

# Navigating an Economic Adventure

**Travis Napper | Director of Destination Partnerships**

Tourism Economics

**December 2025**



Perhaps you're  
asking...

Why listen to this  
guy?

# Standard -Setting Analysis



40+ Years of Experience



850 + Staff,  
20 Global Offices



Over 4,000 Clients  
Worldwide



Unique Macroeconomic  
Modelling





ANALYST FORECAST AWARDS 2025



Oxford Economics is the proud recipient of **103 awards** in the 2025 FocusEconomics Analyst Forecast Awards—an achievement that underscores our position as **the world's foremost provider** of economic forecasts and analysis.



## Award -Winning, Global Forecasting Accuracy

 **Oxford Economics**

EIU

Fitch Solutions

Capital Economics

**Citigroup Global Mkts**

**JPMorgan**

**Moody's Analytics**

HSBC

Euromonitor International

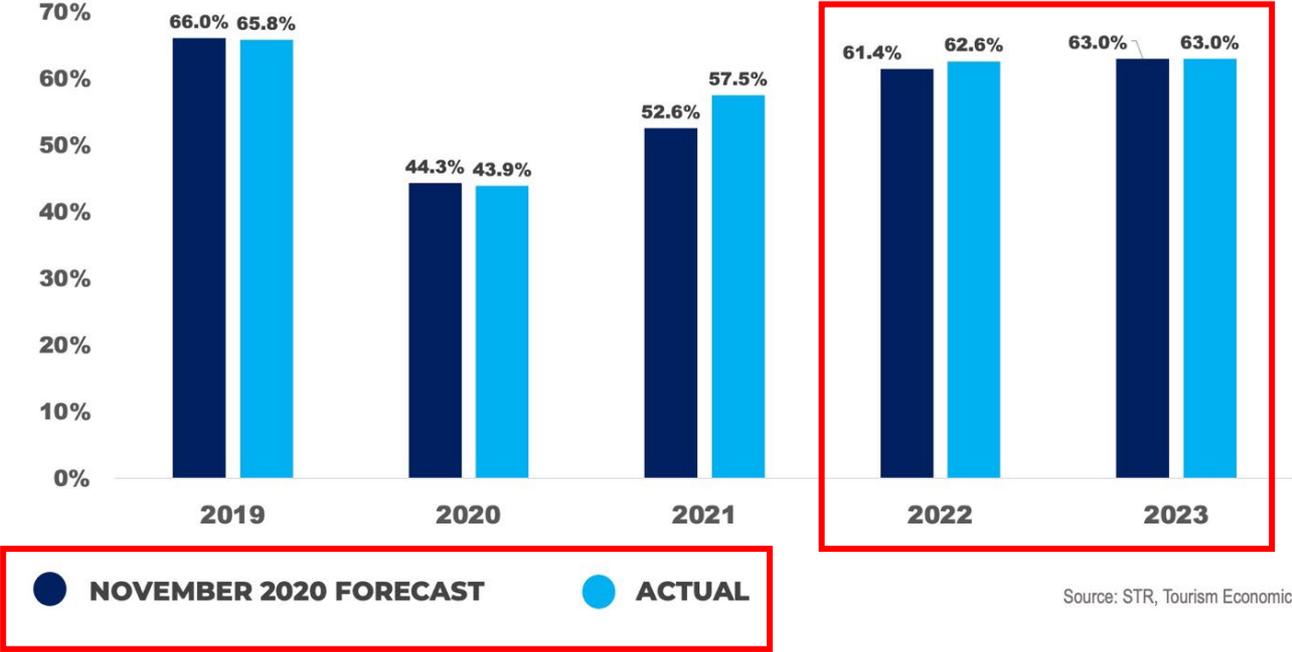
Standard Chartered



**We build upon the  
accuracy of Oxford  
for the travel  
industry...**

# Tourism Economics' Forecast in 2020 vs. Actual

## U.S. Hotel Occupancy Rate



Source: STR, Tourism Economics



This is why large  
brands **trust us** ...

# Trusted by Clients Worldwide



NBC



## Spanning the Industry

Destination

Aviation

Lodging

Cruise

Real Estate

Government

Financial Institutions

Internet Marketing

Travel Trade

International organizations

**Let the Adventure  
Begin!**

# Now...the Economy.

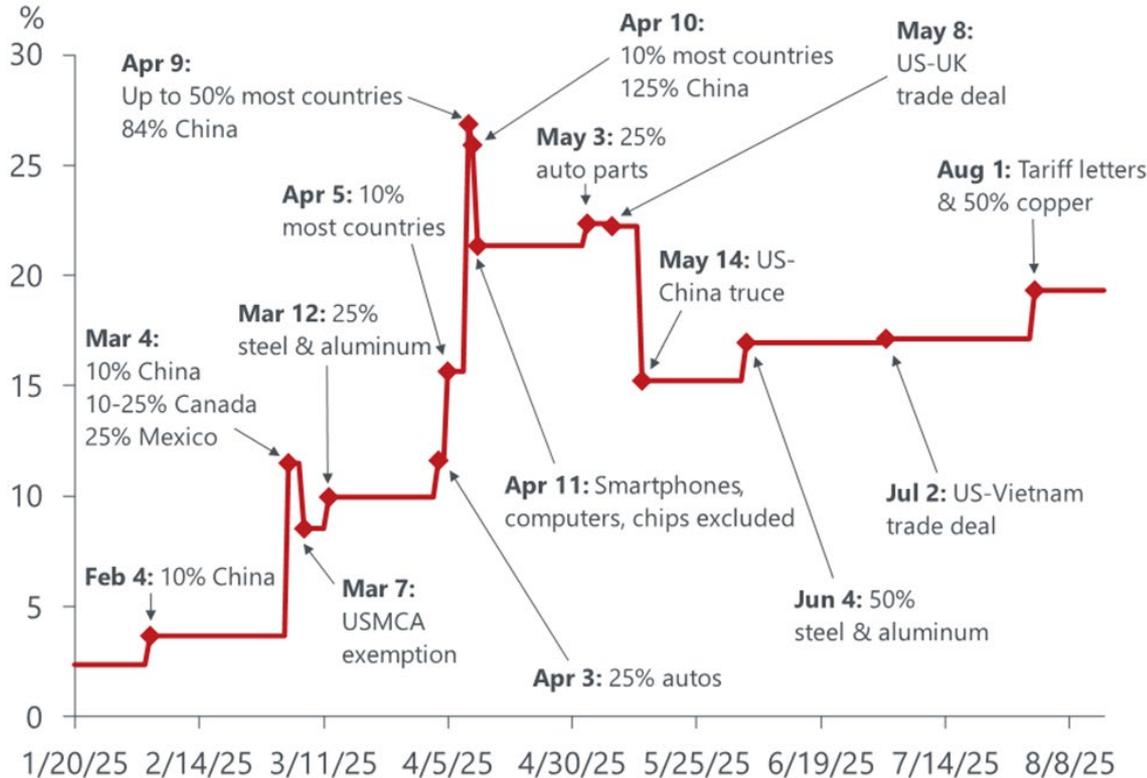
## The New Normal in 2025 is...

## The Economy Changes Every 30 Mins...



# Tariff announcement calendar

US: Effective tariff rate based on 2024 import mix



**Challenging to keep track of even with a team of economists on staff...**

Source: Oxford Economics/Census Bureau

# Good News

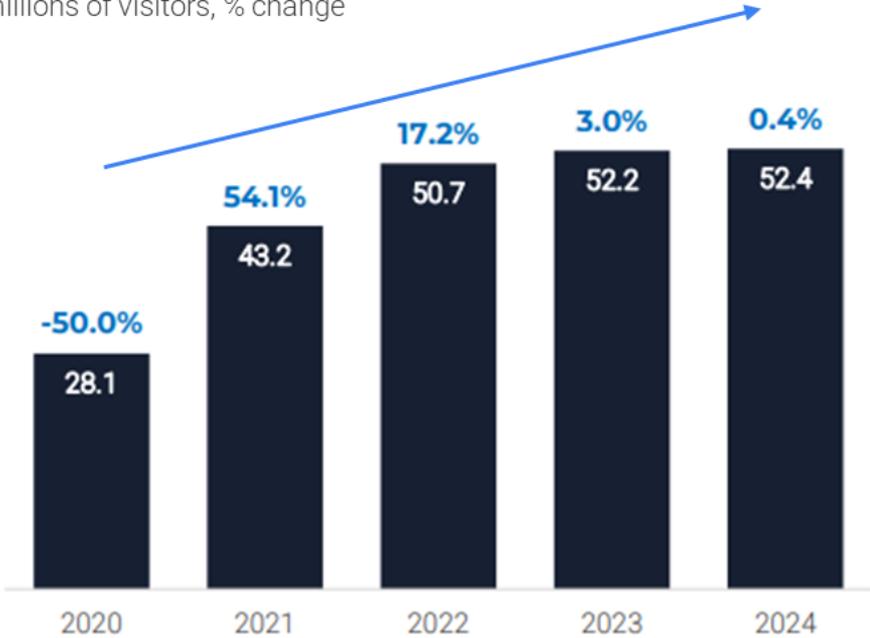
Things are NOT terrible...just  
uncertain...



# NV visitor volumes hit a new post-pandemic peak in 2024

## Nevada visitors

millions of visitors, % change

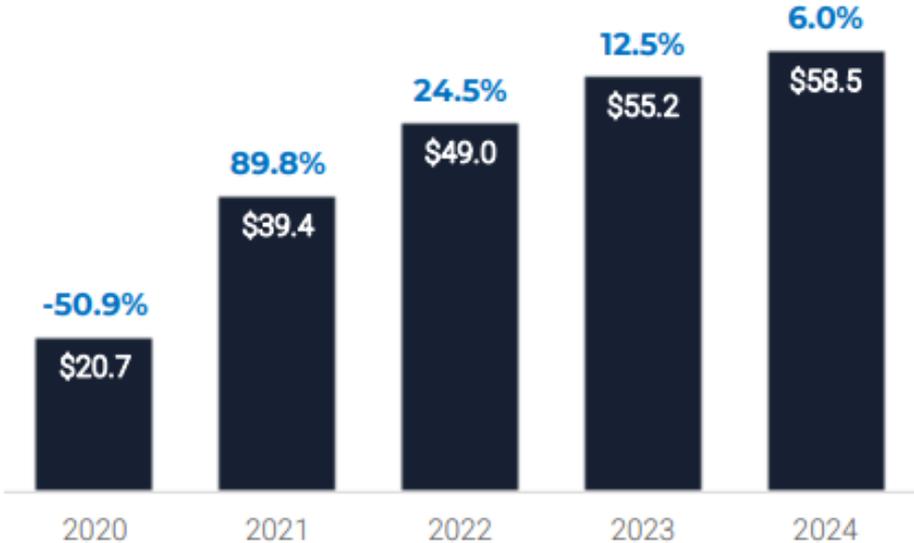


Source: Tourism Economics

# Visitors spent \$58.5 billion in 2024

## Nevada visitor spending

\$ billions

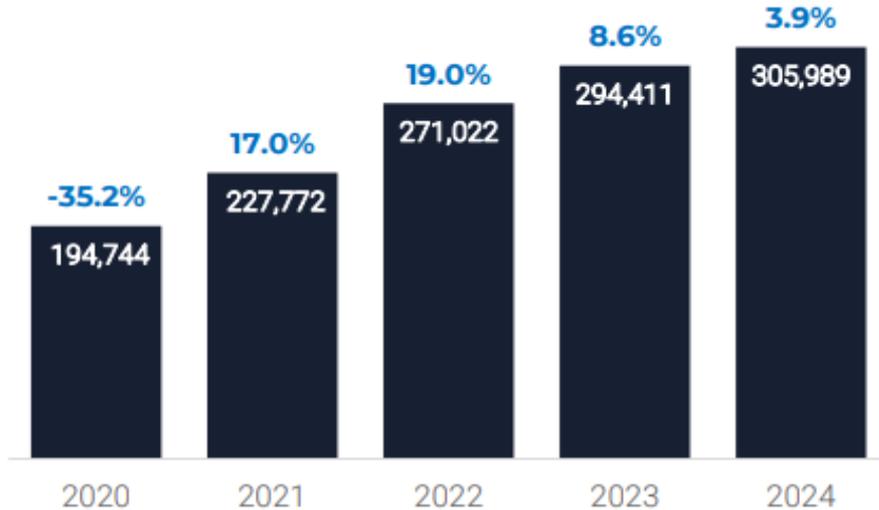


Sources: Tourism Economics

# Visitors directly sustain 305k jobs

---

## Direct visitor-supported employment in NV



Sources: Tourism Economics

# Total economic impact exceeded \$88 billion in 2024



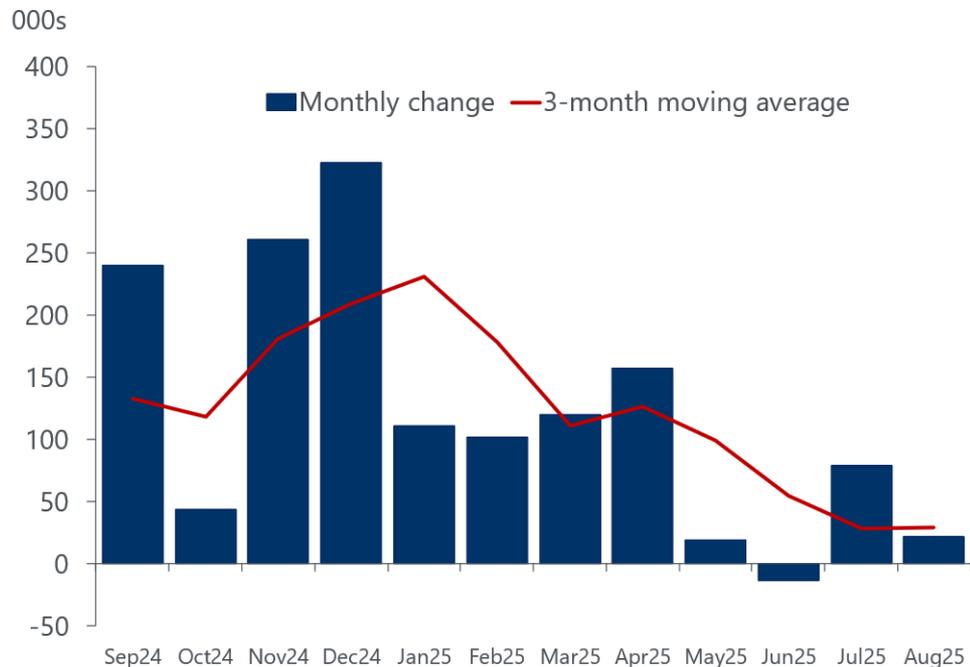
2024 Impacts		Total Business Sales
<b>Total, all industries</b>		<b>\$88,475</b>
Lodging		\$27,526
Finance, Insurance and Real Estate		\$10,705
Retail Trade		\$10,049
Recreation and Entertainment		\$9,221
Food & Beverage		\$6,658
Other Transport		\$6,577
Business Services		\$5,484
Air Transport		\$2,179
Construction and Utilities		\$1,723
Education and Health Care		\$1,711
Personal Services		\$1,522
Communications		\$1,441
Gasoline Stations		\$1,321
Wholesale Trade		\$1,029
Government		\$858
Manufacturing		\$397
Agriculture, Fishing, Mining		\$73



# Economic Trends & Outlook

# Last three months averaged just 29,000 jobs

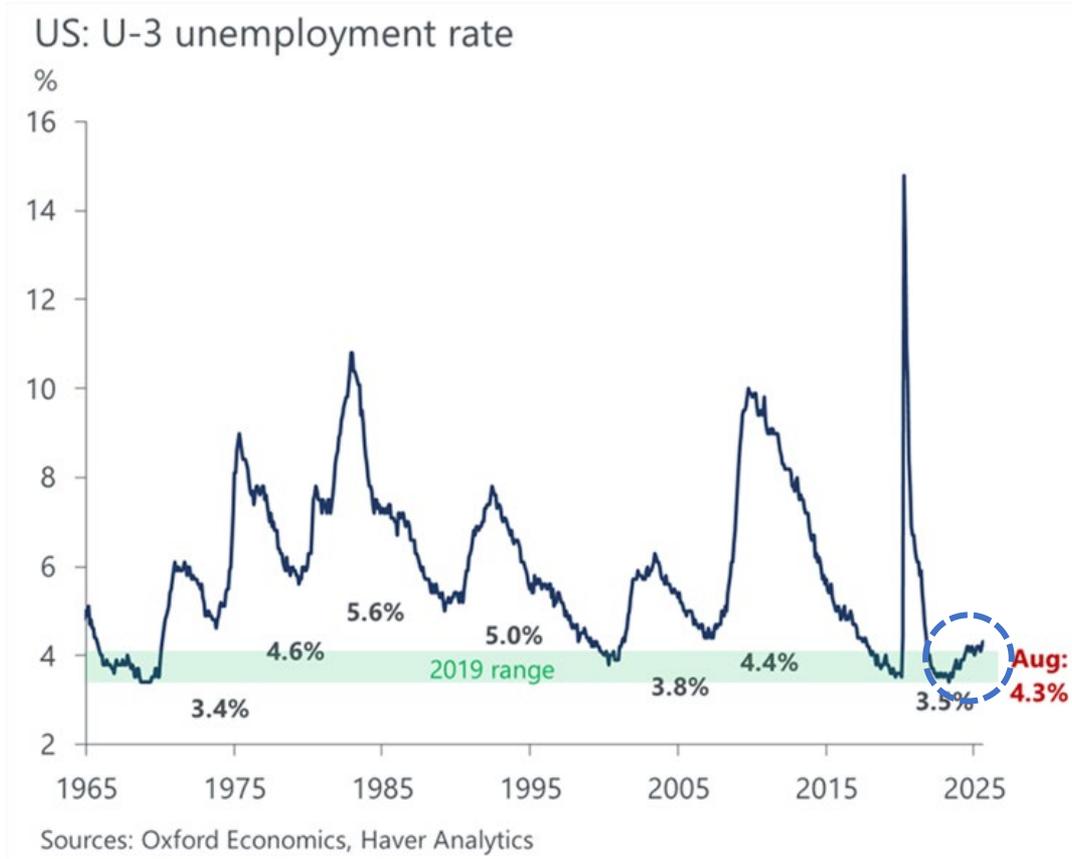
US: Nonfarm payroll employment



Weakest since the pandemic.

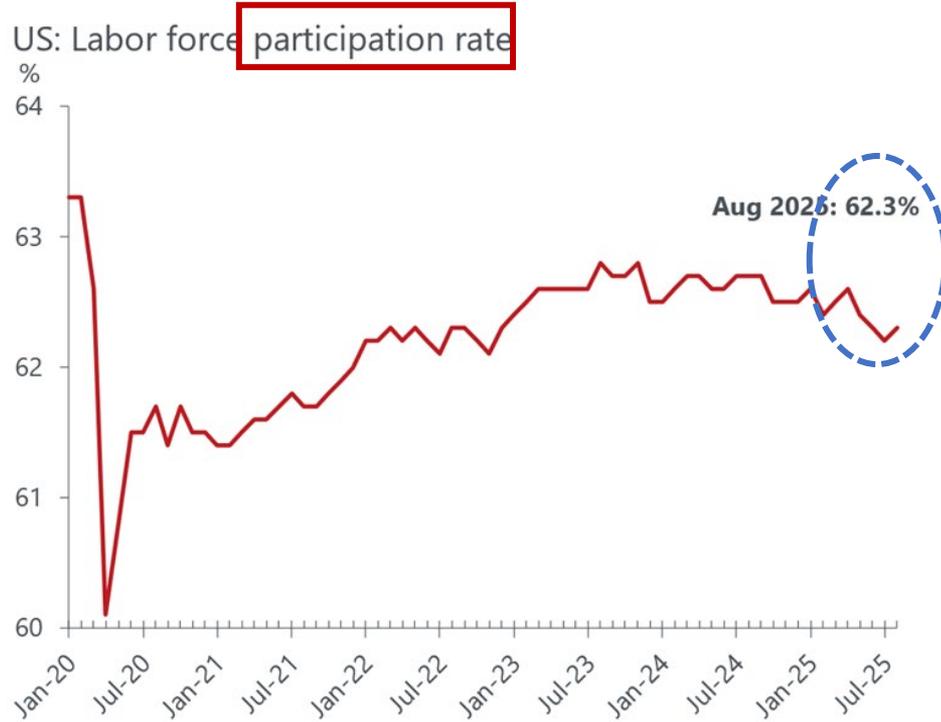
Sources: Oxford Economics, Haver Analytics

# However, unemployment stands at 4.2%



That's historically a low rate...why?

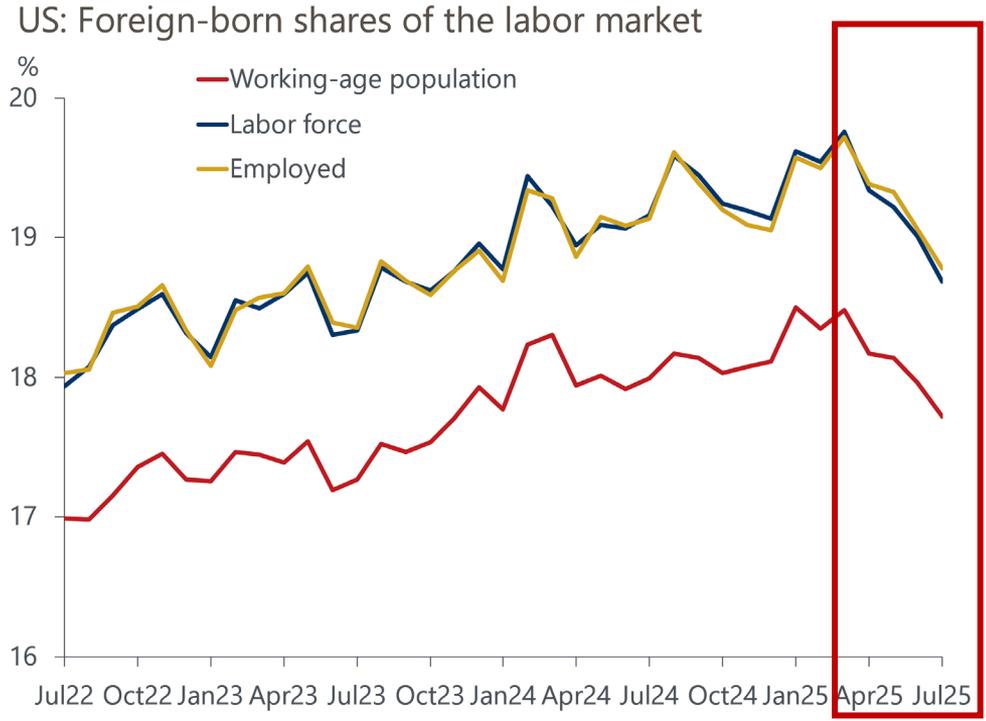
...it would be 4.9% except workers are disappearing...



Sources: Oxford Economics, Haver Analytics

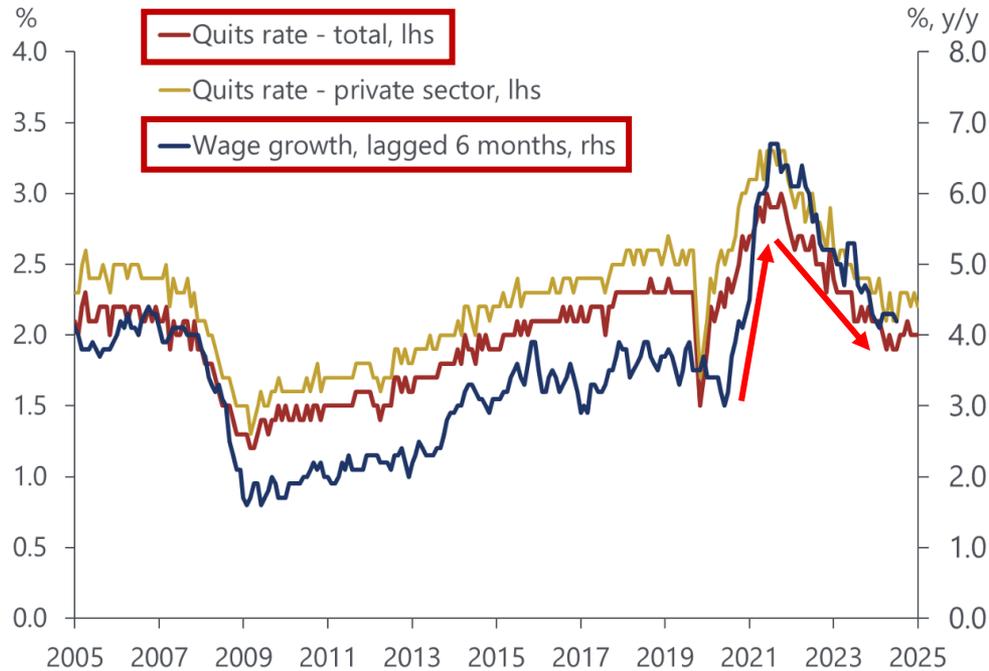


# Also, 1.2 million workers left the labor market

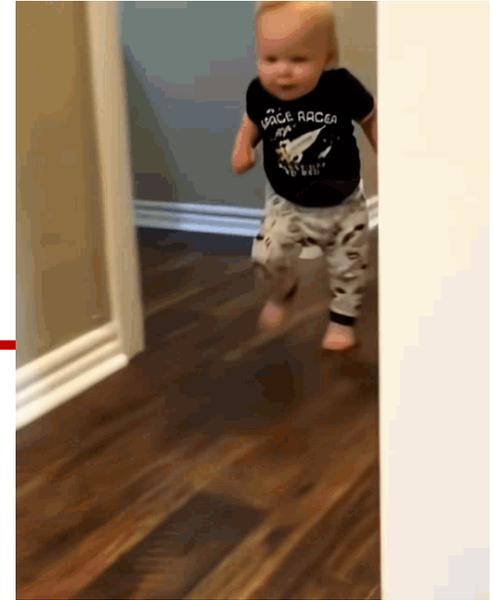


# Jobs are becoming more valuable...

US: Quits rate and wage growth



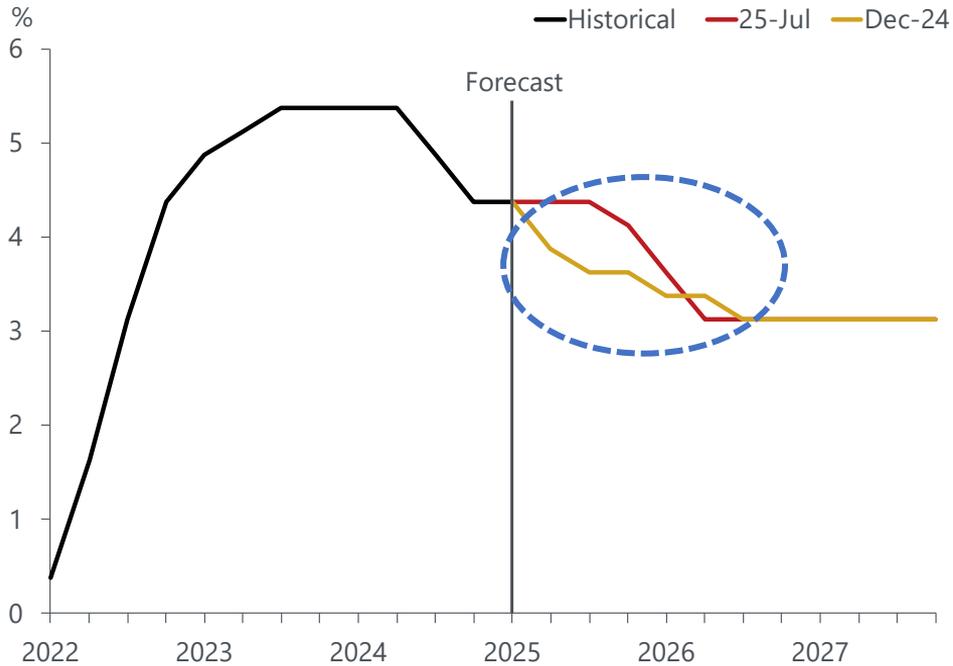
Source: Oxford Economics/Haver Analytics



Everyone who was planning to ask for a raise...

# Interest rates: higher for longer

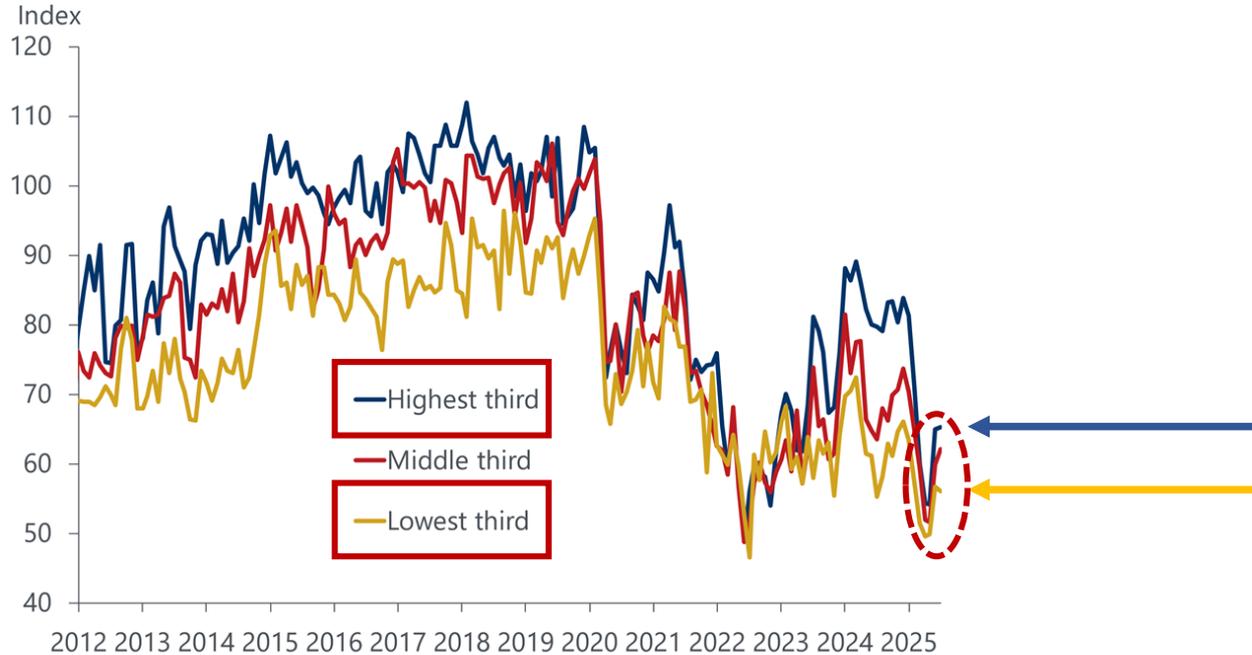
US: Fed funds rate by forecast vintage



Source: Oxford Economics/Haver Analytics

# Consumers are still worried...

US: Consumer sentiment by income bracket

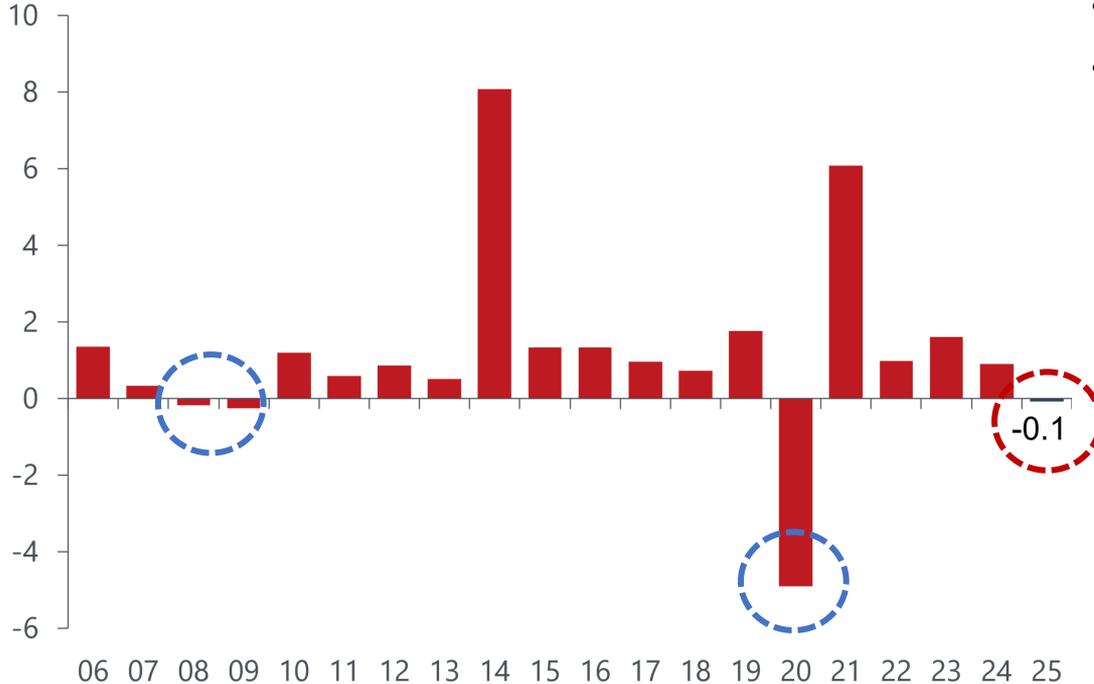


Source: University of Michigan

## ...and spending is on hold

US: Real consumer spending, January-June

Percent change



**This stagnation is rare outside a recession**

- **Last time: Pandemic (2020)**
- **Time before that: Great Recession (2008)**

**Why?**

# Trade -weighted tariff rate highest in since 1930s

US: Effective tariff



Sources: Oxford Econom

## Observable effects of tariffs so far

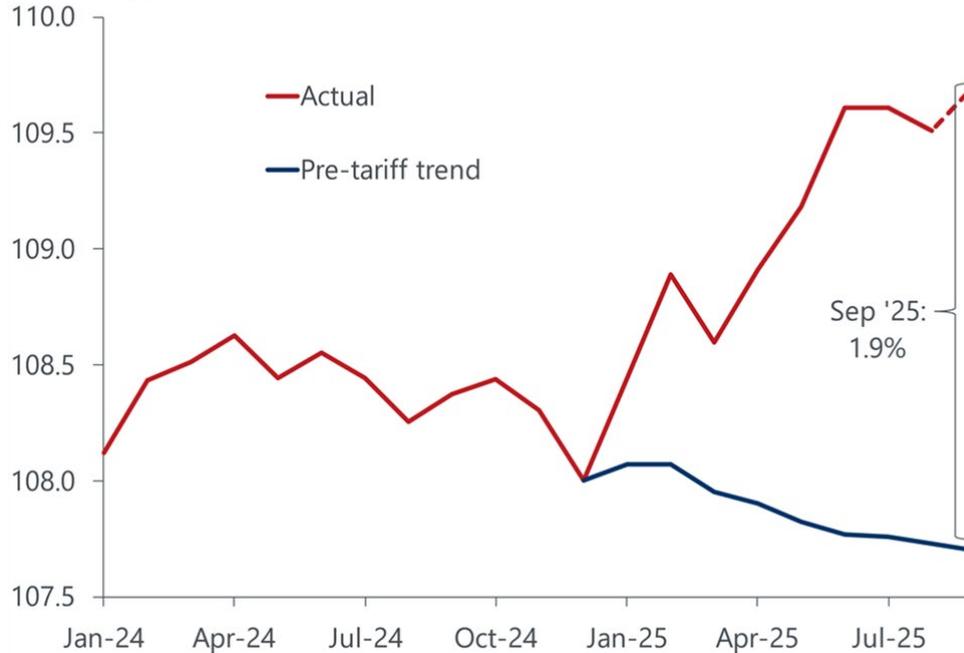
- Higher prices
- Weaker dollar
- Manufacturing stress
- High interest rates
- Reduced CAPEX
- **Government Revenue**



# Tariffs pass -through to consumer prices

US: Core goods prices

2017 = 100



**Not all tariffs have passed through to consumers.**

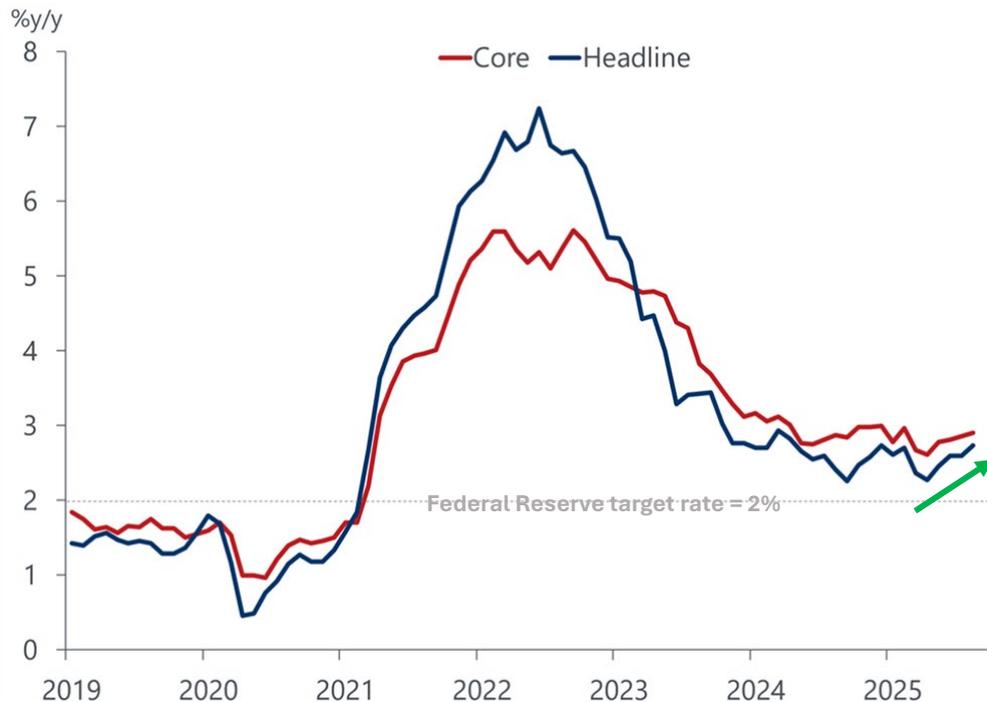
Businesses initially avoided tariff impacts by ...

- Absorbing costs
- Front-loading imports
- Run-down inventories
- Reconfiguring supply chains
- Stalled tariff implementation

**Transmission delays are fading, meaning effects will intensify**

# Inflation will continue to rise this year

US: PCE inflation

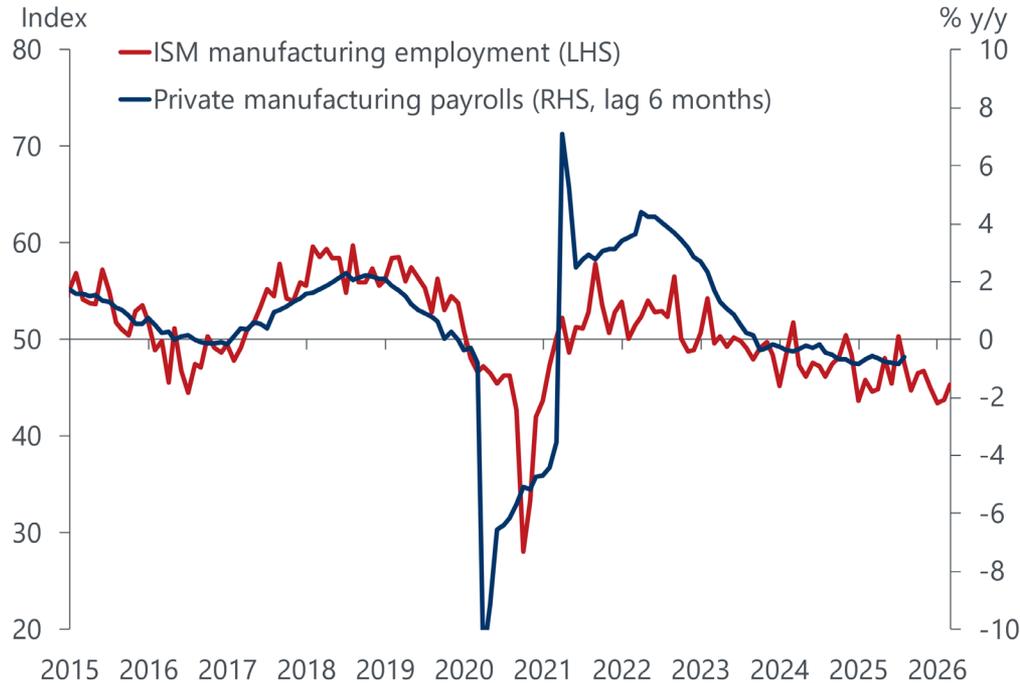


**Annualized inflation rose to 3.0%**  
in September versus 2% target.

**If not for tariffs, inflation would  
be 0.4ppts lower – 2.6%.**

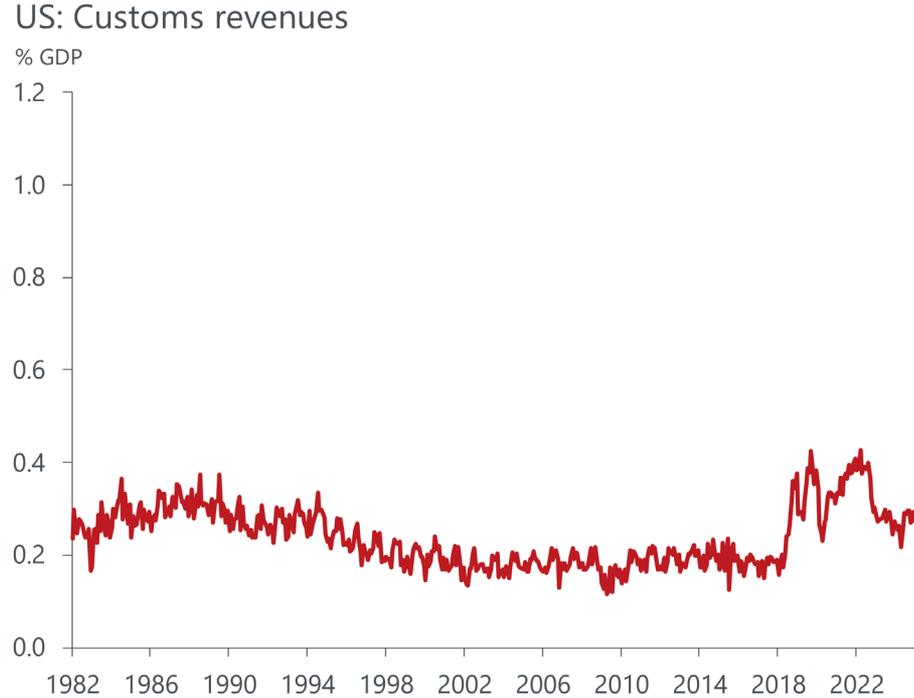
# Manufacturing is in an 8 -month slide

US: Manufacturing employment measures





# But...tariffs are raising revenues...



Source: Oxford Economics



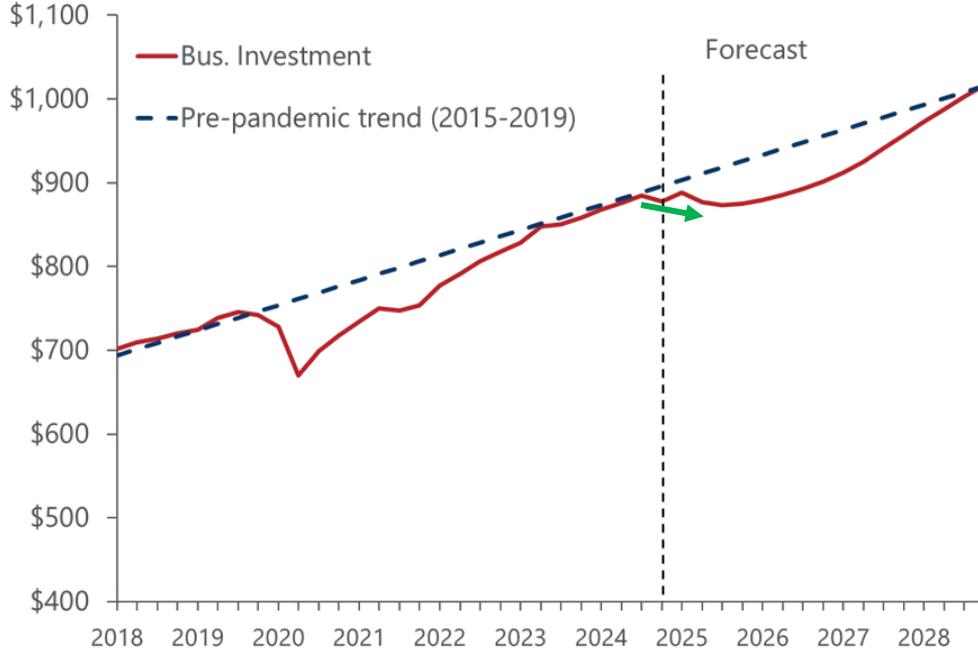
**\$31 billion in September** (compared to an average of around **\$8B last year**)

**Current tariff rates could generate more than \$3 trillion over the next decade!**

# Expect businesses to be cautious

## US: Business investment (non-residential)

Bns\$, 2017 prices

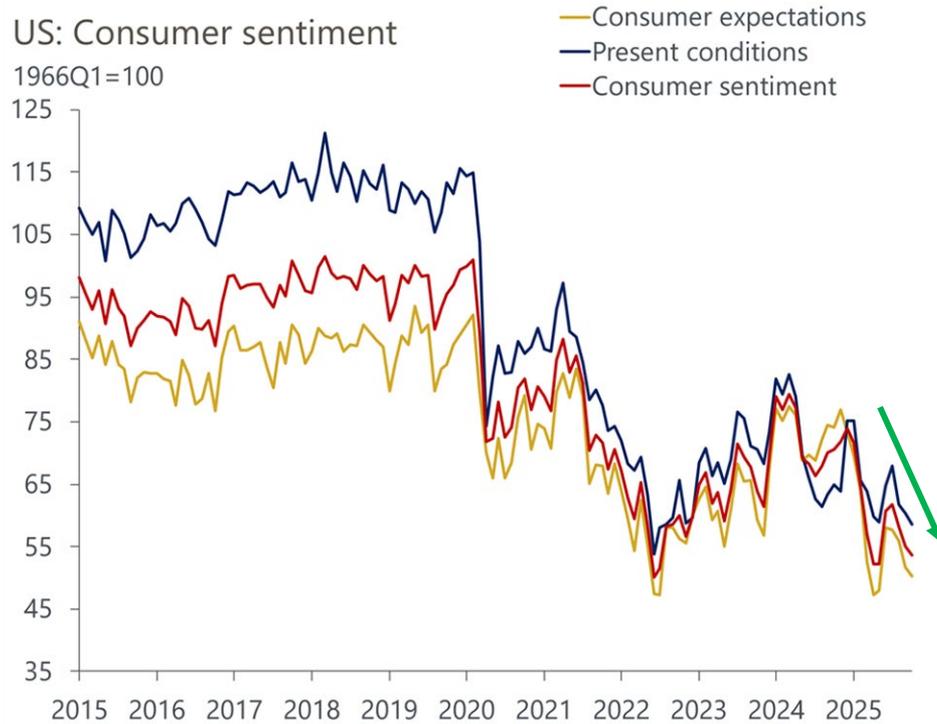


Source: Oxford Economics/Haver Analytics

“Second quarter U.S. and Canada select service and extended stay RevPAR declined around 1.5% year over year, **primarily due to a decline in government demand ... as well as weaker demand from smaller business customers.**”

Marriott, Aug 5, 2025

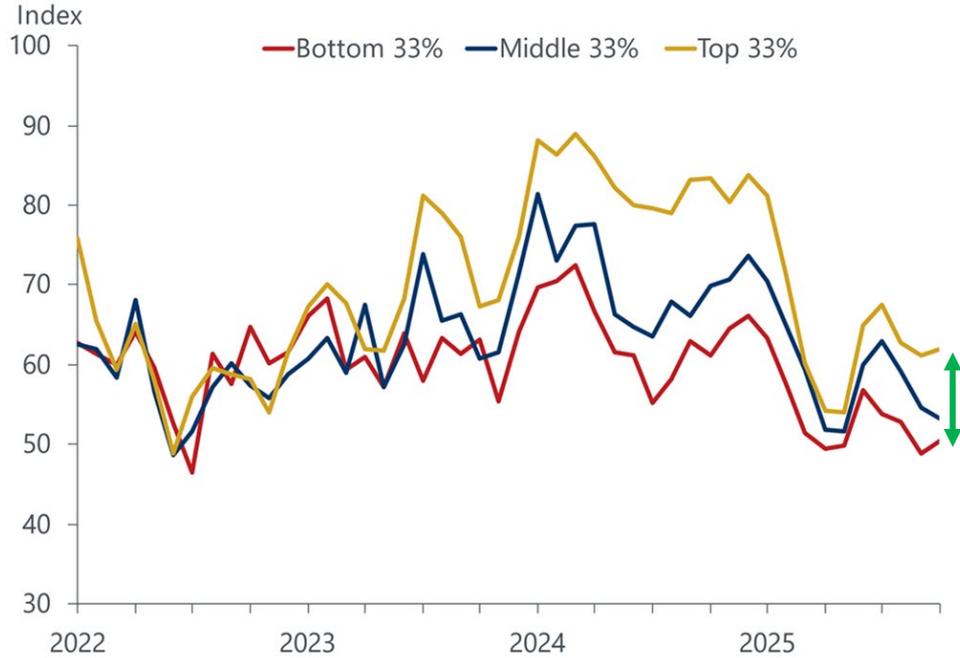
# Consumers are also worried



- Rising prices (elevated inflation expectations)
- Labor market uncertainty
- Policy uncertainty

# Gap between high - and low -income respondents remains

US: Sentiment by income bracket

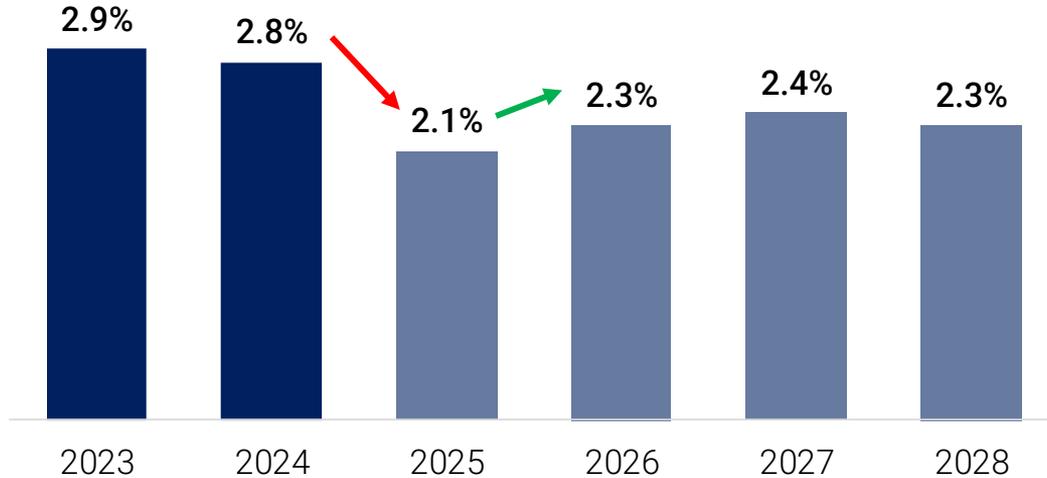


**Lower-income groups are spending less on discretionary purchases and more on essentials.**

- Hit harder by tariffs
- Smaller financial buffers

# Economic growth will slow in 2025 and grow in 2026

## US Real GDP Growth % year-over-year change



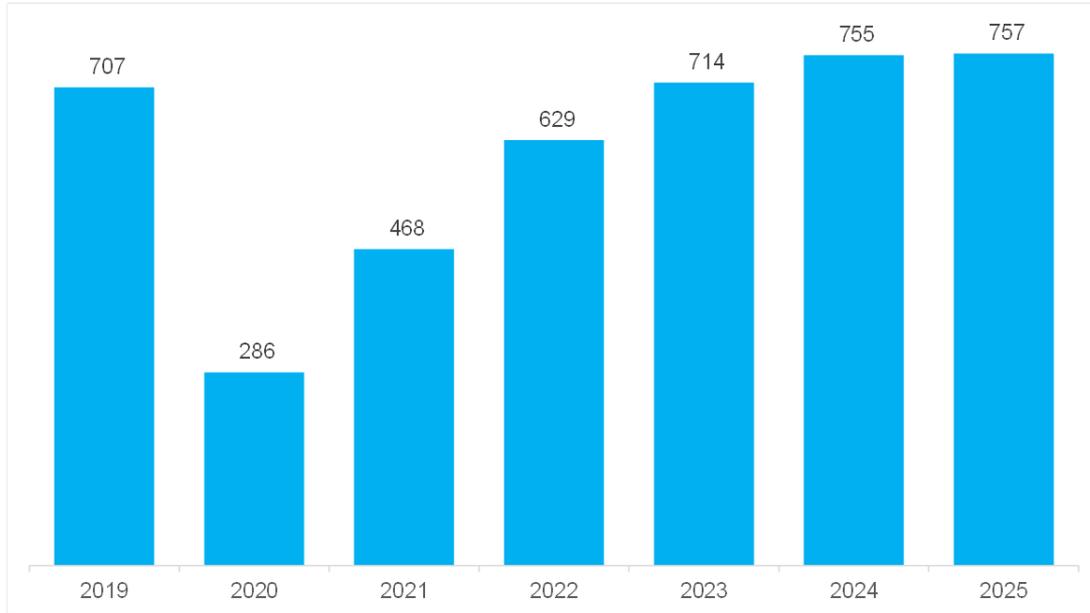
The economy will improve next year, supported by tax cuts/extensions, reduced uncertainty, the fading effects of tariffs on inflation.

# How Travelers Are Reacting

# Air travel has softened, but not falling

## US Air Passengers, YTD

TSA PAX counts in millions, Jan-Oct



Source: TSA

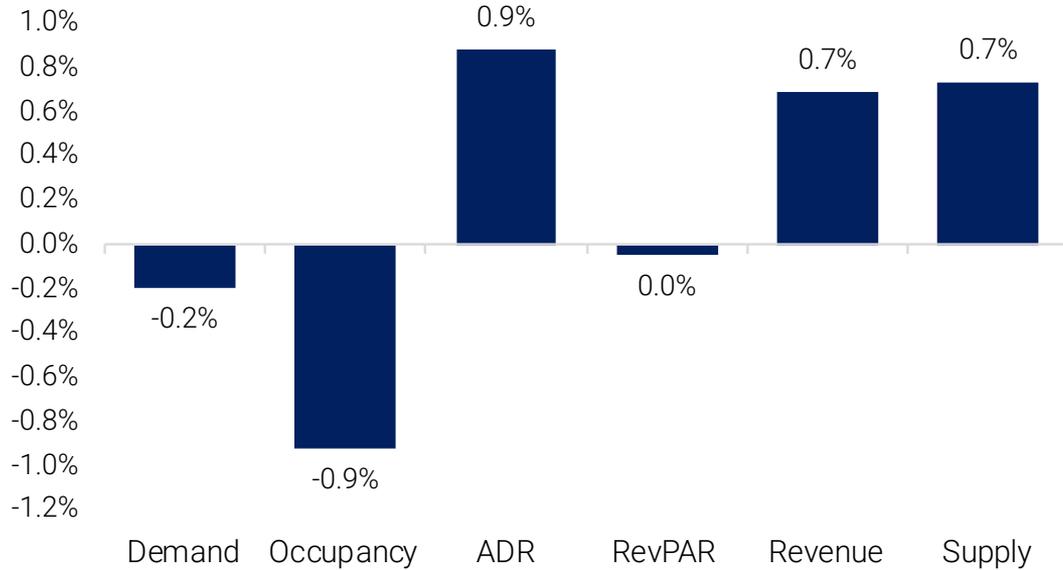
TSA air passenger volumes similar to last year.

Following a weak Spring and early Summer, TSA volumes have grown slightly in recent months.

# No growth in hotel demand

## US Hotel Key Performance Metrics

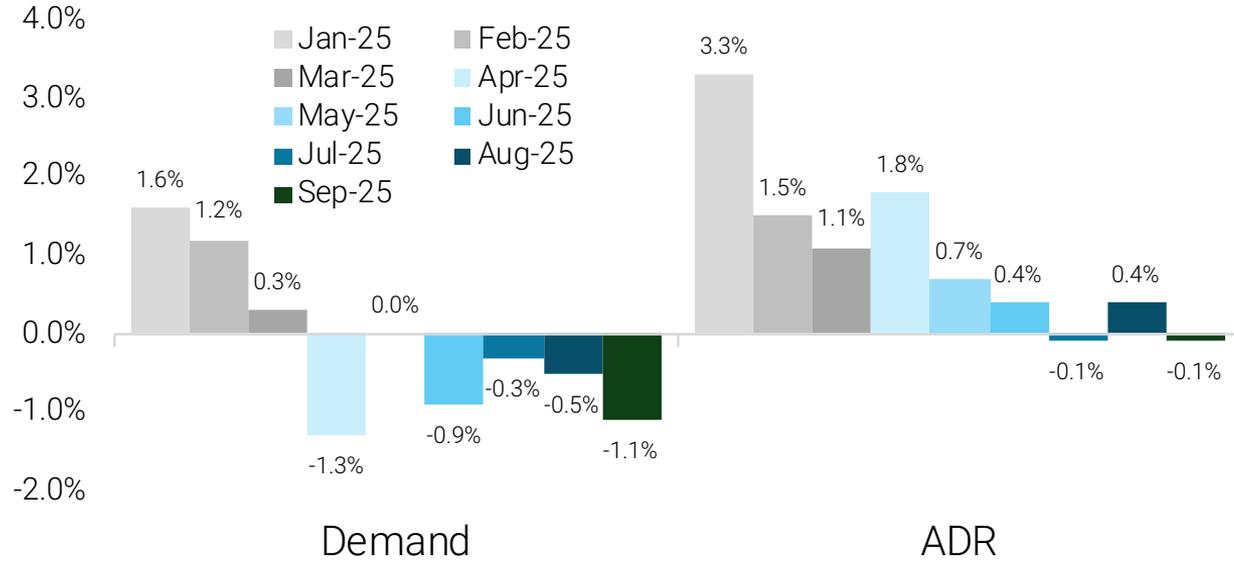
Sept 2025 YTD, year-over-year growth



# US hotel performance has slowed

## US Room Demand & ADR

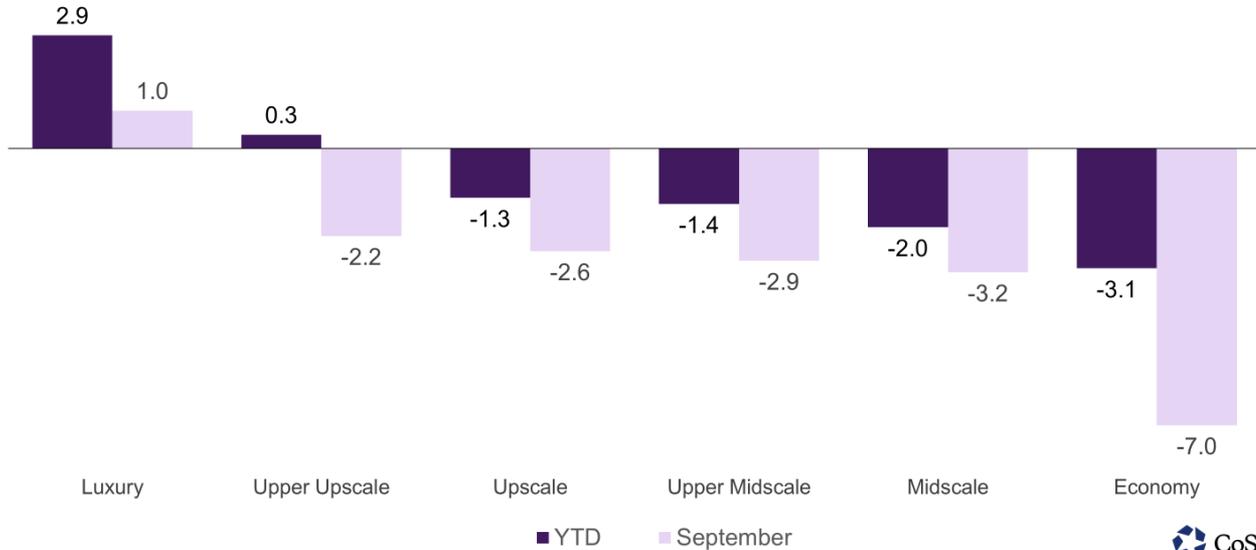
year-over-year growth



Source: STR

# Bifurcated demand growth

US RevPAR % change by class, YTD September and September 2025



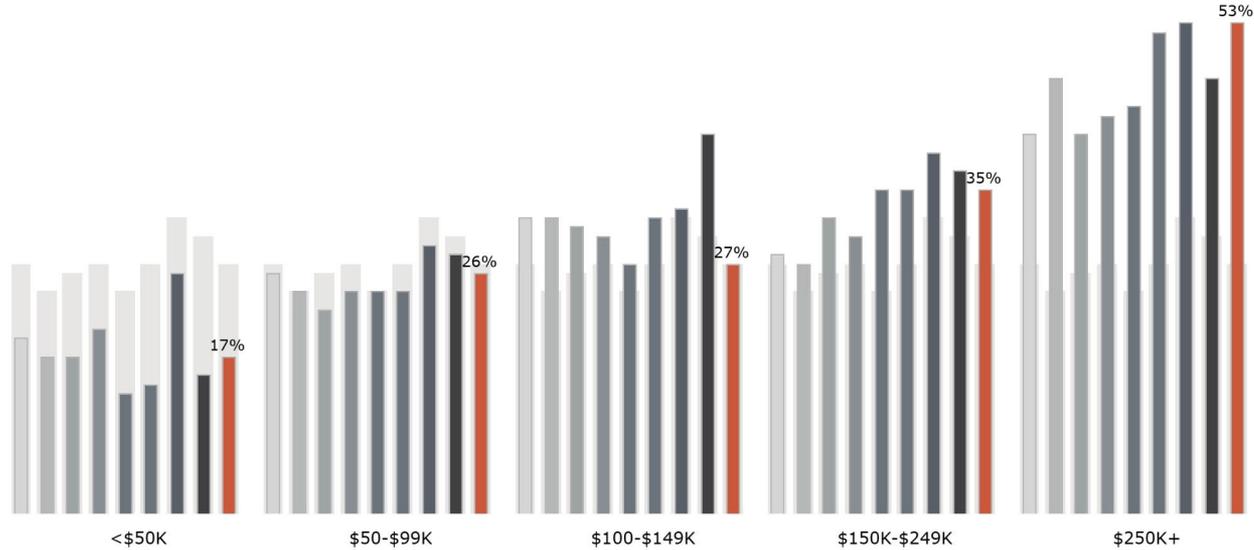
“...And again, I will point to the **luxury and certain parts of the premium segment**. ...This desire for experiences over goods continues and the underlying trends that we see are excellent.”

Marriott, Aug 5



# Business travel intentions have weakened in near term

Planning Business Travel Within the Next 6 Months  
% of American Consumers



Quarter of Survey

2023 Q3 2023 Q4 2024 Q1 2024 Q2 2024 Q3 2024 Q4 2025 Q1 2025 Q2 2025 Q3

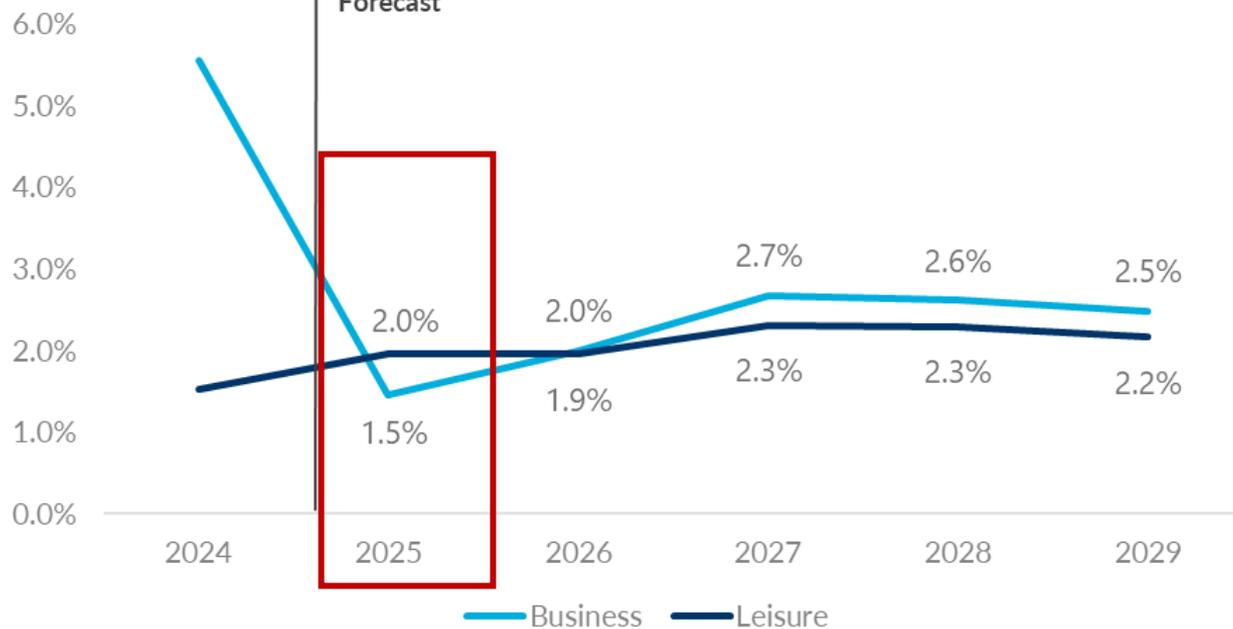
Light gray bars in the background represent the average for all survey respondents

Source: MMGY Global's *Portrait of American Travelers*

# Domestic travel holds up despite economic headwinds

## Business and leisure trips

Year-over-year growth

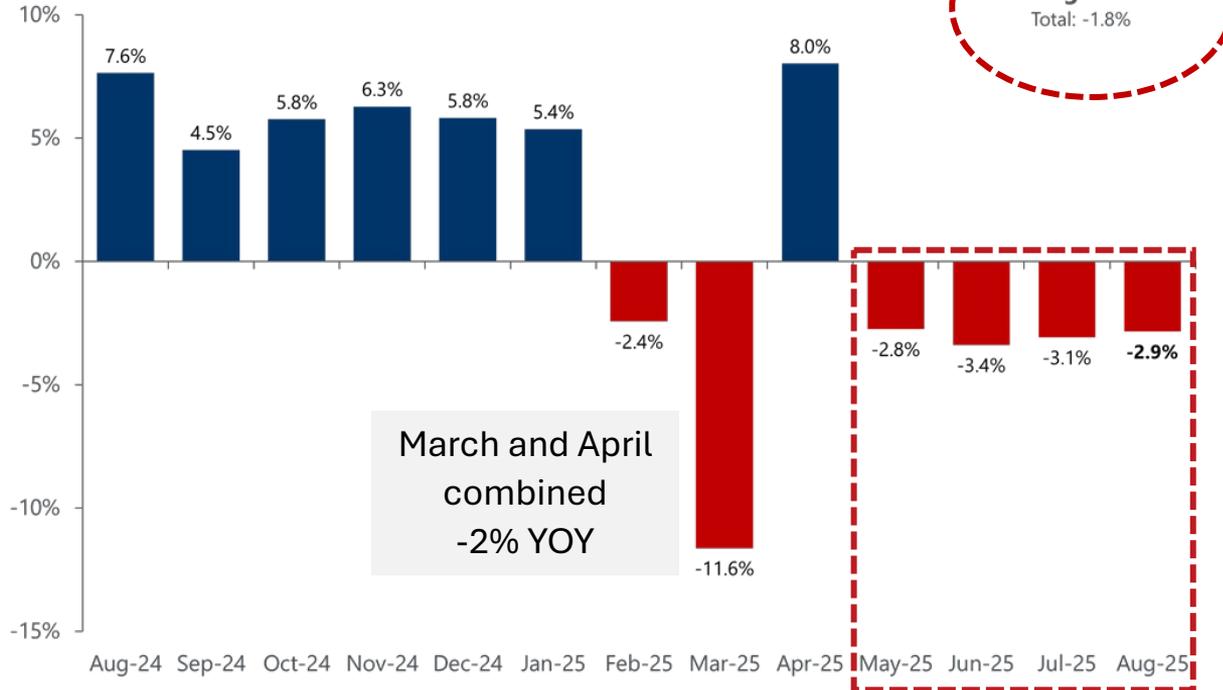


Note: Domestic trips only  
Source: Tourism Economics

# Overseas visitors to the US in decline

Overseas visitor arrivals to the US

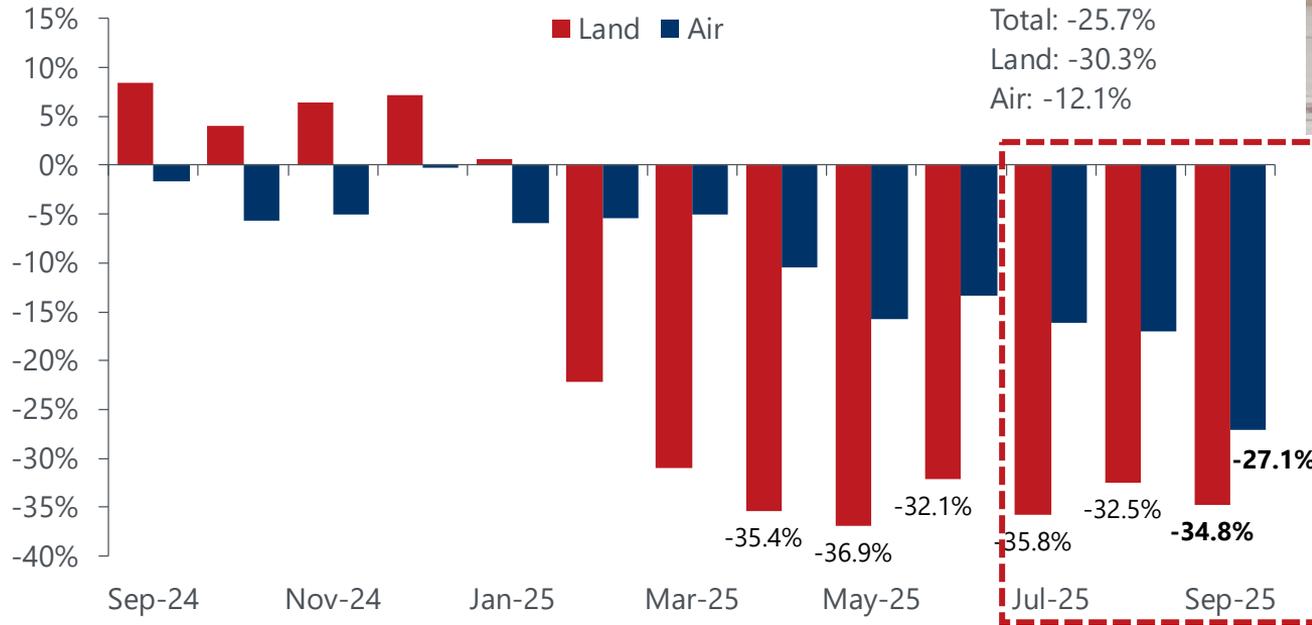
Year-over-year change



# Canada land travel continues to plummet

## Canadian visitor arrivals to the US

Year-over-year change



### September YTD

Total: -25.7%  
 Land: -30.3%  
 Air: -12.1%



Canadian travel to other world regions has increased 8.7% this year.

Note: Estimates show the year-over-year change in Canadian visits to the US.

September 2025 data based on leading indicator data measuring Canadian -resident US return trips.

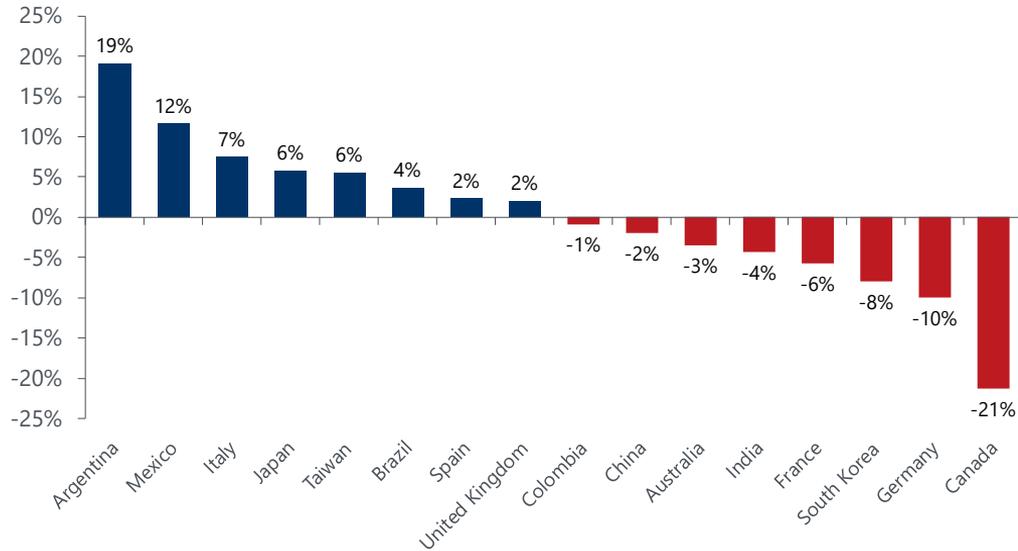
**Do you have  
anything positive to  
say?**

**Is this adventure just  
pure tragedy?**

# International markets still hold potential

Visitor arrivals to the US by top markets (Aug 2025 YTD)

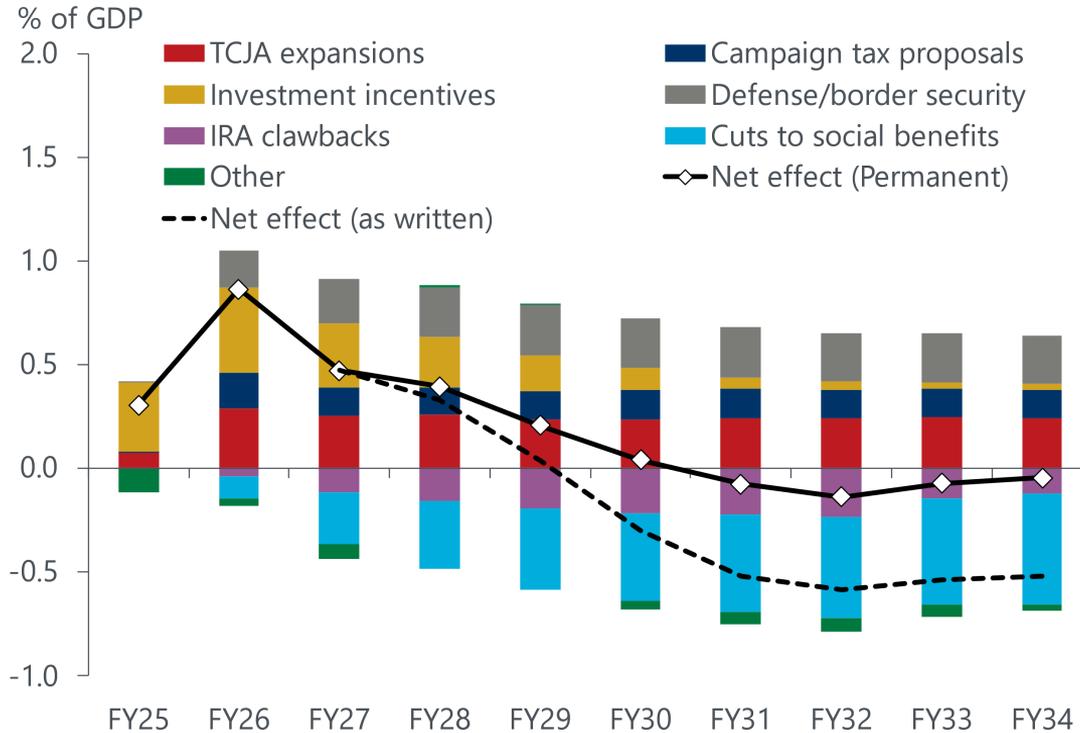
Year-over-year change



Some inbound markets are witnessing strong growth

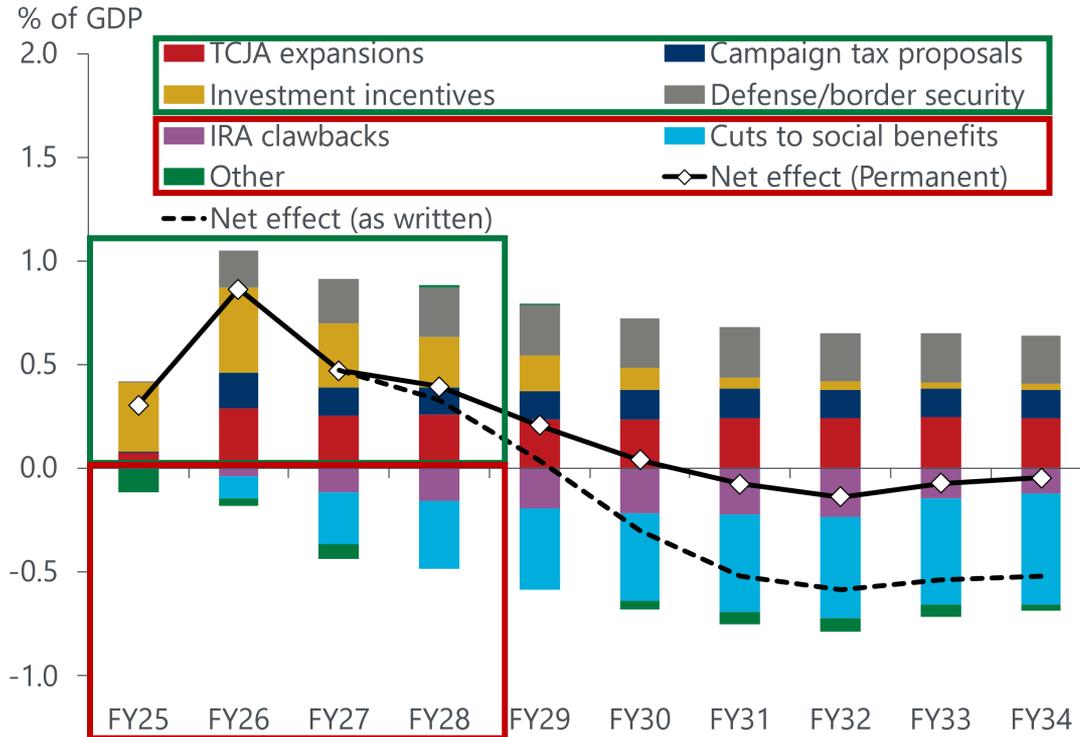
# Fiscal policy will boost growth next year

## US: Fiscal effect of Senate OBBB versus current policy



# Senate bill will boost growth next year

US: Fiscal effect of Senate OBBB versus current policy



## Positive fiscal stimulus

- tax cut extensions
- tax cuts on tips, overtime, and car loan interest
- more generous state and local tax deduction

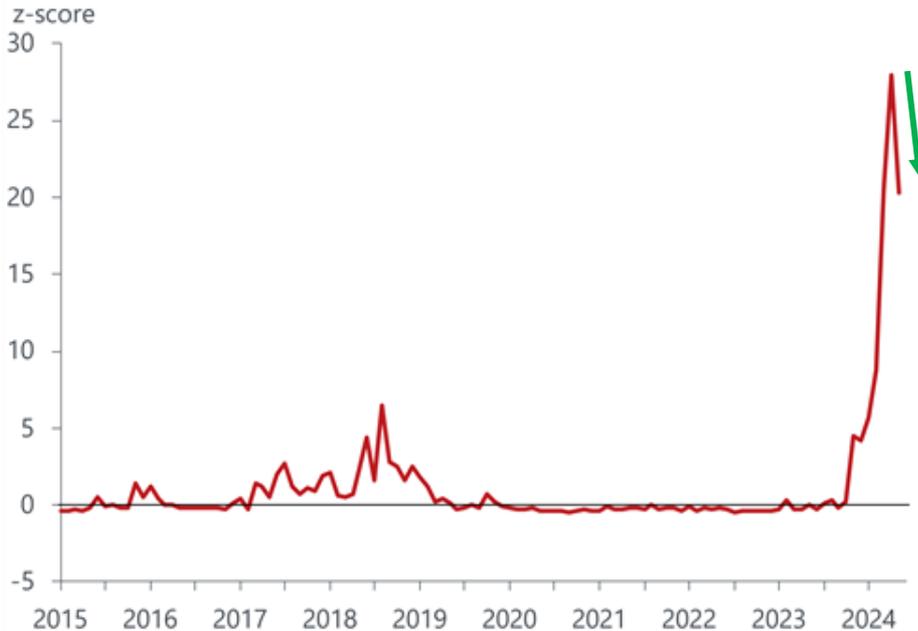
"For '26 to '28, we had messaged last time that, that group pace was in the higher single digits. That actually improved slightly from the last quarter.

**So yes, we see groups continuing to book out into the future."**

Host, July 31

# Uncertainty due to tariff policy high, but falling

US: Trade policy uncertainty



Source: Oxford Economics

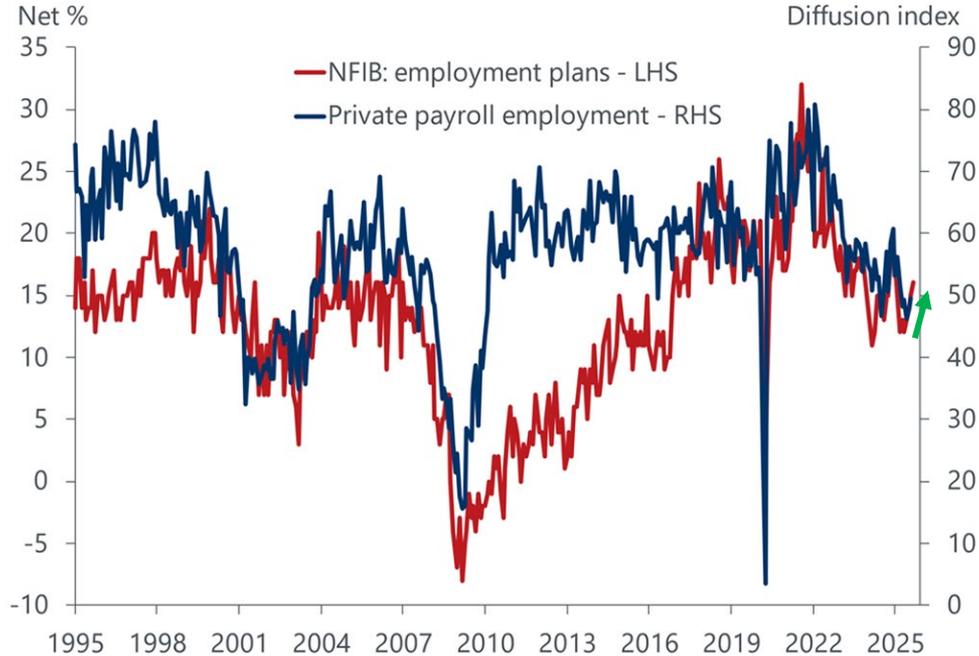
**“Uncertainty is the new normal” –**

Kristalina Georgieva,  
IMF Managing Director

Businesses have been reconfiguring their operations to better absorb uncertainty.

# Less policy uncertainty will boost the labor market

US: NFIB hiring plans & breadth of job gains

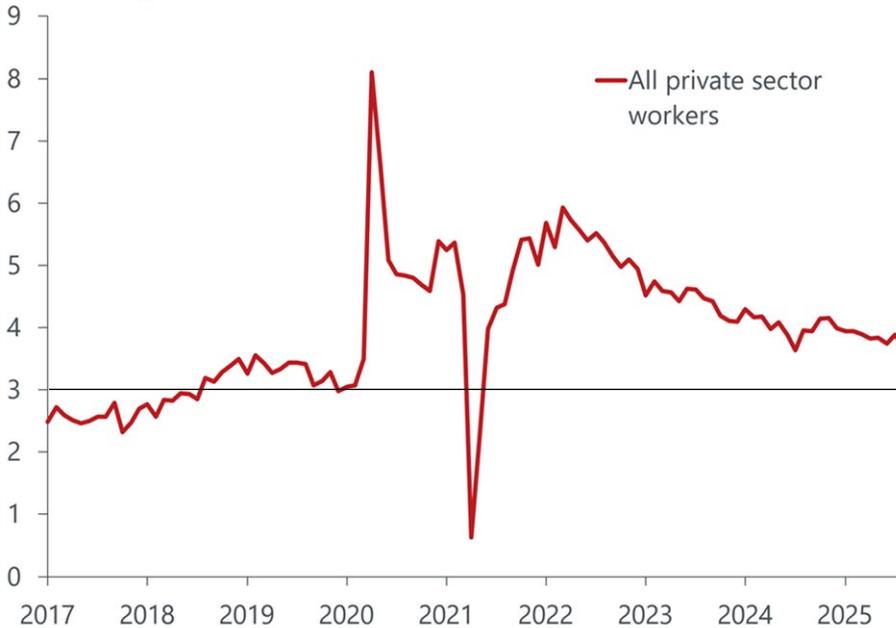


**Hiring intentions are rising again,** for the fourth consecutive month

# Income growth still supports spending growth

## US: Average hourly earnings

Y/Y % change



Average hourly **earnings have increased 3.7%** over the past year, outpacing the rate of inflation.

← **3.0% Inflation in September**

# Travel budgets remain elevated

**Question:**

How much IN TOTAL is the maximum you will spend on leisure travel (including airfare, accommodations and all other trip related spending) during the NEXT 12 MONTHS?

Maximum I would spend on leisure travel (next 12 months): \_\_\_\_\_



# Broad advance in discretionary spending

## US: Inflation-adjusted spending

%3m. annualized



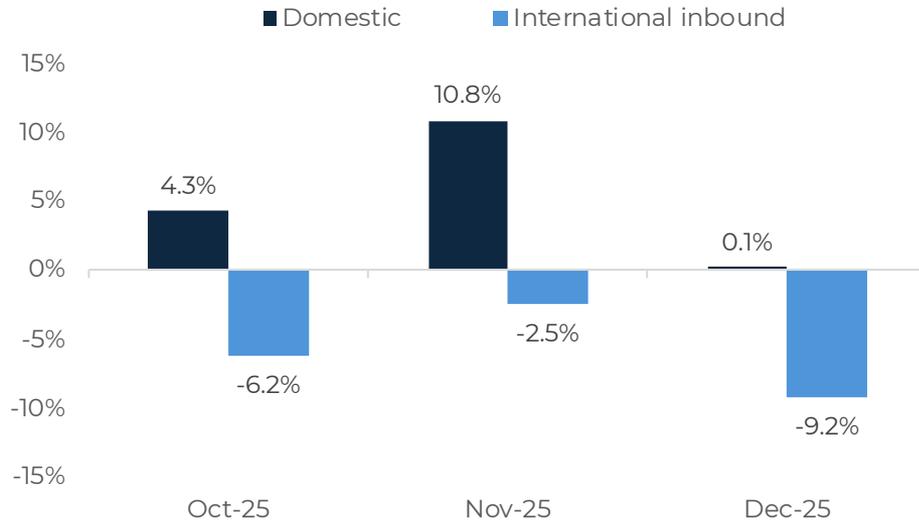
**A sign people are prioritizing experiences.**

Trends in discretionary spending driven by swings in the stock market.

# Domestic air bookings showing strength

## US Air Travel Booking Pace

Year-over-year % change (as of September 2025 )



Source: OAG

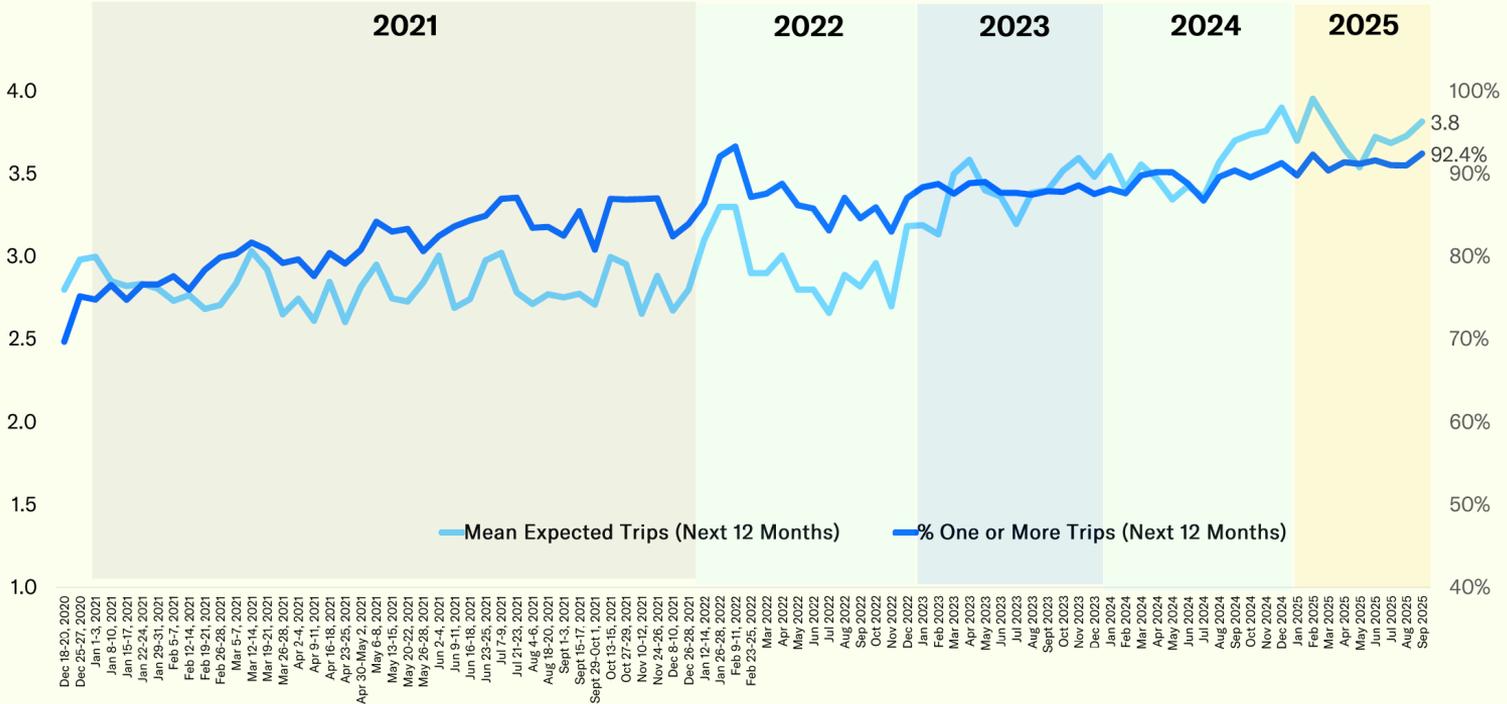
“The entire fourth quarter, the fall break, Thanksgiving, Christmas, they're all likely to set records with strong demand.”

-Scott Kirby, CEO  
United Airlines

# Intended leisure trips showing lift in recent months

**Question:**

IN TOTAL, how many leisure trips (of 50 miles or more from your home) do you expect to take in the NEXT TWELVE (12) MONTHS? (Select one)



# Signs of leisure market acceleration

“Since the beginning of July, we've seen an **uptick** in overall travel demand, particularly in the U.S.”

- **Expedia (08/07/2025)**

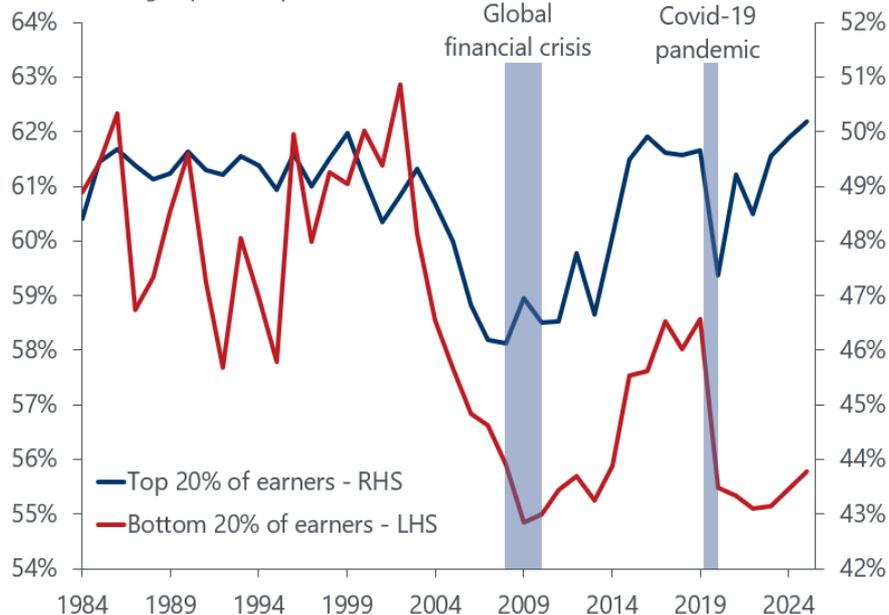
“As we look to Q3, we're encouraged by current demand trends, specifically the **acceleration** of nights booked from April through July.”

- **Airbnb (08/06/2025)**

# A K-shaped economy: Diverging outcomes

## US: Consumer discretionary spending by income

share of each group's total spend



**Lower-income households are facing greater pressures, spending less on discretionary purchases and more on essentials.**

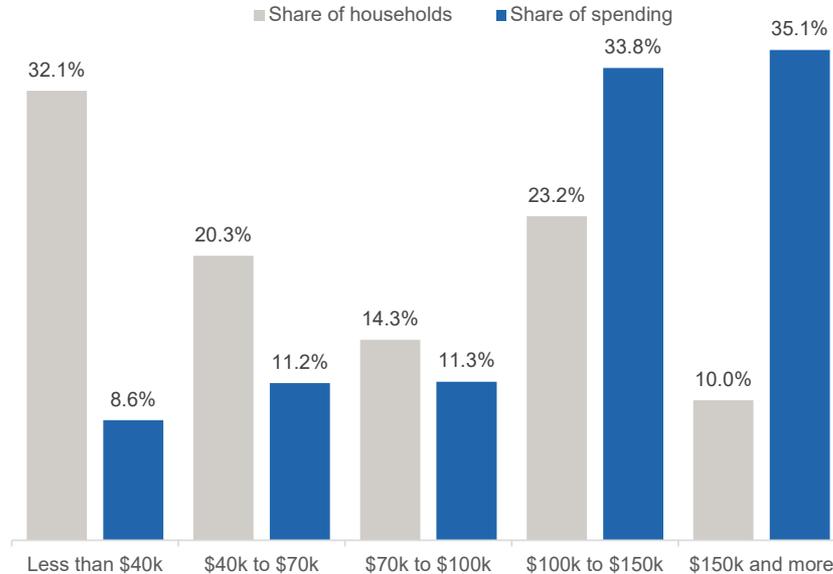
**Similar trend for younger cohorts who are having a hard time finding a job.**

# Tourism is dependent on higher

# -income households

## Lodging spending by household income

Leisure travel, 2023



**Households making \$100k+  
(one-third of households)**

**account for more than two-thirds  
of all spending on lodging**

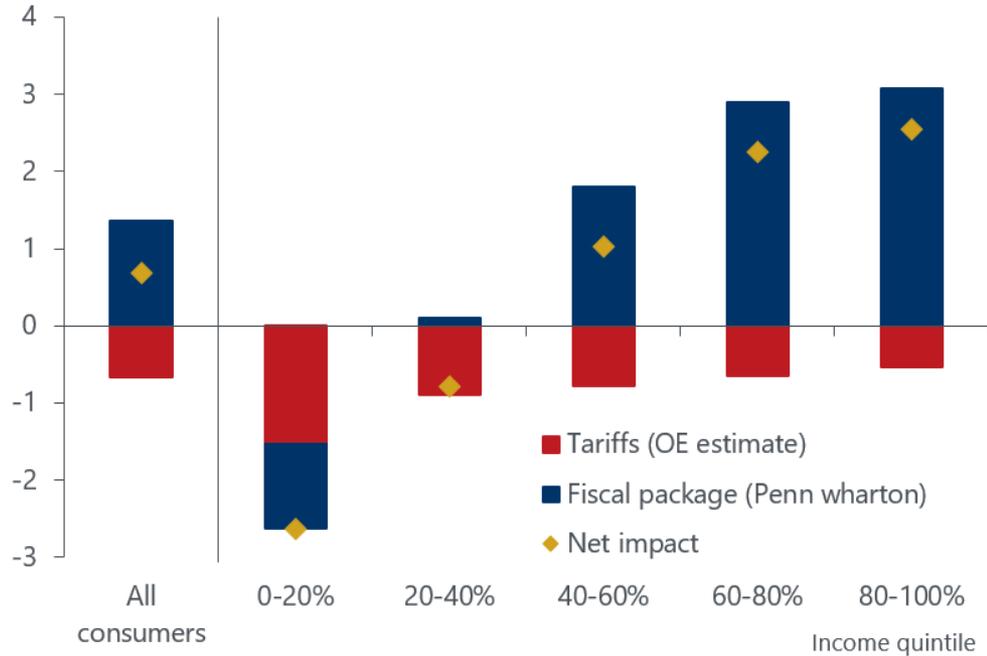
Note: Based on three-year average through 2023.

Source: BLS, Tourism Economics

# Policies favor higher income households

## US: Net impact of policy by household income

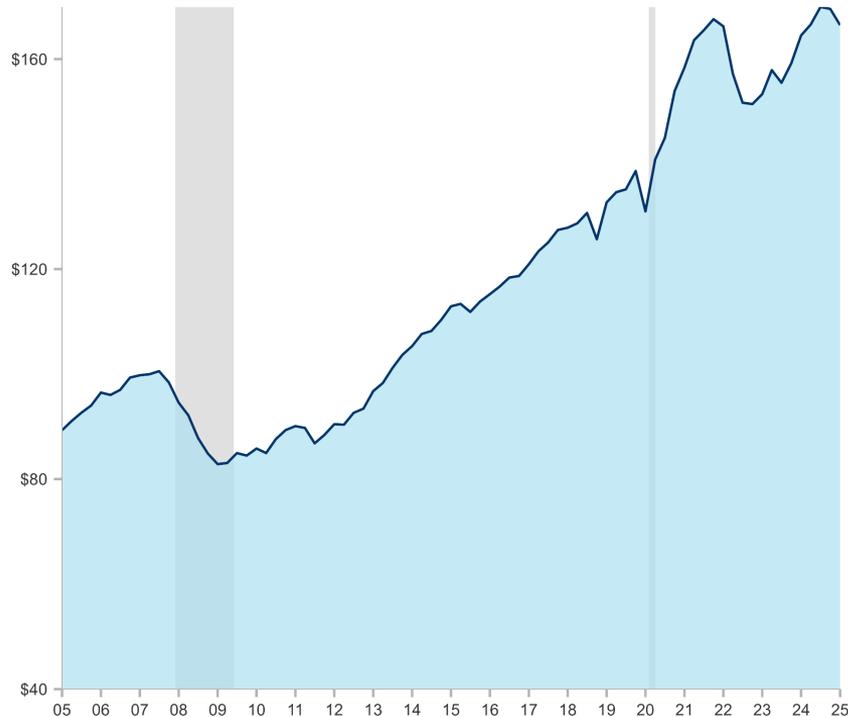
% change in real post-tax incomes



# Strong gains to household balance sheets

## Household net worth

In trillions, real



Note: 2024 dollars. Quarterly data through 2025Q1. Net worth of households and nonprofit organizations. Measures housing and financial assets, minus liabilities. Source: Federal Reserve, NBER

**"High-end resort properties continue to show resilience, no resistance to rate."**

Host, July 31

## As a short story

### **The near-term outlook is soft and risky**

- US economy is on a tight rope. Expect higher inflation, slower economic growth, weaker labor markets
- International markets will continue as a drag on performance

### **The outlook is more promising, if you look out a little farther**

- Domestic travel is resilient
- Higher income households will play an outsized role
- International imbalances will improve
- The economy is very likely to strengthen into 2026 and 2027

Just Remember  
Things are NOT  
terrible.



# Why your work matters



## **\$58.5B VISITOR SPENDING**

Visitors spent \$159.8 million per day in Nevada, on average.



## **\$24.9B PERSONAL INCOME**

The visitor economy accounted for 11.1% of total personal income in Nevada in 2024.



## **459,081 JOBS**

The visitor economy sustained 21.3% of all jobs in Nevada in 2024.



## **\$6.2B STATE & LOCAL TAXES**

State and local taxes generated by the visitor economy offset resident taxes by \$5,217 per household.

