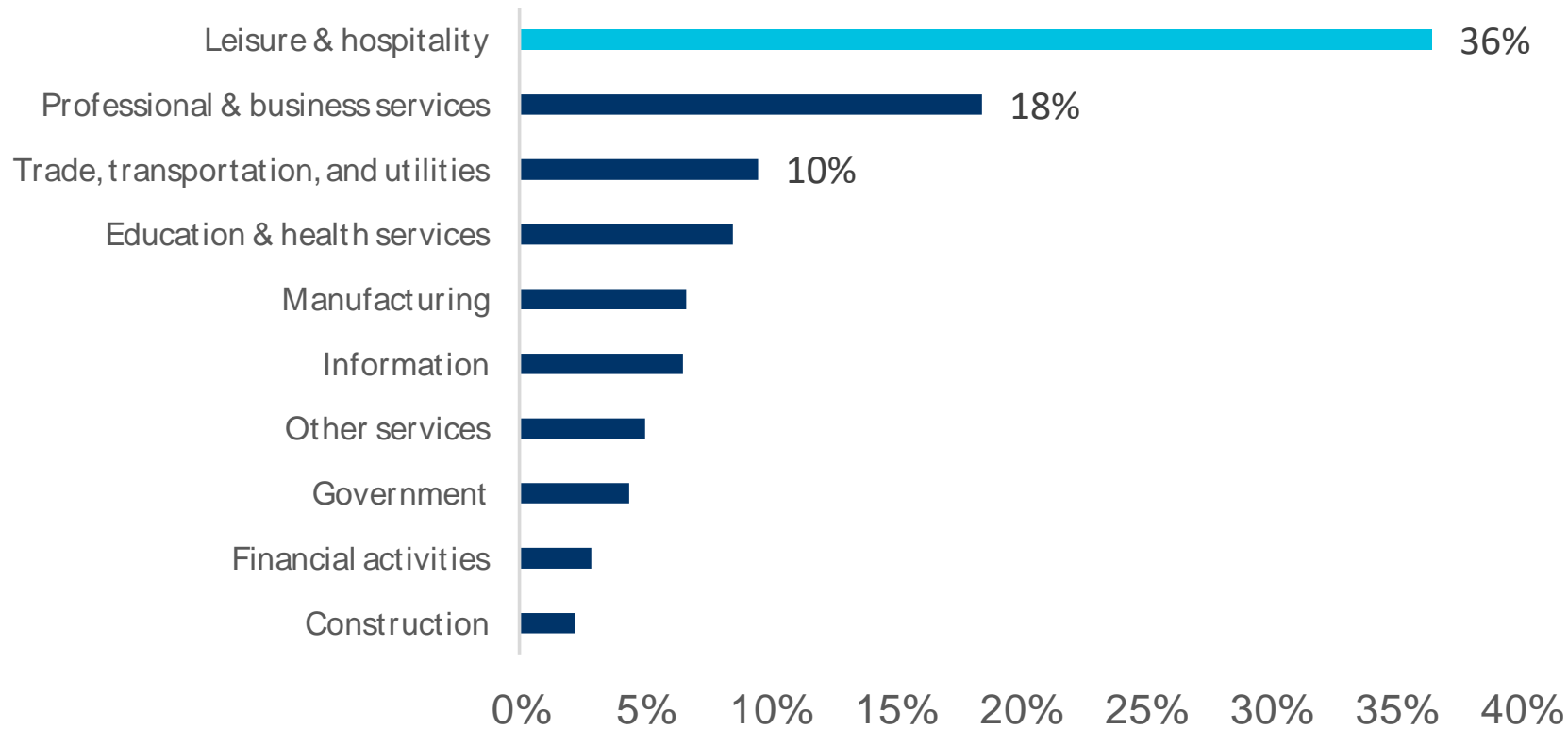


Source: BLS

# ...but now represents more than a third of all jobs lost

## Georgia employment share of employment loss

% of all jobs lost since February




Source: BLS


## Key guideposts for the next 18 months

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- **Recovery has begun (notwithstanding the risks)**
- **Economic recovery has plateaued but will accelerate as virus is contained**
- **Georgia hotel demand will approach normalcy in the second half of 2021 with full recovery in 2023**
- **Market-level recovery timeline will be largely a function of:**
  1. **Pandemic developments**
  2. **Ability to pivot to recovering markets**
  3. **Capacity of destination marketing**
- **Risks exist on both sides of this forecast. But recovery is inevitable.**

# This should not be controversial







**Adam Sacks**  
President, Tourism Economics  
1d • 


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.

   276 • 42 Comments

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# Rebuttal and counterargument

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“ Words to that effect also said by music industry, newspaper industry and video industry in the last two decades as well. ”“Non-negotiable assumption” seems like a strange hill to stand on for an economist...

- Unnamed author



Adam Sacks **Author**

President, Tourism Economics

1d ...

With those other industries (music, newspaper, video), new platforms emerged to provide the same service more efficiently while improving the customer experience. There is no clear substitute for travel.

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