



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Can Nevada's Travel Industry Defy Economic Gravity?

Zeek Coleman | VP, Americas | ZColeman@OxfordEconomics.com



But first...

**Why listen to
the 6'6 black
guy?**

Award Winning Analysis



Leading Economic Models

Top companies rely on Oxford's proprietary globally integrated economic, industry and regional models. These replicate the world economy by **linking 85 countries and more than 100 industry sectors**



Industry Expertise

Our team of data-driven leaders, analysts and economists bring **decades of combined travel industry experience** and specialized training—uniquely allowing us to understand and meet the specific needs of your sector.



Independent & Objective

Our team's extensive experience is leveraged to ensure **trends are covered impartially**—plus, pairs with advanced research tools to provide best-in-class insights into key business, financial and policy issues.



Global Insights Coverage

With offices worldwide, our boots-on-the-ground coverage provides **deep knowledge of local economies**, critical for more accurate forecasts and recognition of future opportunities and risks before they occur.



Best overall forecaster over the last six years for the Focus Economics Awards



Most Innovative Global Economic Forecasting Specialists

Bloomberg

Best Global Economic Forecasting Specialists for Asia Pacific & Middle East Business



Economic Forecasting Specialists of 2021; Innovation & Excellence Awards



**Best Overall
Forecaster**

Most Accurate Among Big Names

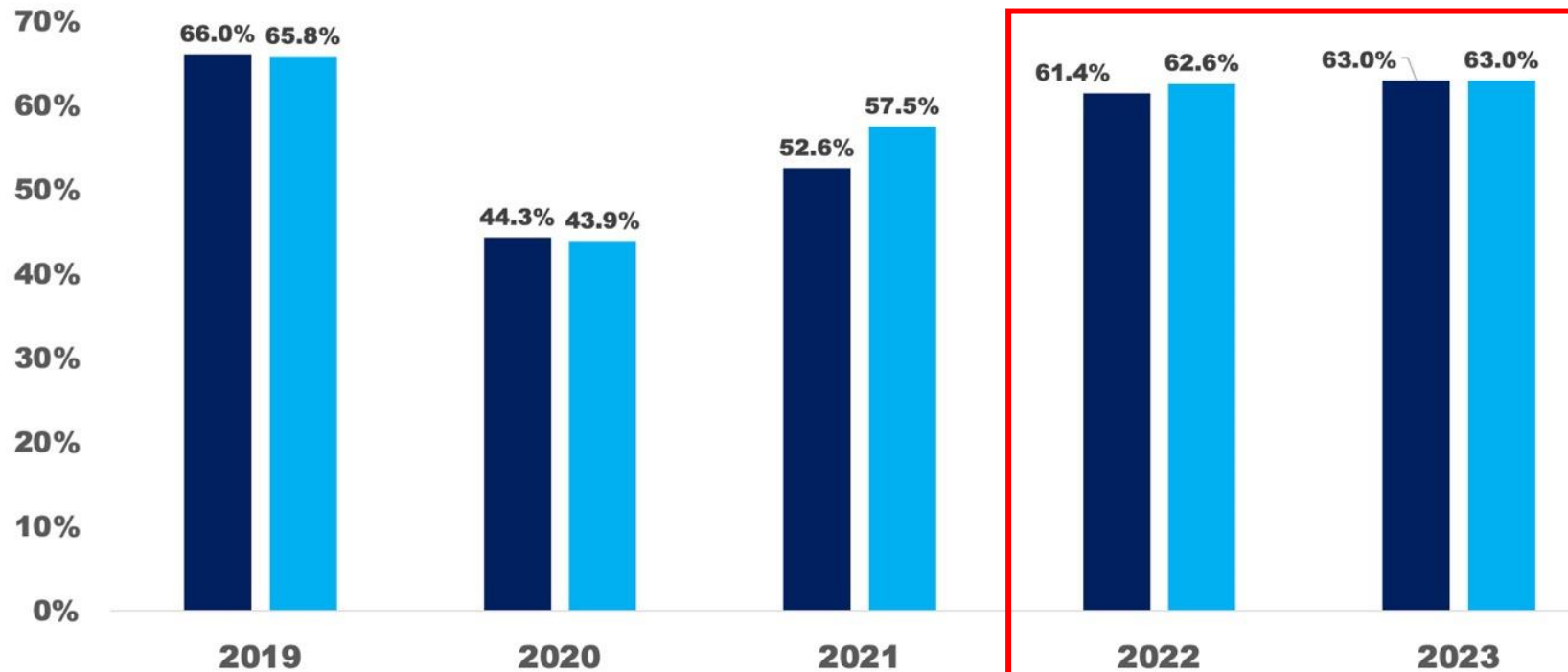
	2023	2022	2021	2020	2019	5 year total
 Oxford Economics	101	115	165	100	111	605
EIU	132	131	119	118	90	582
Fitch Solutions	124	137	115	56	89	486
Capital Economics	64	73	50	85	98	368
Citigroup Global Mkts	58	92	67	83	69	408
JPMorgan	76	82	64	64	43	308
Moody's Analytics	87	68	42	40	43	221
HSBC	68	52	29	49	49	236
Euromonitor International	59	40	56	41	45	239
Standard Chartered	44	40	50	32	41	200



**We build upon the
accuracy of
Oxford...**

Tourism Economics' Forecast in 2020 vs. Actual

U.S. Hotel Occupancy Rate



● NOVEMBER 2020 FORECAST ● ACTUAL

Source: STR, Tourism Economics



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

Trusted by Clients Worldwide



Spanning the Industry

Destination

Aviation

Lodging

Cruise

Real Estate

Government

Financial Institutions

Internet Marketing

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**Let's answer this
by asking a few
questions...**



What We'll Cover

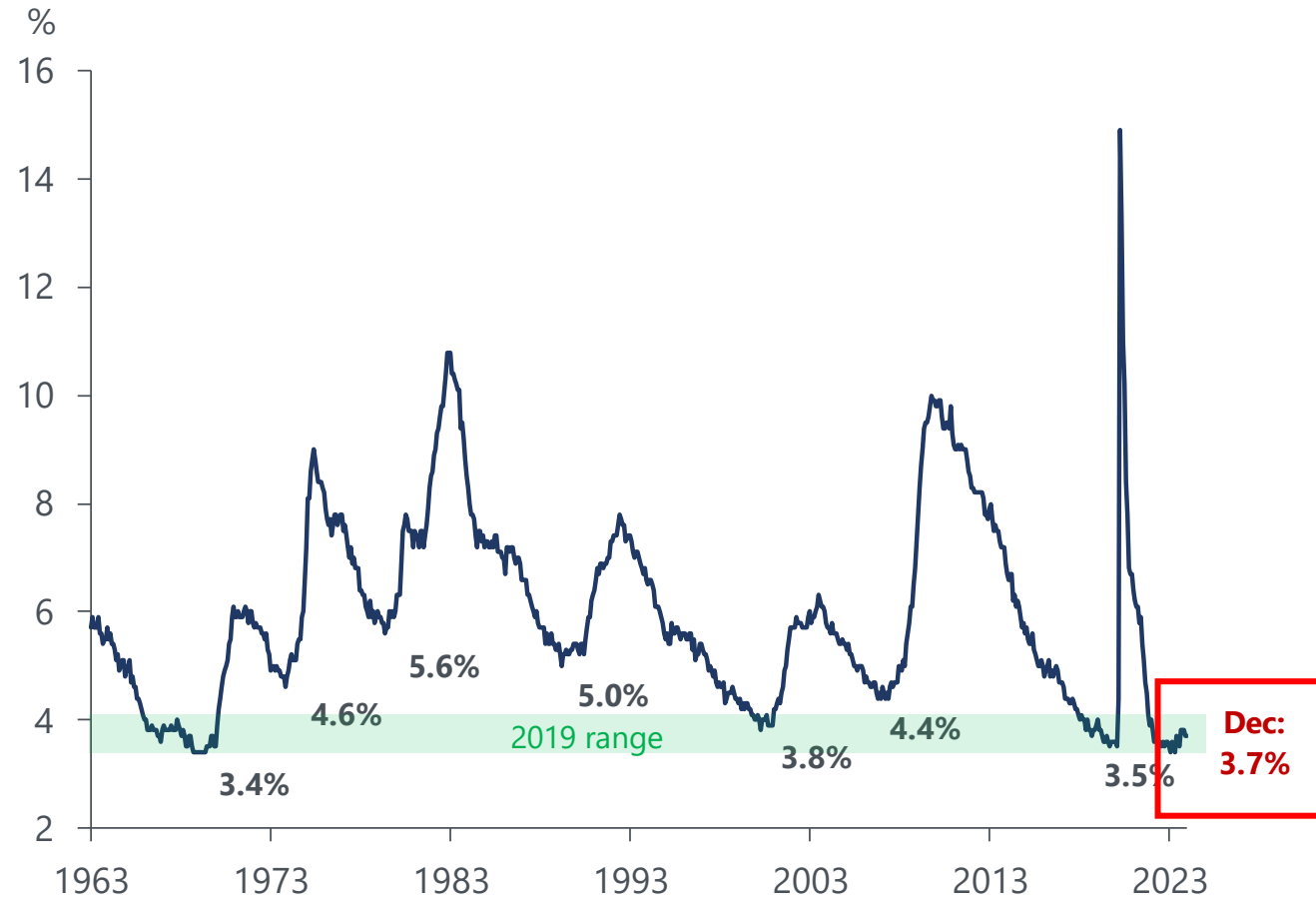
- 1 How did we avoid a recession?
- 2 What challenges remain in 2024?
- 3 Should we be Optimistic?

**Now let's take a trip down
memory lane...**

**...a little after the
pandemic...to 2023.**

In 2023, Unemployment remained historically low...

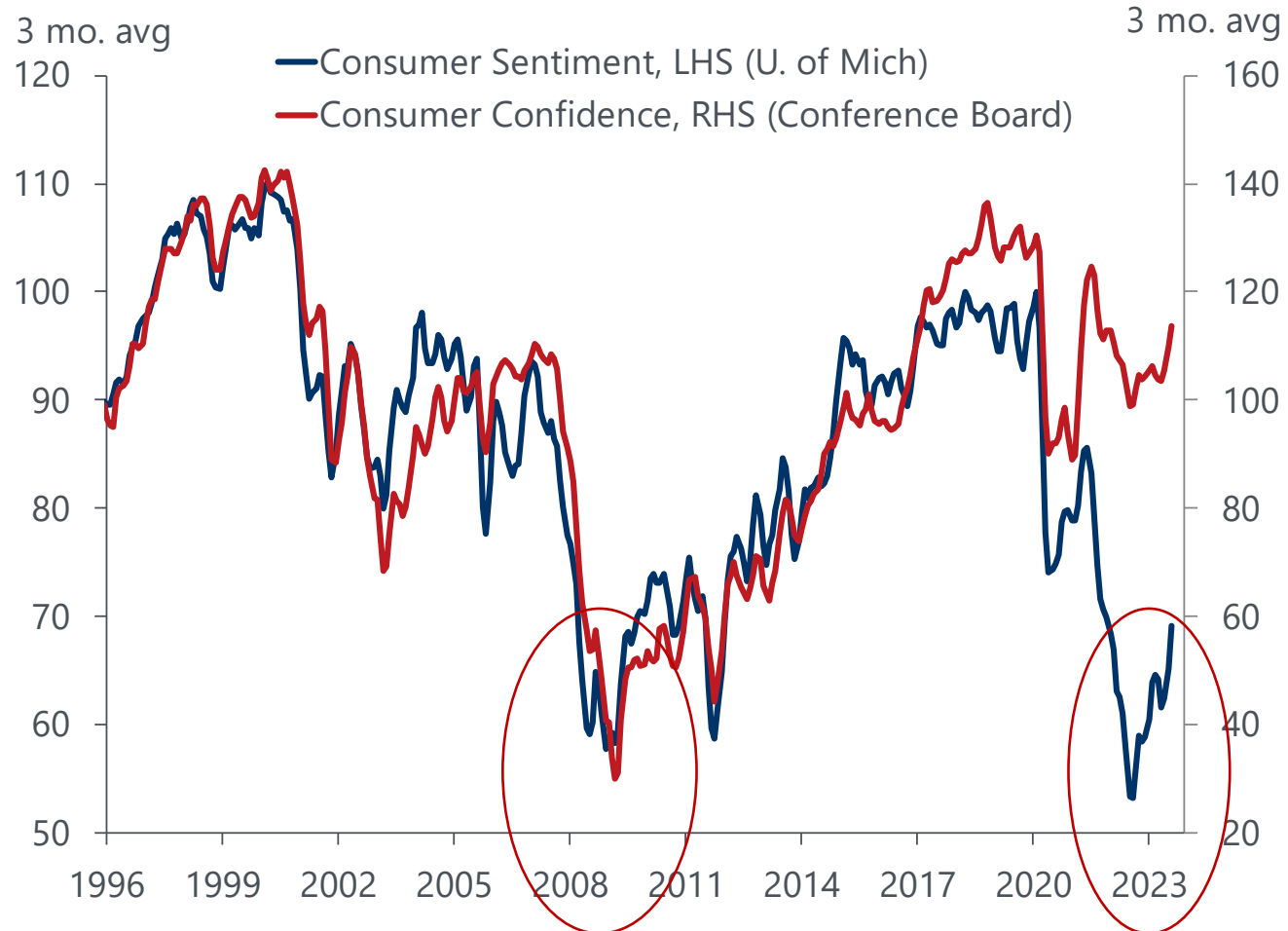
US: U-3 unemployment rate



Source: Oxford Economics/Haver Analytics

Yet consumers felt uneasy...

US: Consumer surveys

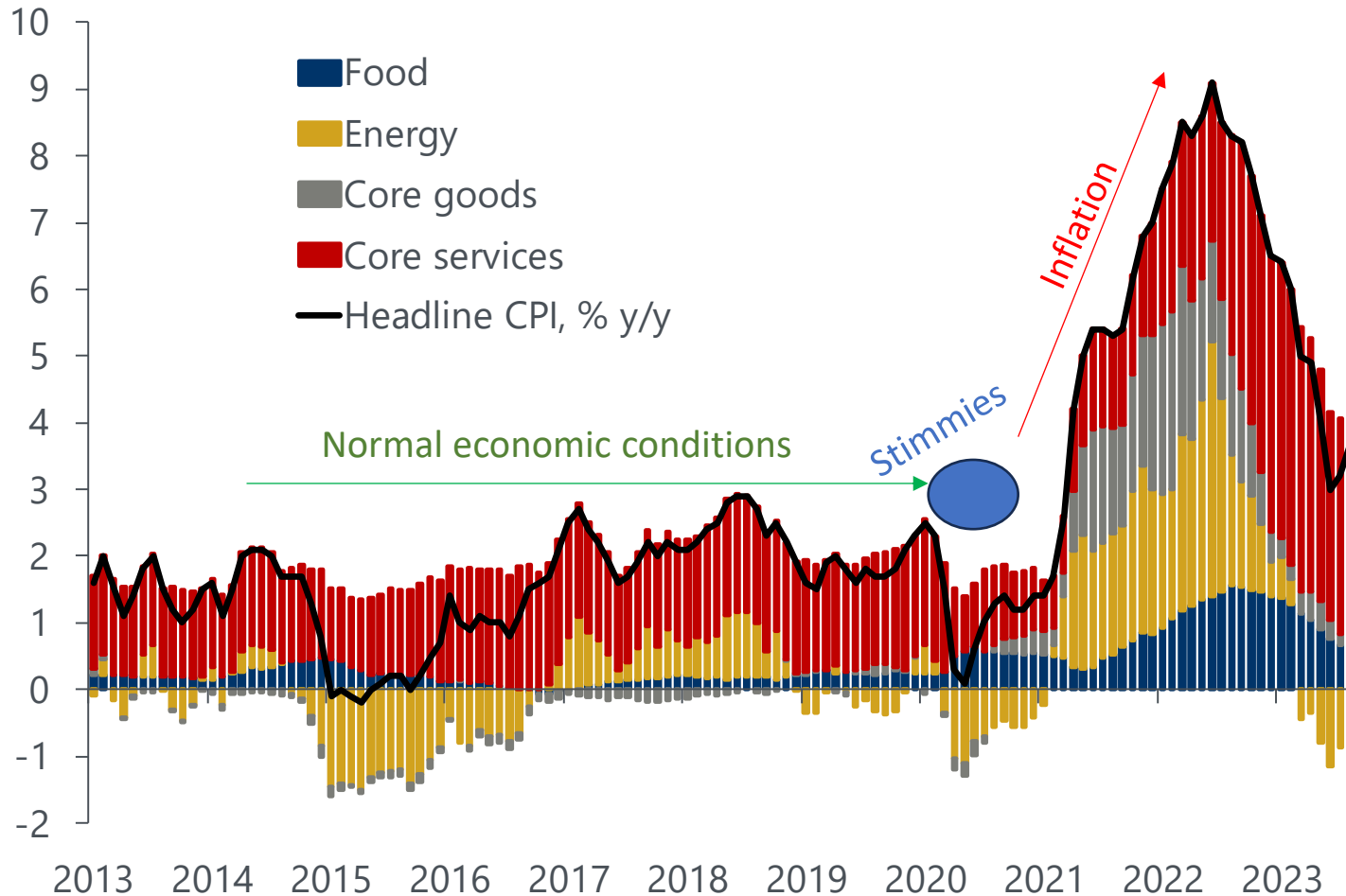


Source: Oxford Economics/Haver Analytics

The culprit? Inflation

US: Breakdown of CPI by components

PPT contribution to headline CPI inflation



*1,400 dollar stimulus hits

Me at Petsmart:



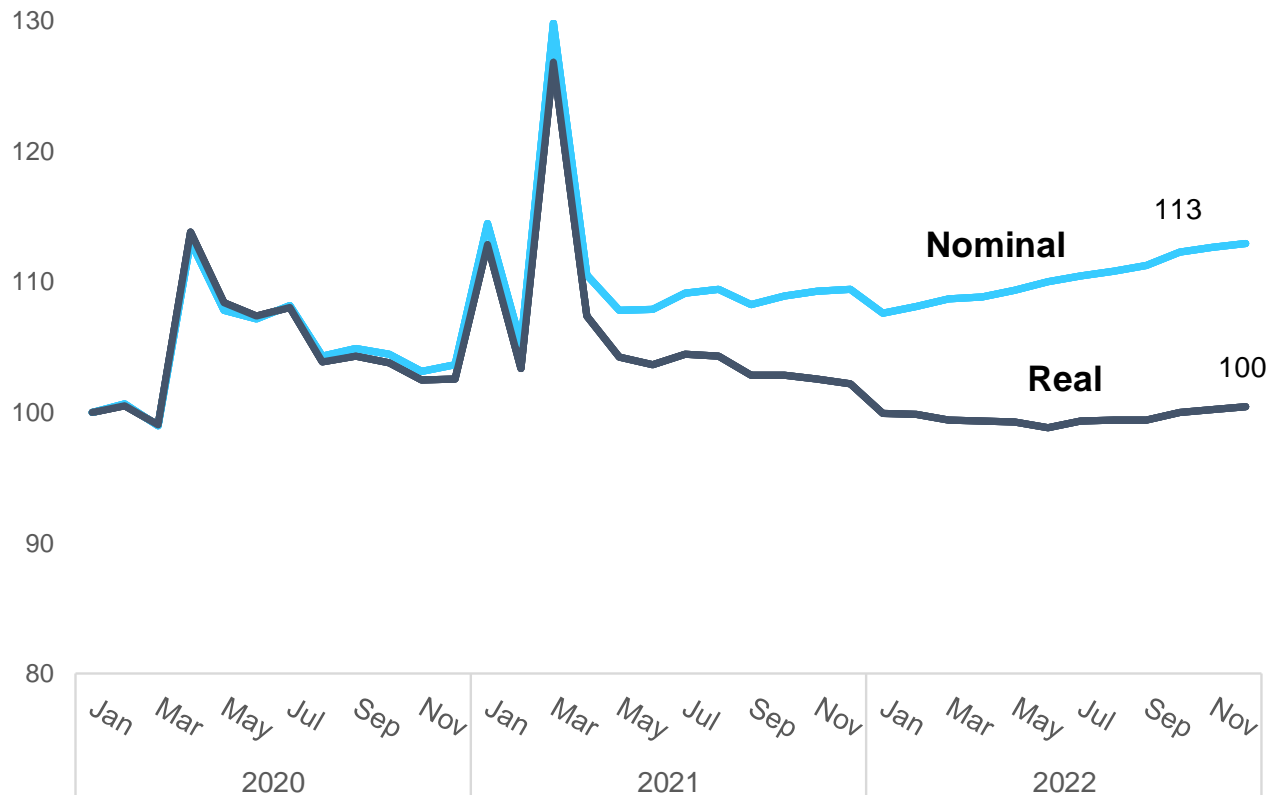
“Ya’ll got tigers?”

- Prices in August were 3.7% higher than a year earlier
- Core prices were 4.3% higher

Inflation took a bite out of disposable income

Personal income

January 2020 = 100



- The average U.S. household is spending an additional \$400/month to buy the same goods and services as last year.

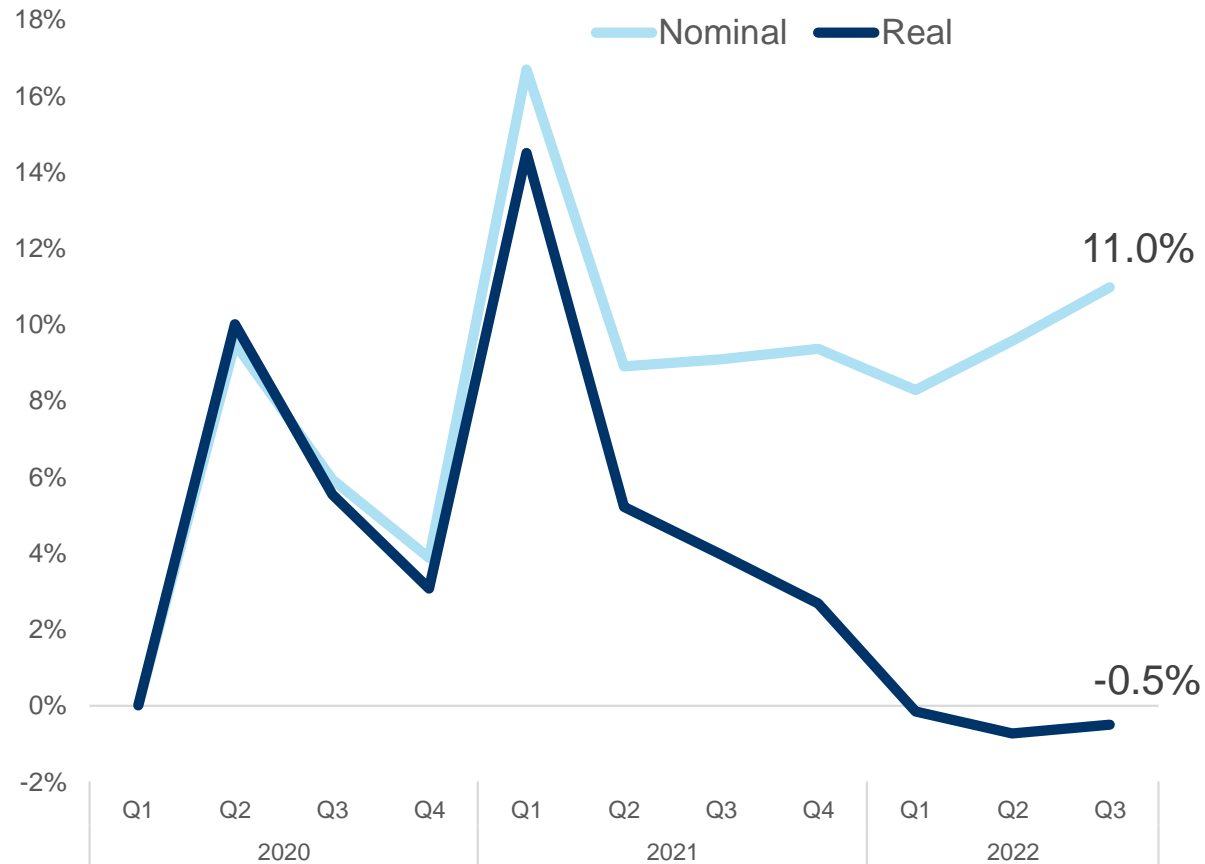
Note: Disposable personal income, seasonally adjusted

Source: BEA; FRED

This chart is for my fellow "C" students

Disposable personal income growth

Change relative to 2020 Q1



Note: Disposable personal income (measures income after taxes), seasonally adjusted. Real series deflated by PCE price index.

Source: BEA; Tourism Economics

Getting \$1200
in Alabama



Getting \$1200 in
Nevada



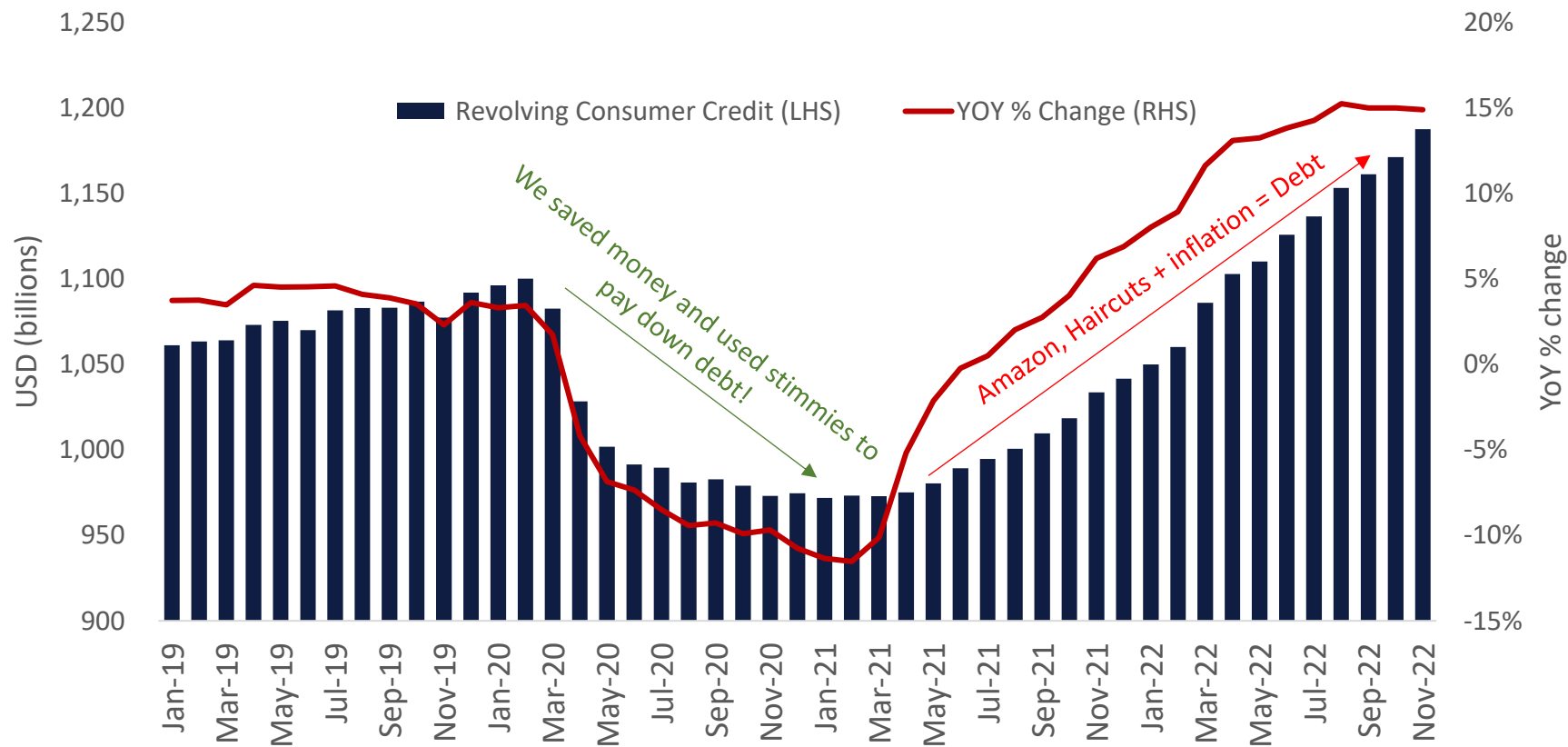
In "C student" terms:

"If you made \$100K and your wage increased to \$111K, you can actually only buy \$100K of pre-inflation stuff."

Less bang for your buck!

And households were taking on more debt

U.S.: Revolving credit has surpassed pre-pandemic levels



Oxford Economics/Haver Analytics



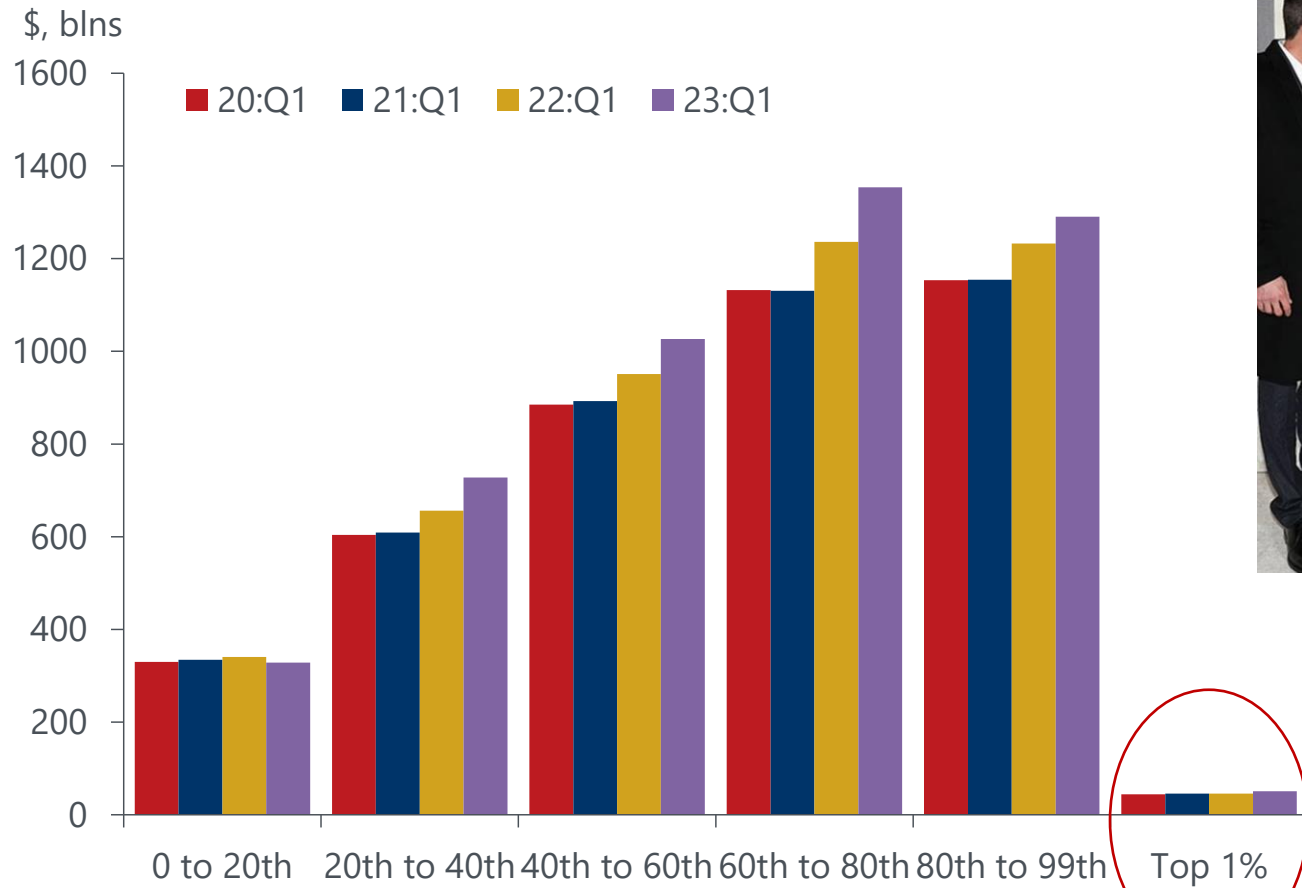
Before Stimmyes...



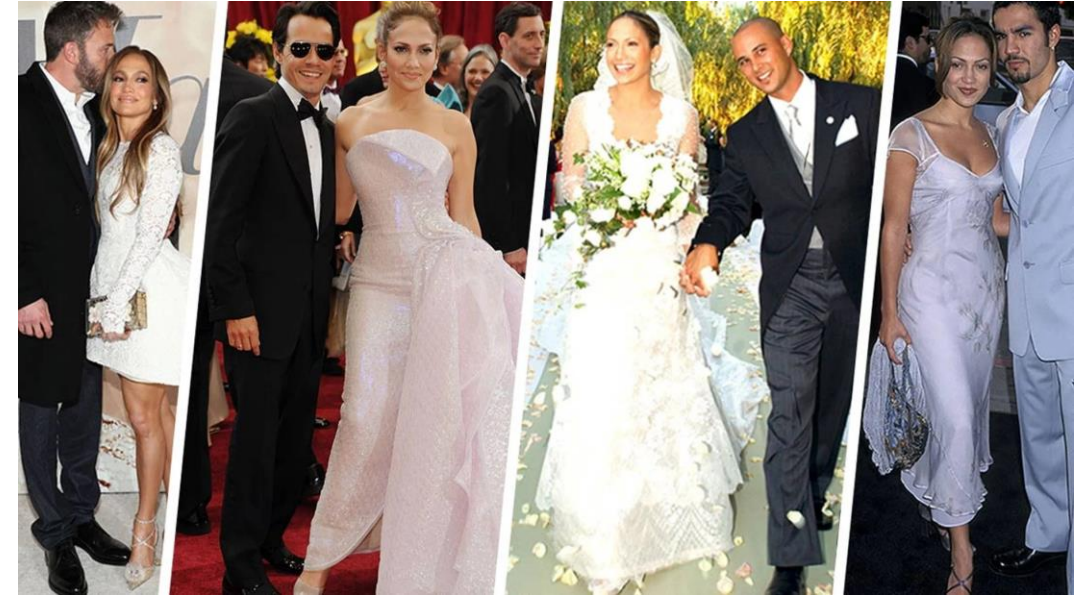
After Stimmyes...

Outstanding debt by income level in the US

US: Outstanding consumer credit



Source: Oxford Economics/Haver Analytics

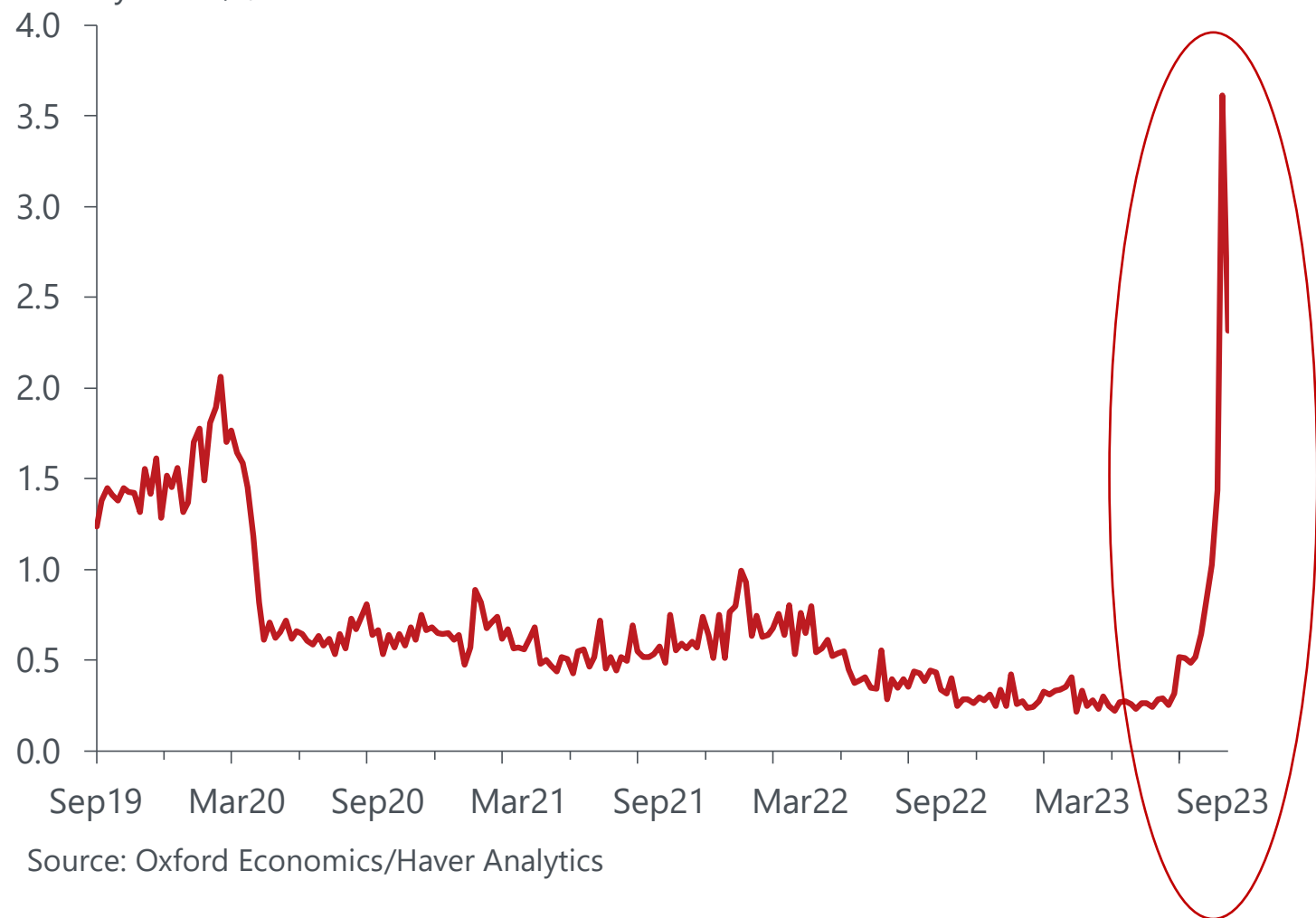


Shout out to the 1% for living within their means...☺

Student loan payments resumed...

US: Treasury receipts from the Department of Education

weekly totals, \$bn



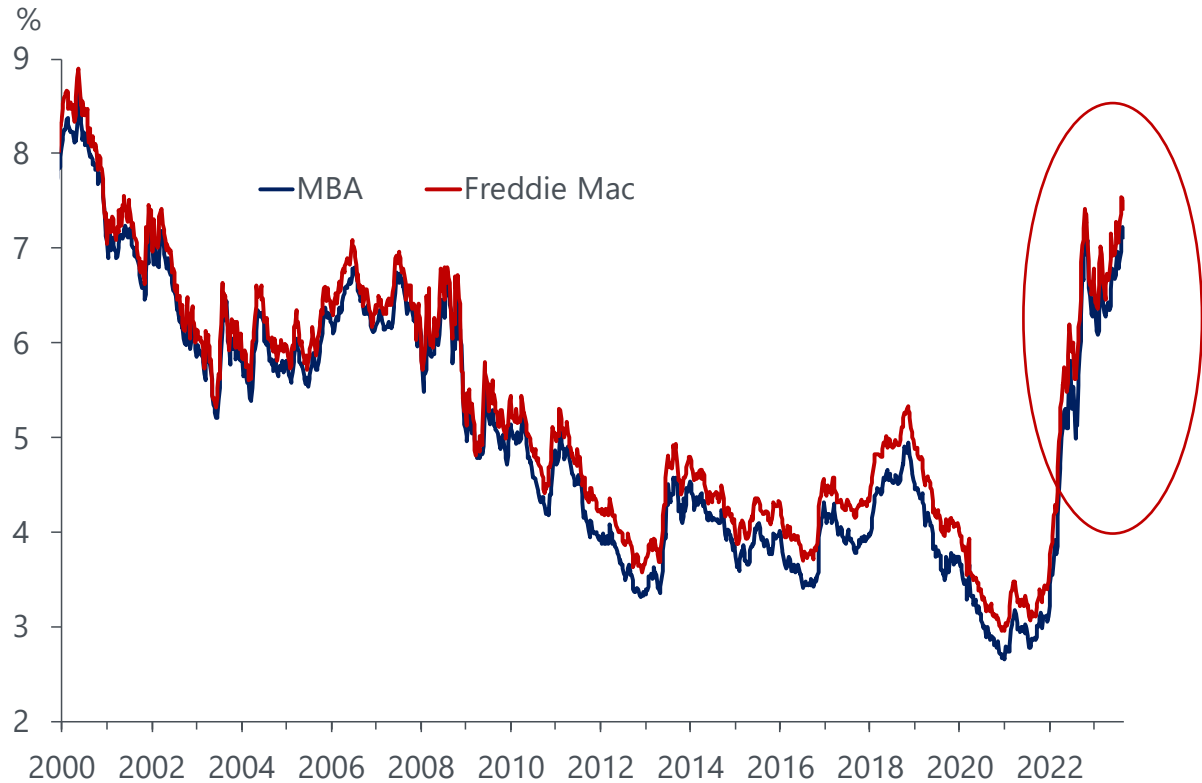
Source: Oxford Economics/Haver Analytics



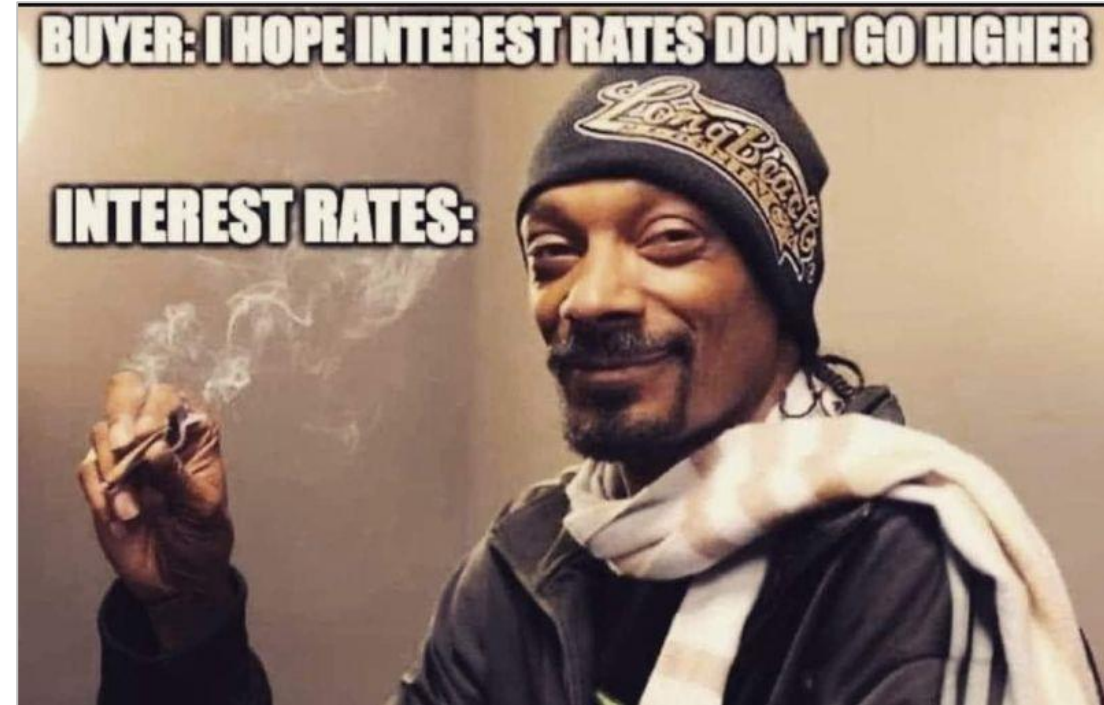
Millennial budgets were
hammered...

Housing market was in recession

US: 30-year mortgage rates

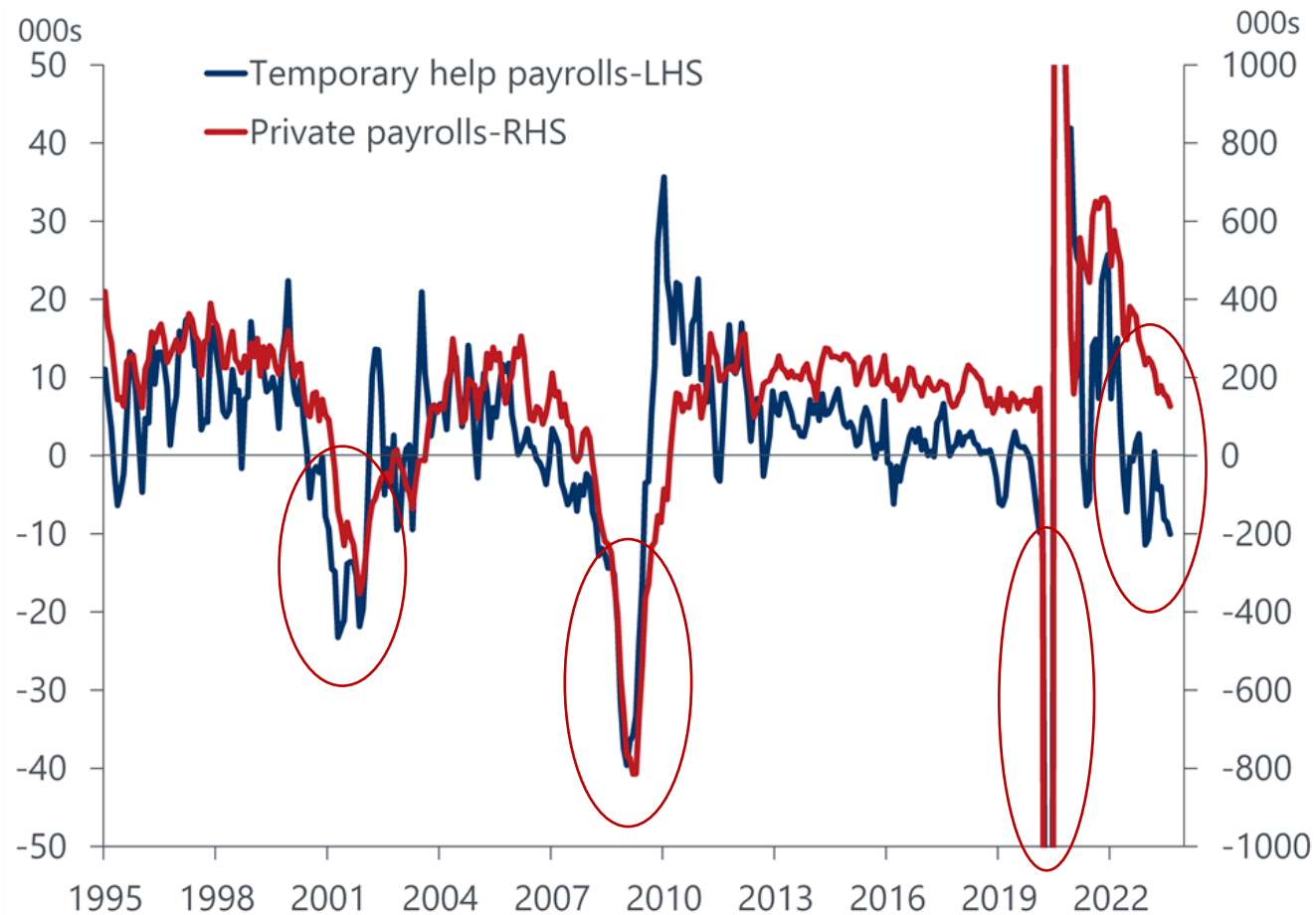


Source: Oxford Economics/Haver Analytics



Temporary employment is often a harbinger

3-month average change in payroll employment



Source: Oxford Economics/Haver Analytics



har·bin·ger

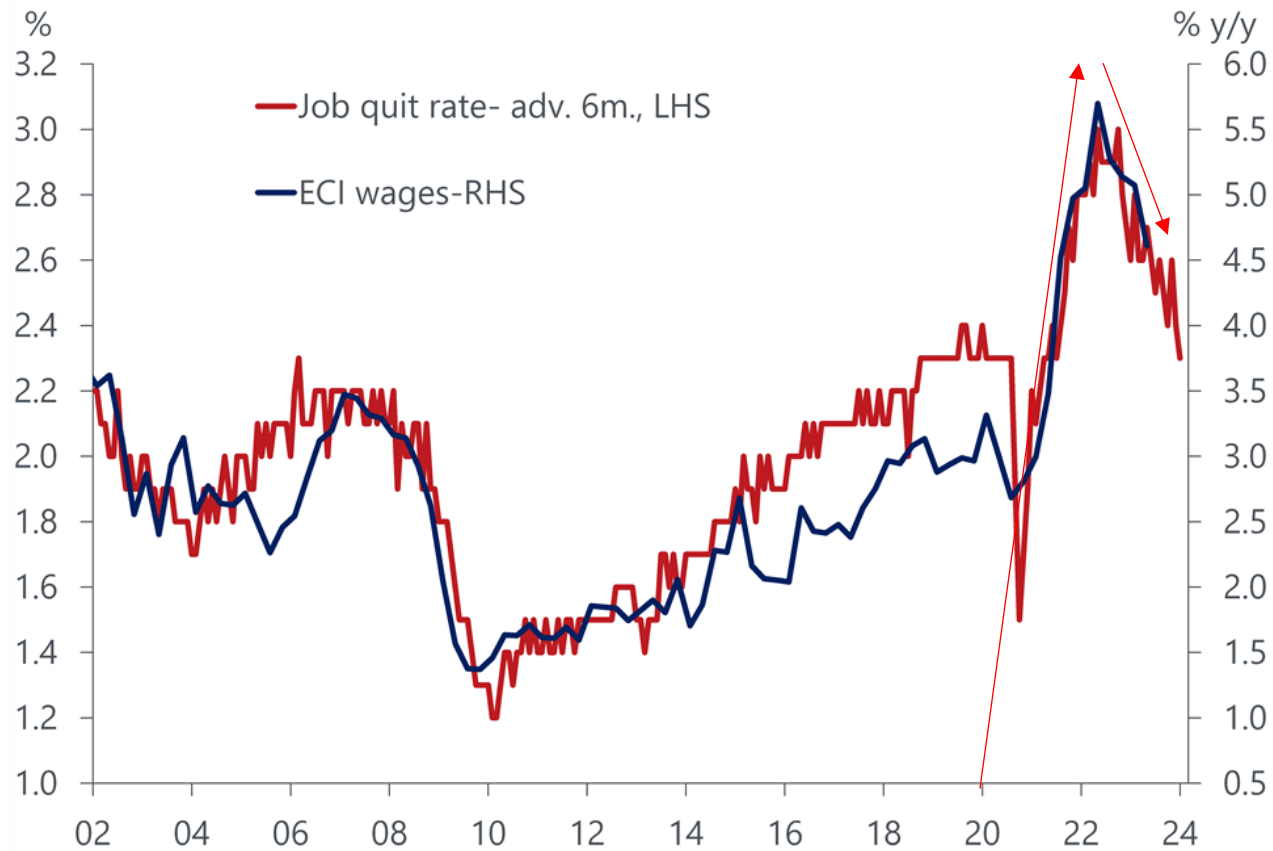
/ˈhərbənjər/

a person or thing that announces or signals the approach of another.

"witch hazels are the harbingers of spring"

Workers lost some confidence

Quit rate and Wage Growth



Source: Oxford Economics/Haver Analytics



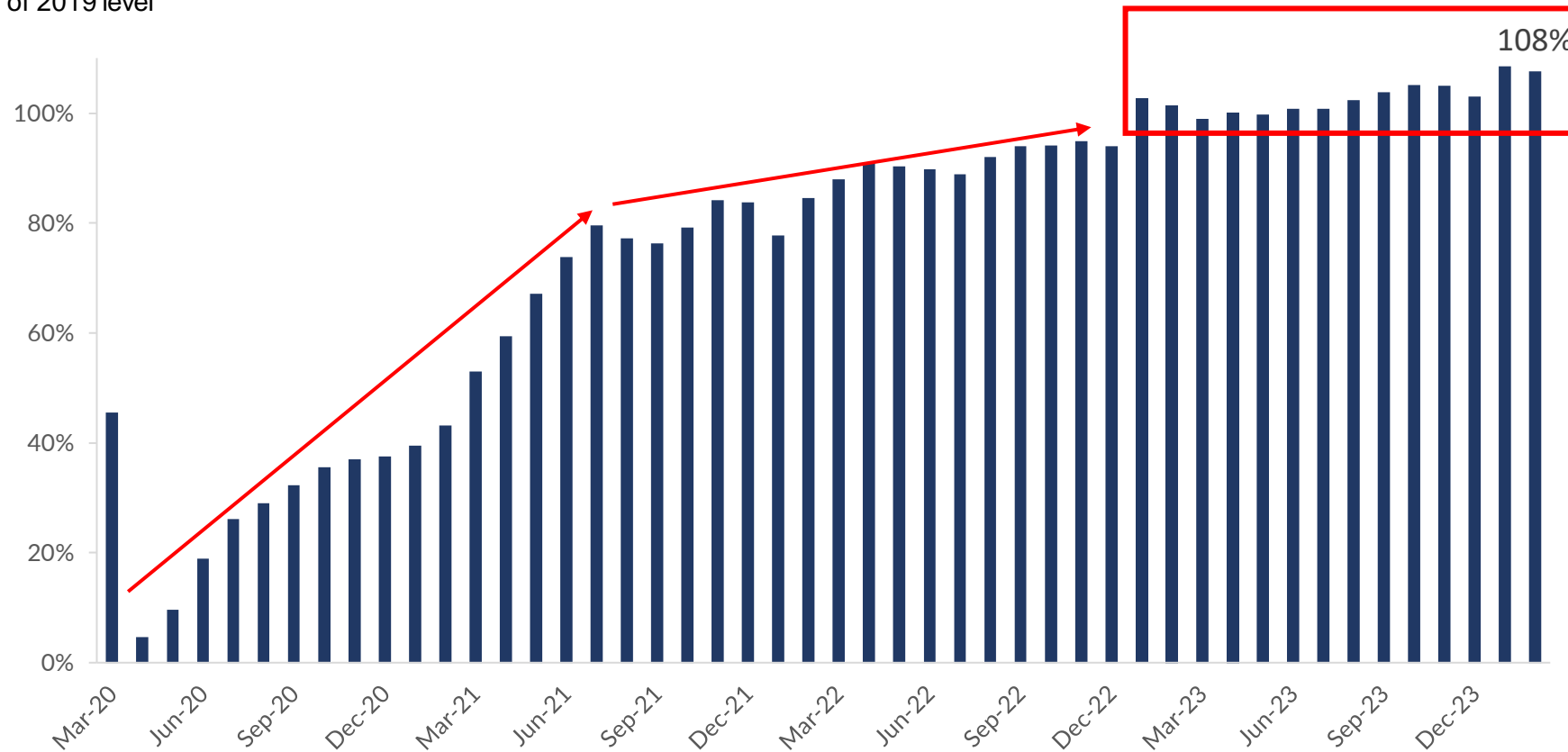


**Despite these
headwinds, travel
continued to
thrive!**

Air travel continued to lift

Air Passenger Volume

% of 2019 level

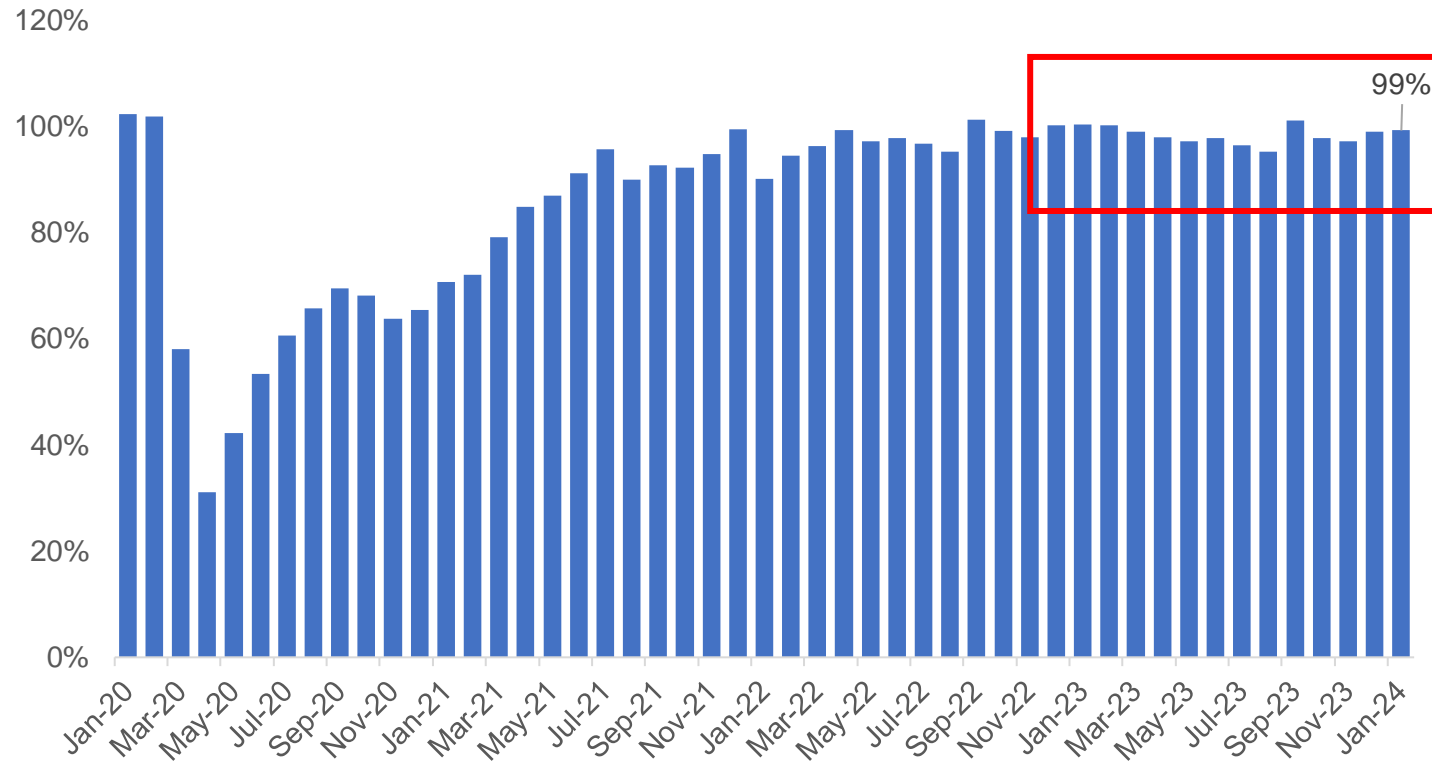


Source: TSA

Hotel rooms sold nearly fully recovered in 2023

US Hotel Room Demand (Monthly)

% of 2019 level

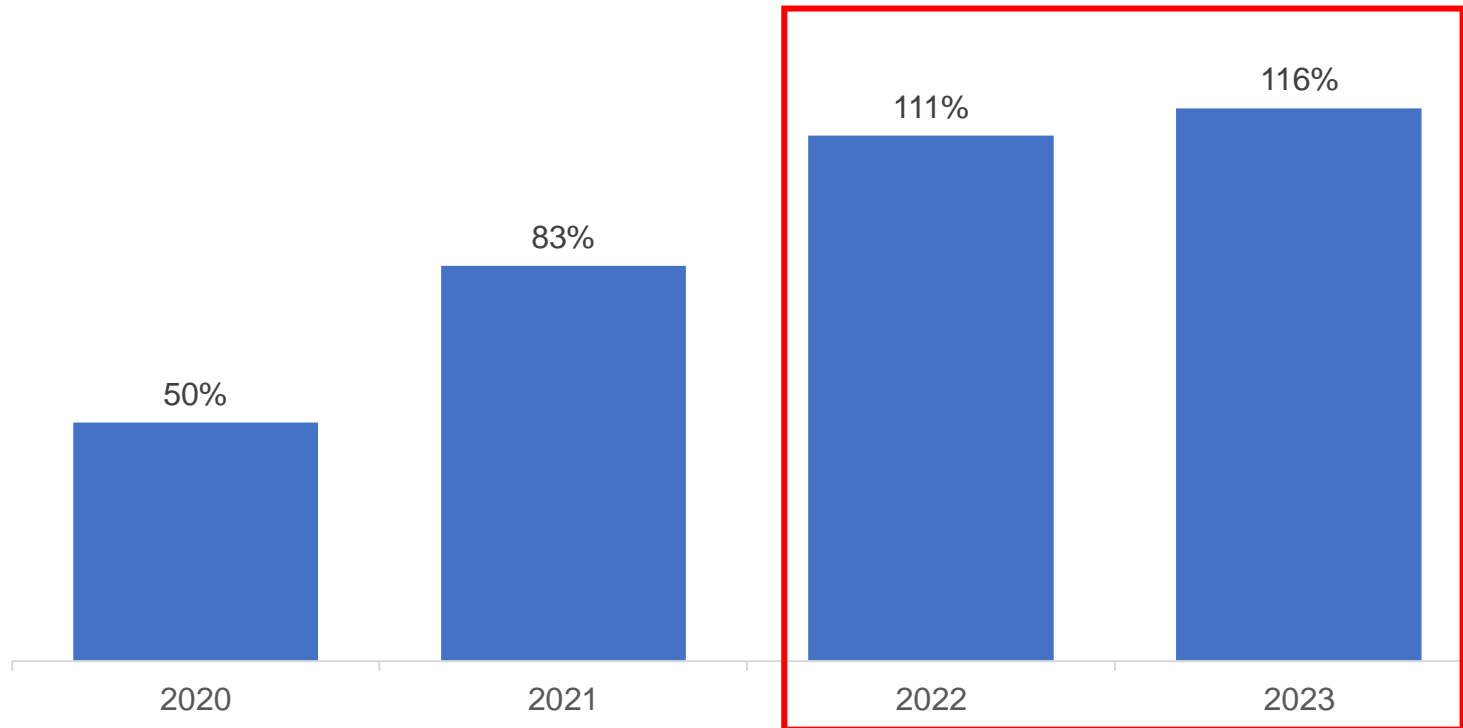


Source: STR

Revenue growth was remarkable | 16% over 2019

US Hotel Room Revenue (Annual)

% of 2019 level



Source: STR

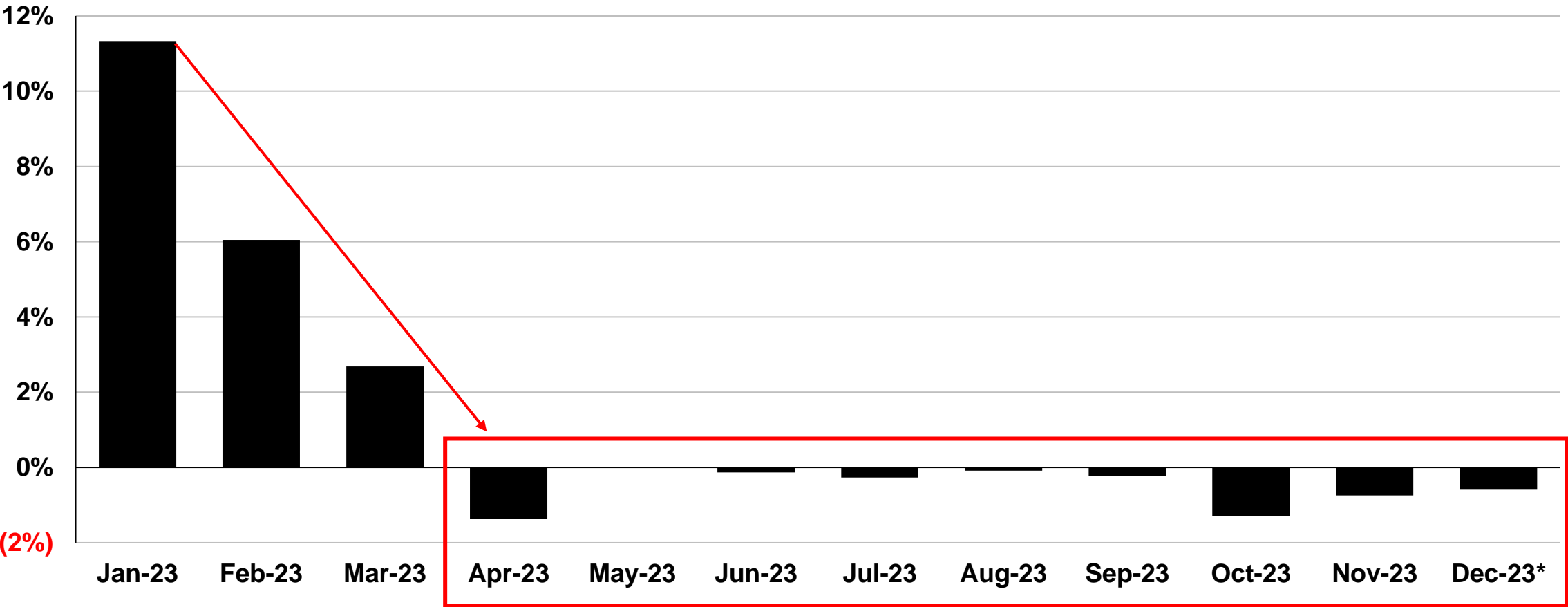
...but growth occurred at a slower pace

National Travel Indicators Through Mar 2024

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Travel Spending (Tourism Economics)	6%	7%	6%	7%	7%	8%	5%	6%	5%	1%	2%	1%
Air Passengers (TSA)	12%	10%	13%	12%	11%	10%	11%	10%	10%	6%	11%	7%
Overseas Arrivals (NTTO)	26%	28%	24%	21%	27%	28%	21%	24%	24%	24%	26%	25%
Hotel Demand (STR)	-1%	0%	0%	0%	0%	0%	-1%	-1%	-1%	-1%	-1%	-2%
Top 25 Group Hotel Demand** (STR)	5%	5%	0%	3%	3%	1%	4%	3%	-3%	10%	6%	-5%
Short-term Rental Demand (AIRDNA)	15%	14%	16%	11%	8%	10%	17%	8%	4%	1%	16%	15%
National Park Visits (National Park Service)	3%	7%	3%	3%	4%	2%	4%	1%	5%	-12%	-6%	-1%

Demand was flat to down for most of the year

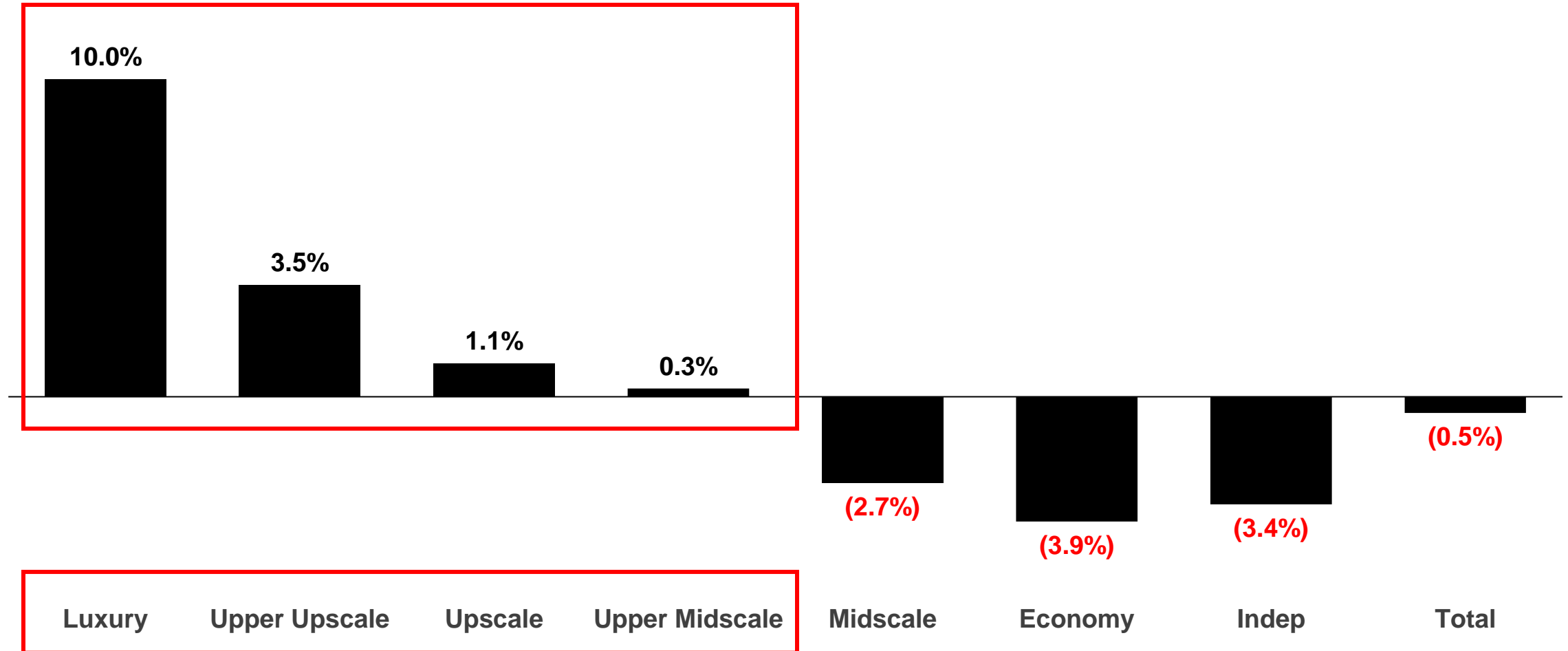
U.S. room demand, year over year percentage change



*Includes December preliminary results

Demand decreases led by Economy and Midscale class hotels

U.S. room demand change, April YTD

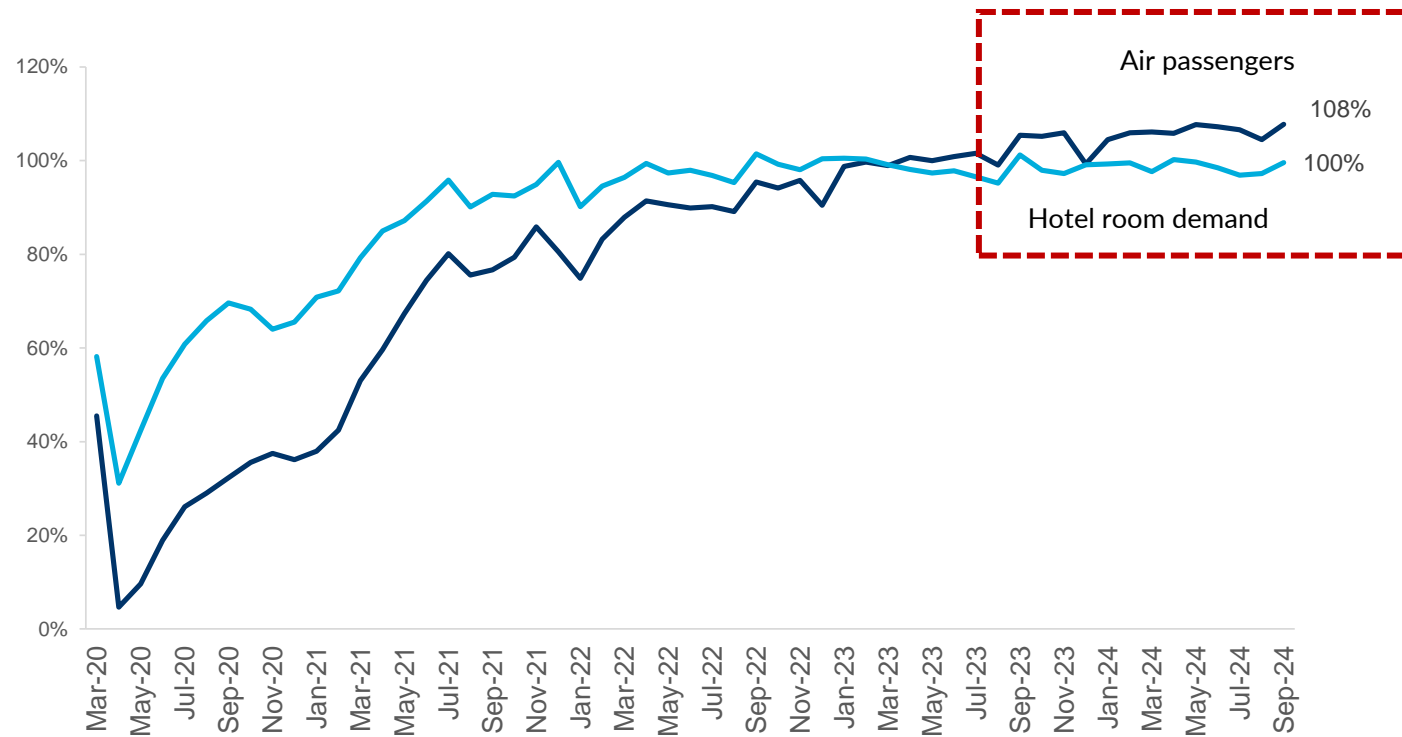




- 1** How did we avoid a recession?
- 2** What challenges remain in 2024?
- 3** Should we be Optimistic?

Hotel demand and air travel showing resilience

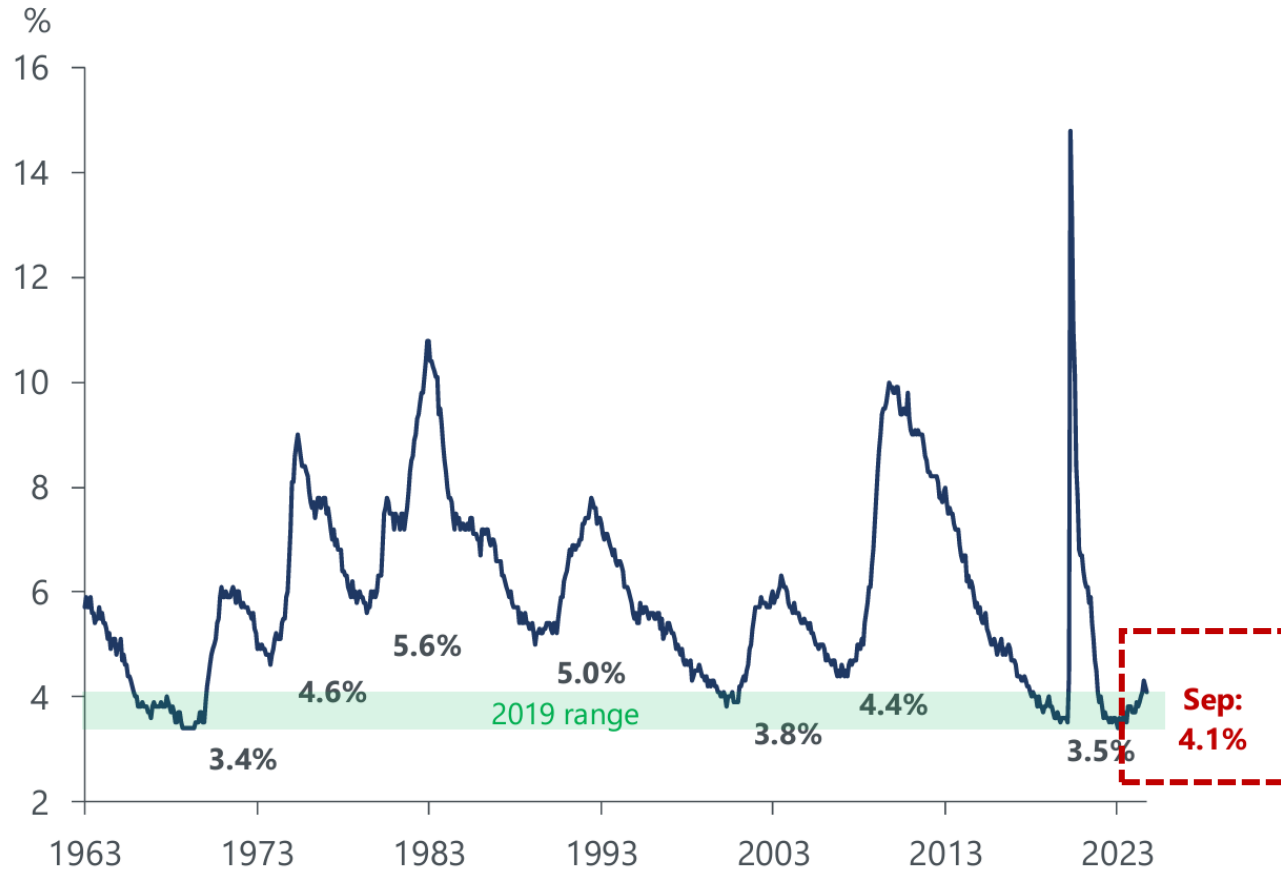
Air passengers and hotel room demand
% of 2019 level



Source: TSA, STR

Unemployment rate has lifted

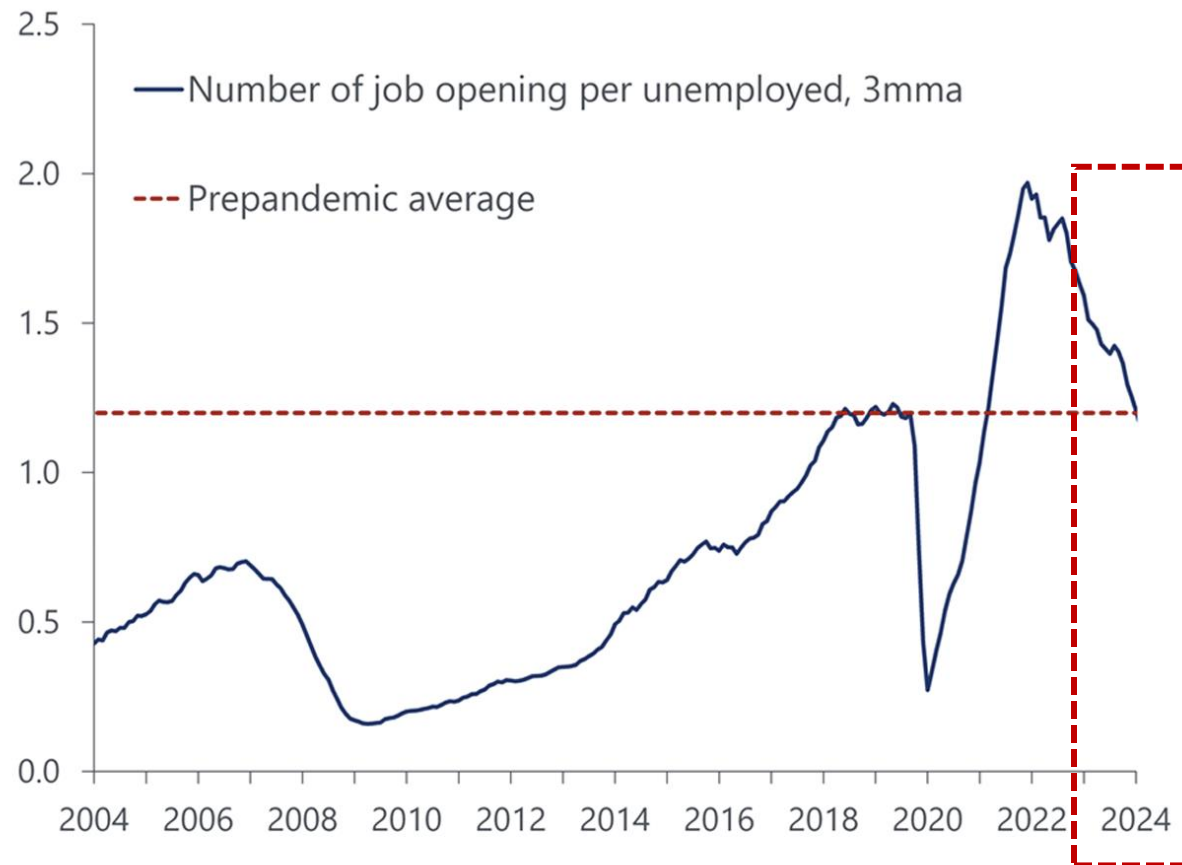
US: U-3 unemployment rate



Source: Oxford Economics/Haver Analytics

And the job market has normalized

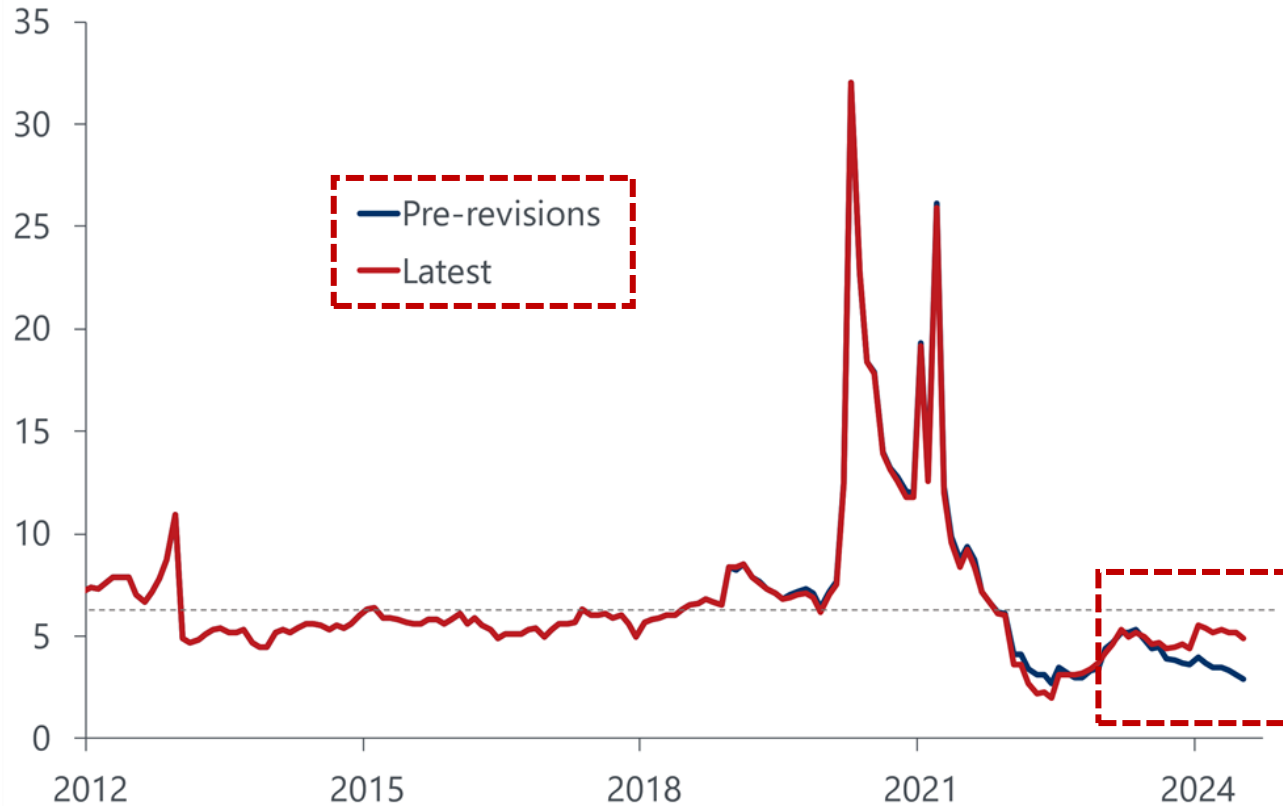
US: Number of job openings per unemployed



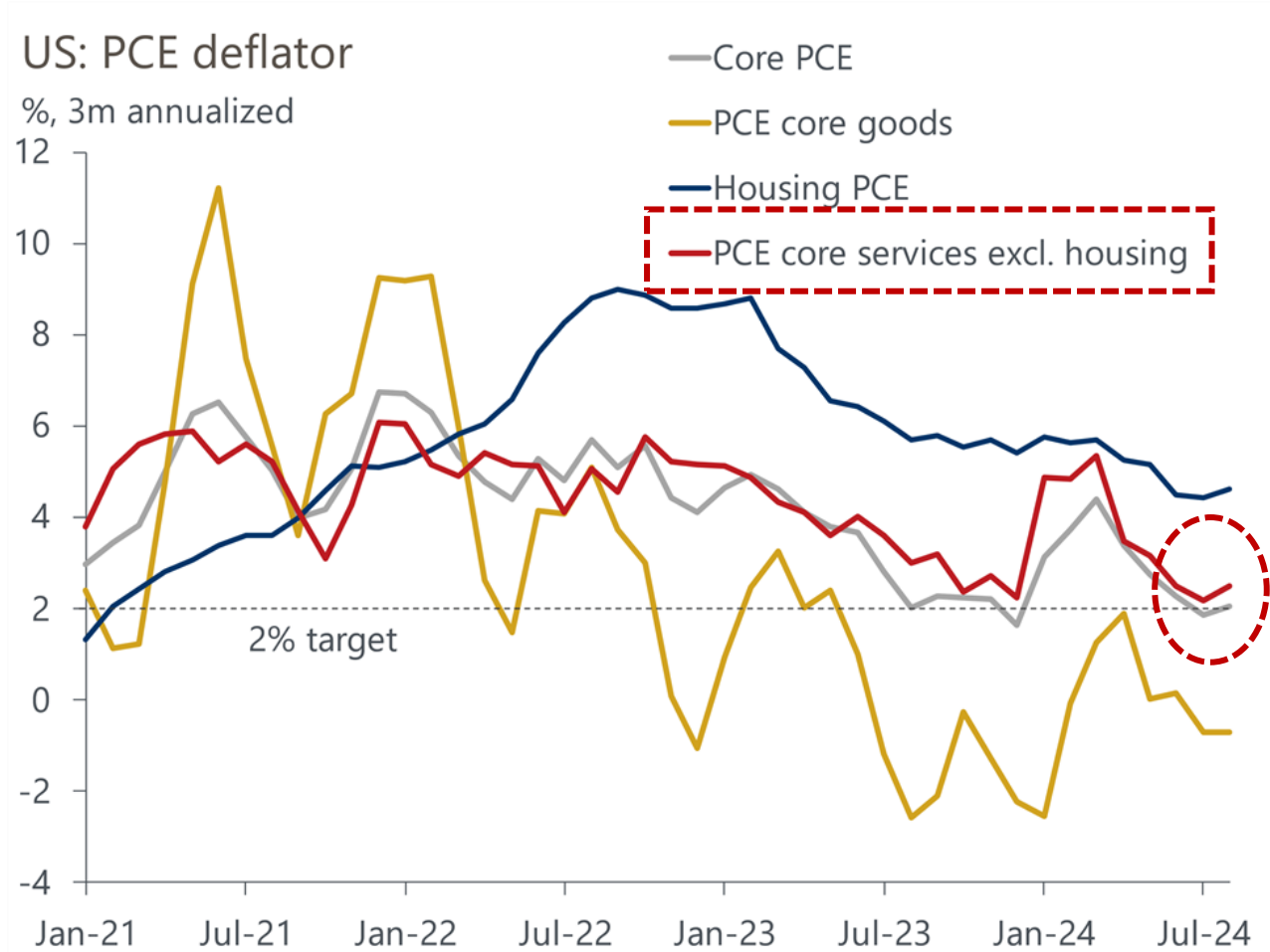
Savings rate is low, but revisions helped

US: Personal saving rate & long-run average

% disposable income

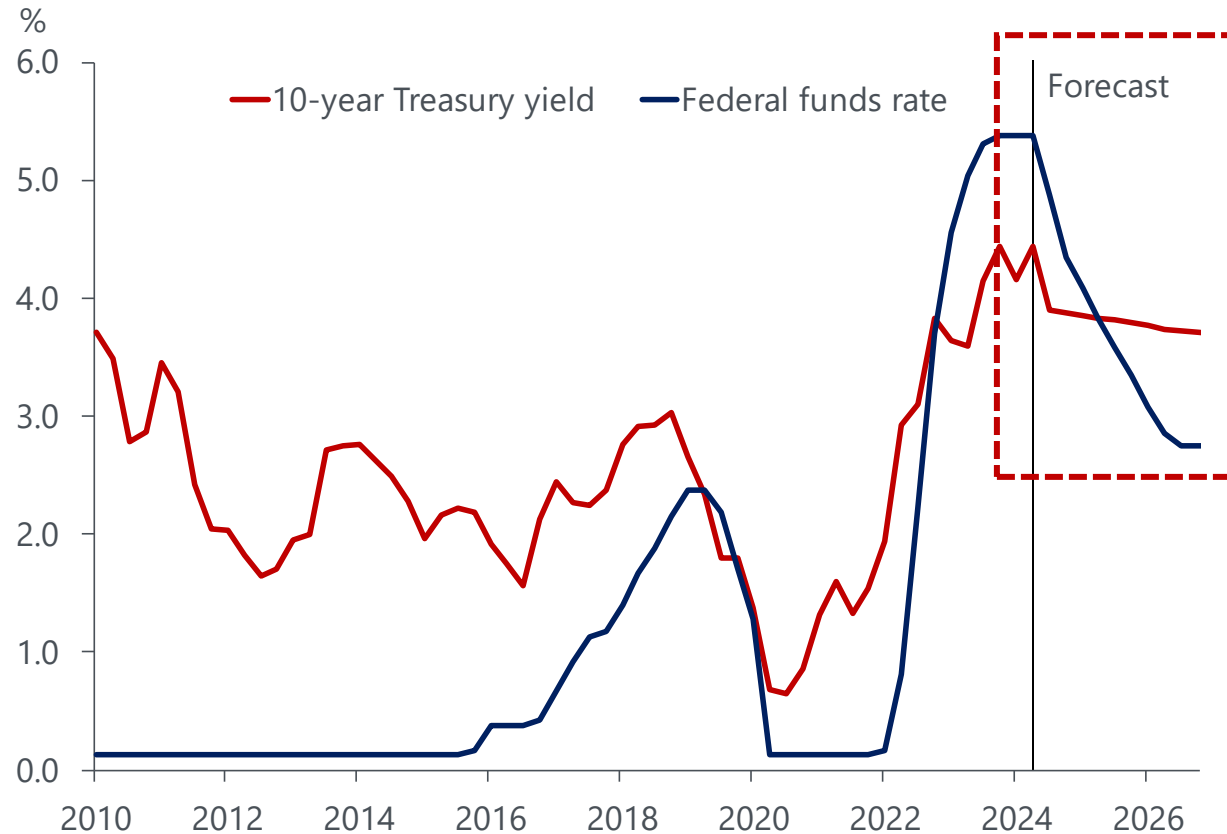


Good news: subsiding inflation



And a pivoting Federal Reserve

US: Interest rates



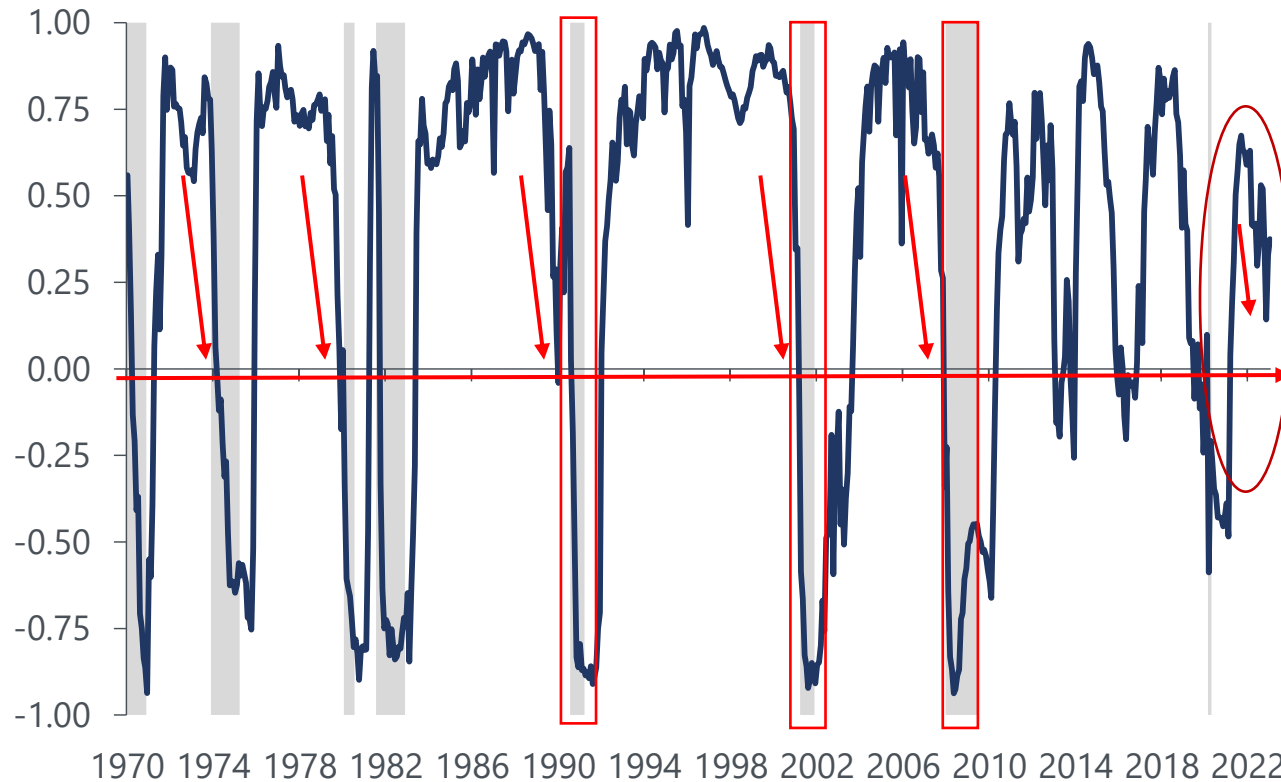
Source: Oxford Economics/Haver Analytics



Oxford indicator was pointing to an economic contraction

US: Oxford Economics' US Business Cycle Indicator (BCI)

Index, -1 to +1

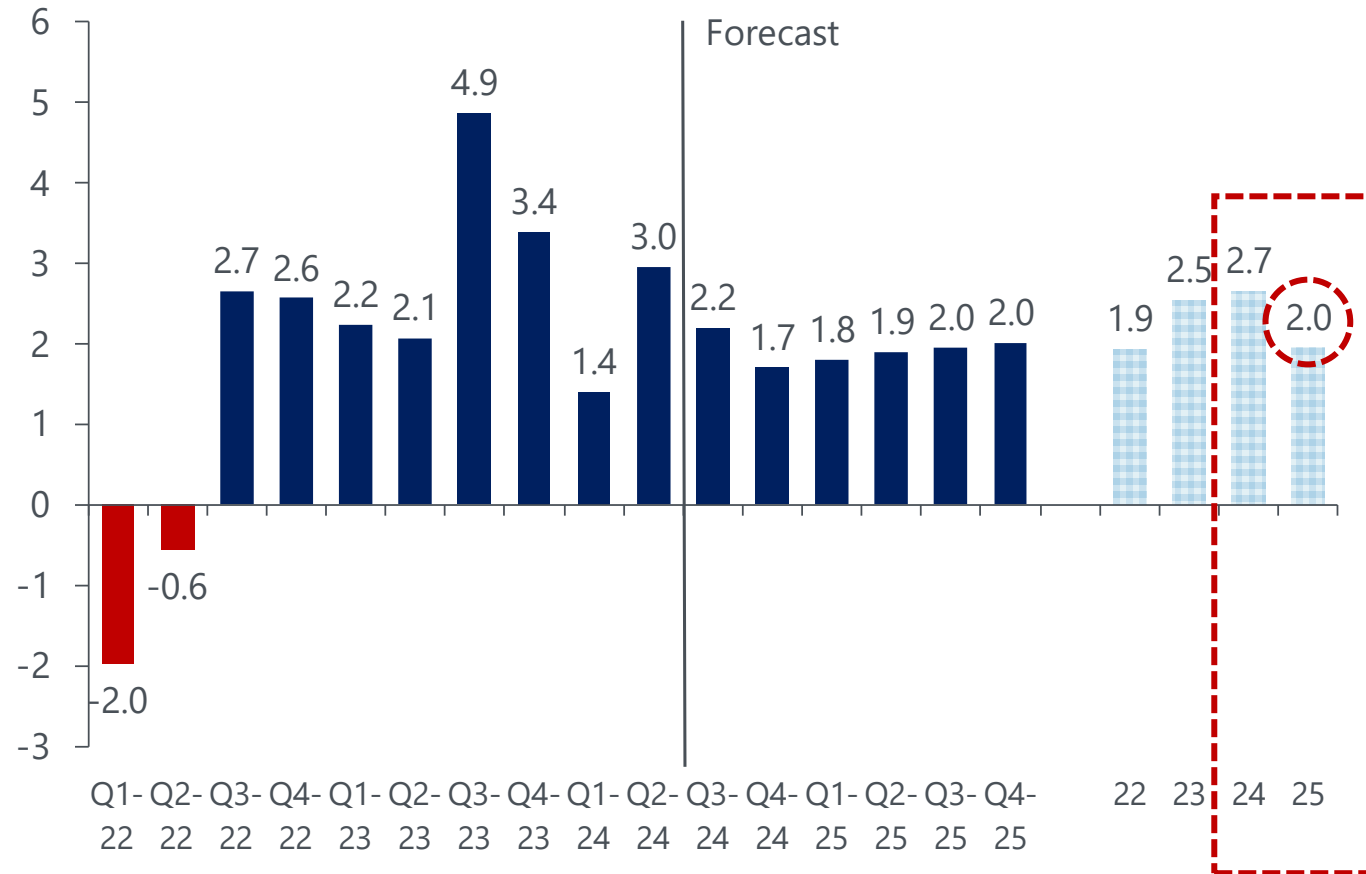


Source: Oxford Economics/Haver Analytics

The sharp fall in our U.S. business cycle indicator in February suggests the economy lost momentum midway through Q1.

The economy is transitioning to sustainable growth

US: GDP Forecast
% annualized



GDP growth will slow to 2.0%.
Avoiding recession with a
successful “soft-landing”



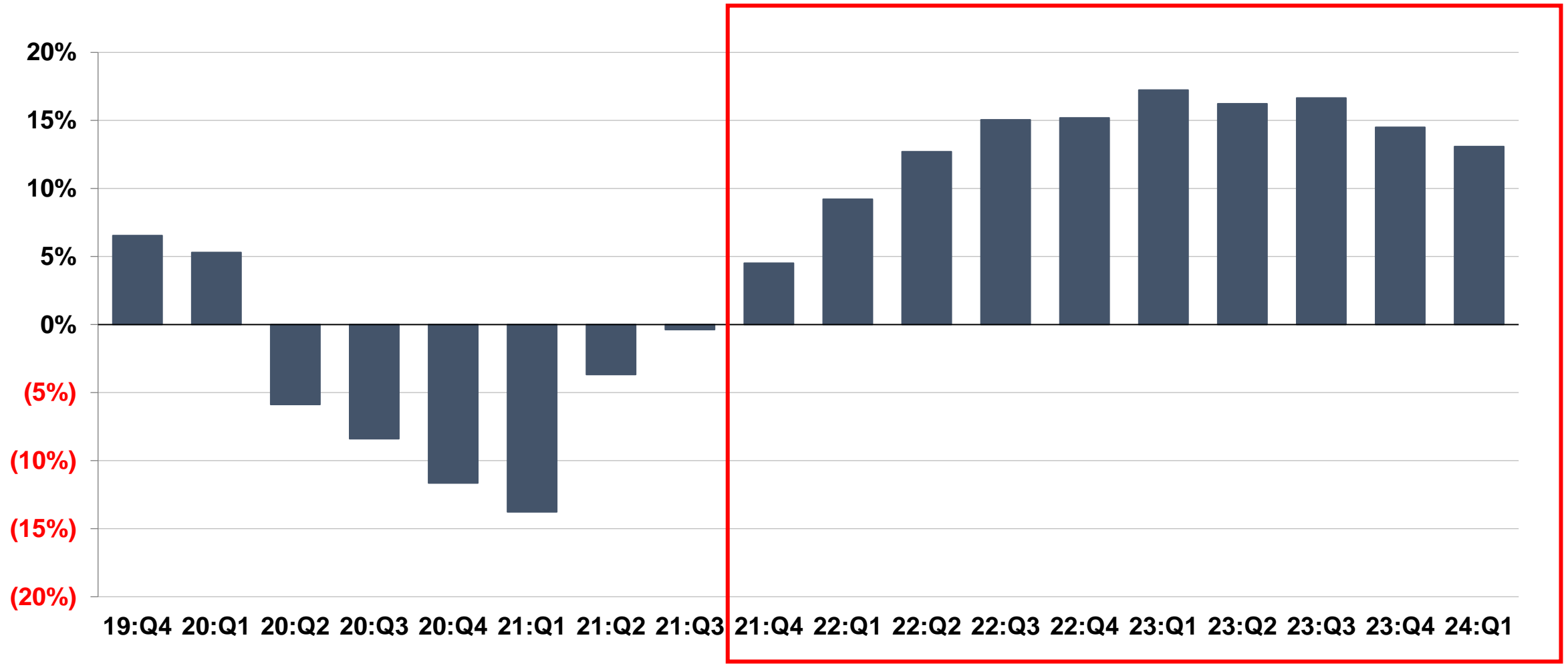
- 1 How did we avoid a recession?
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- 3 Should we be Optimistic?



**Yes, but also
realistic...**

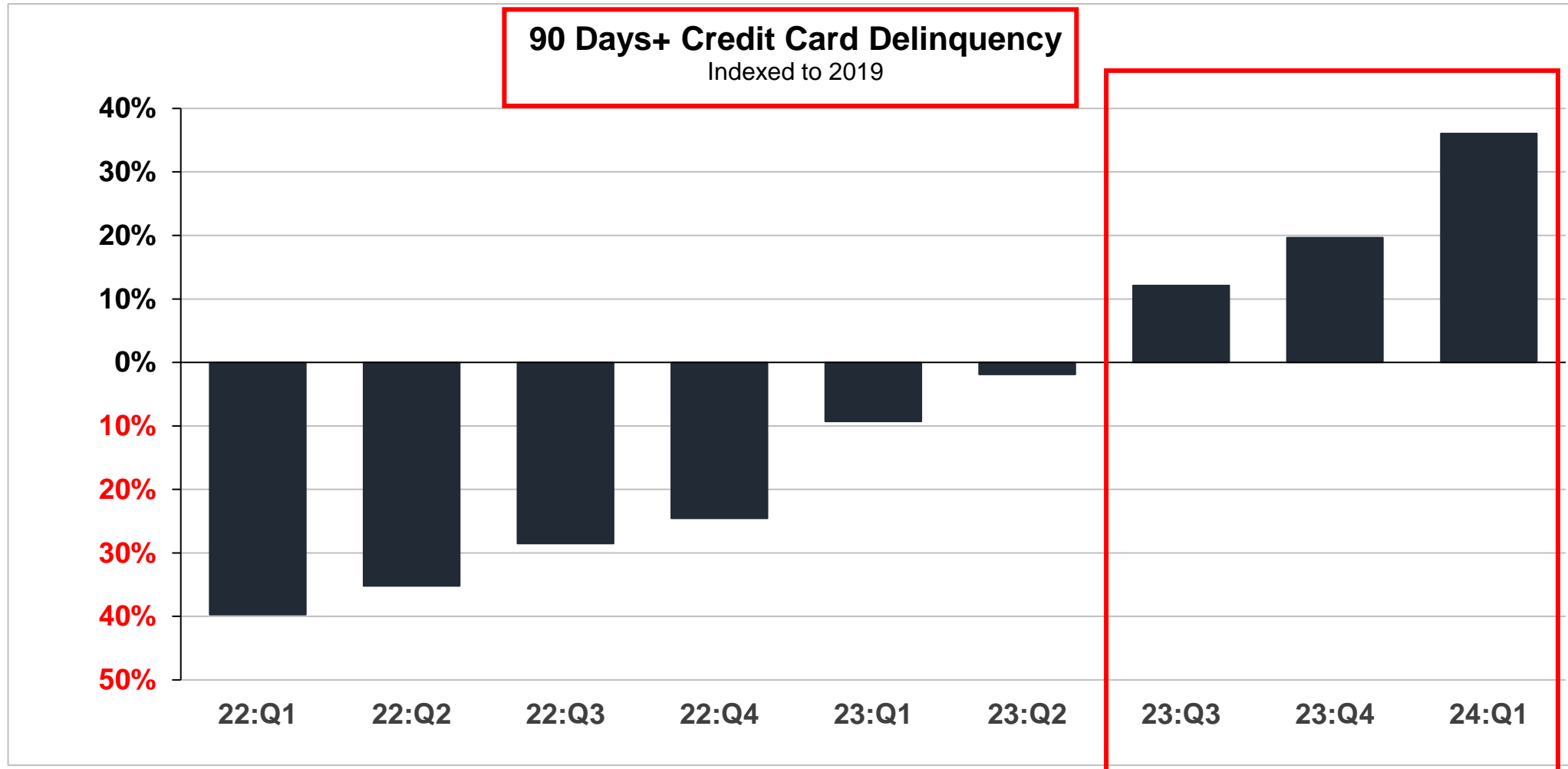
Credit card debt up substantially

U.S. credit card debt YoY % change



Source: Federal Reserve Bank of New York

Delinquency rates are rising



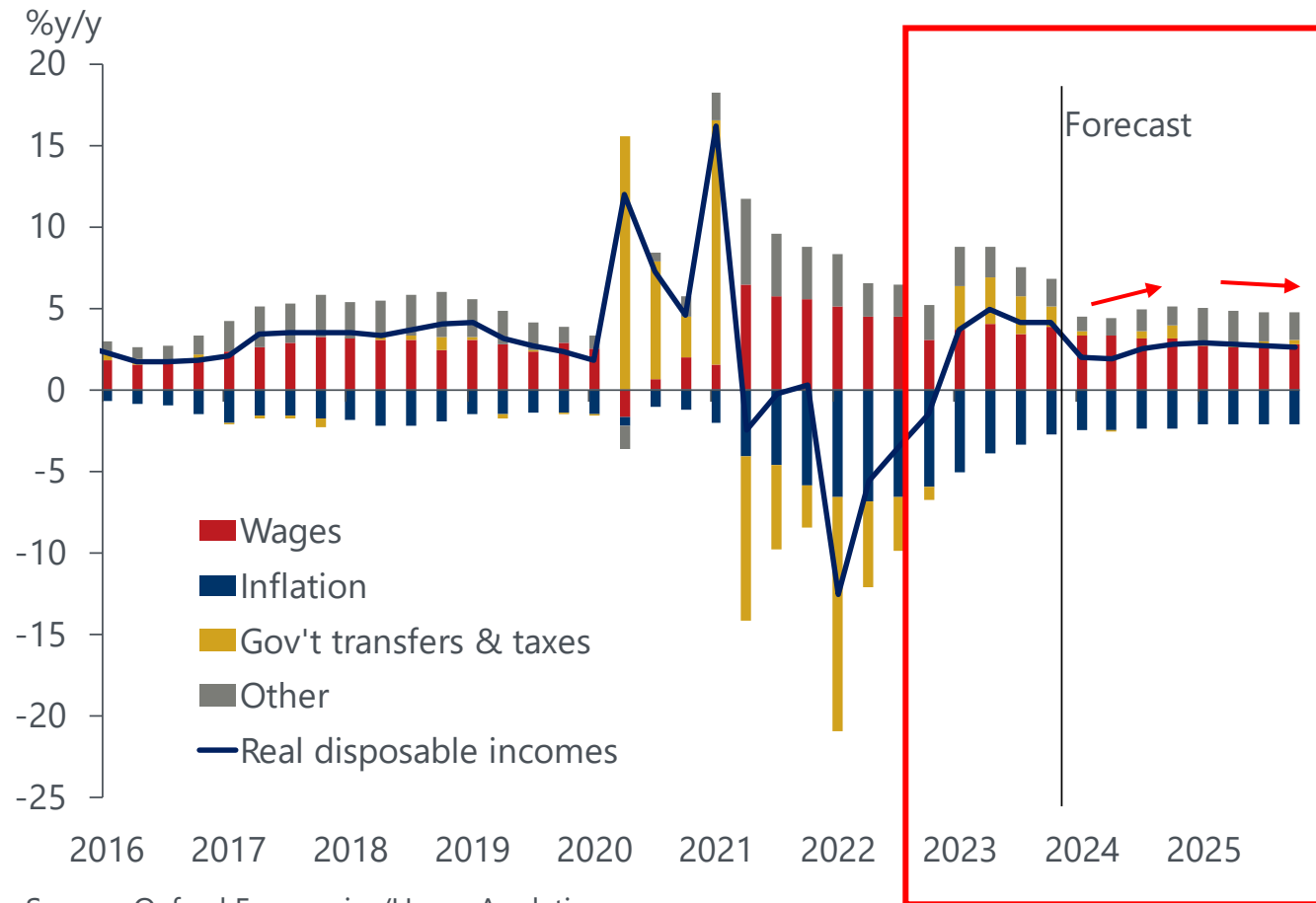
Source: Federal Reserve Bank of New York



**There are some
bright spots...**

Incomes rising faster than inflation

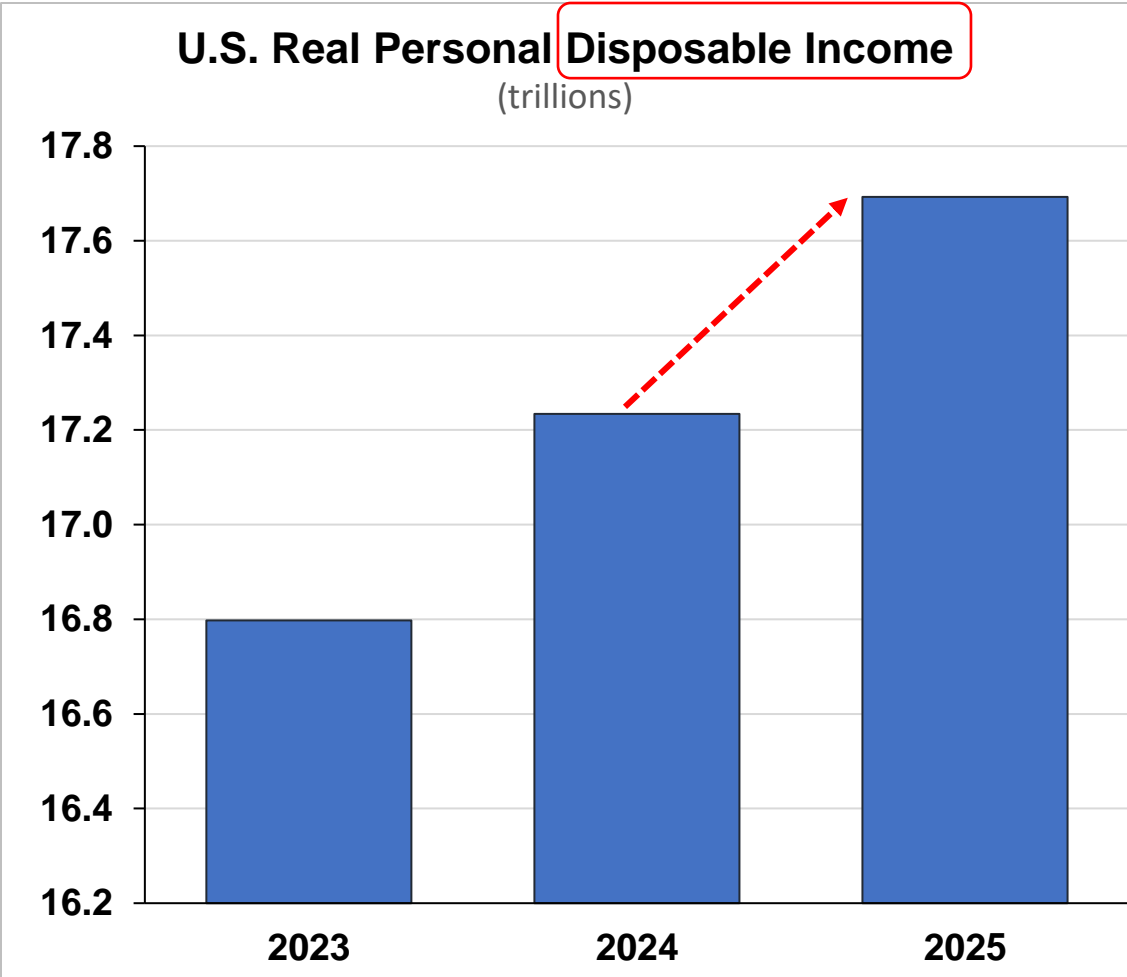
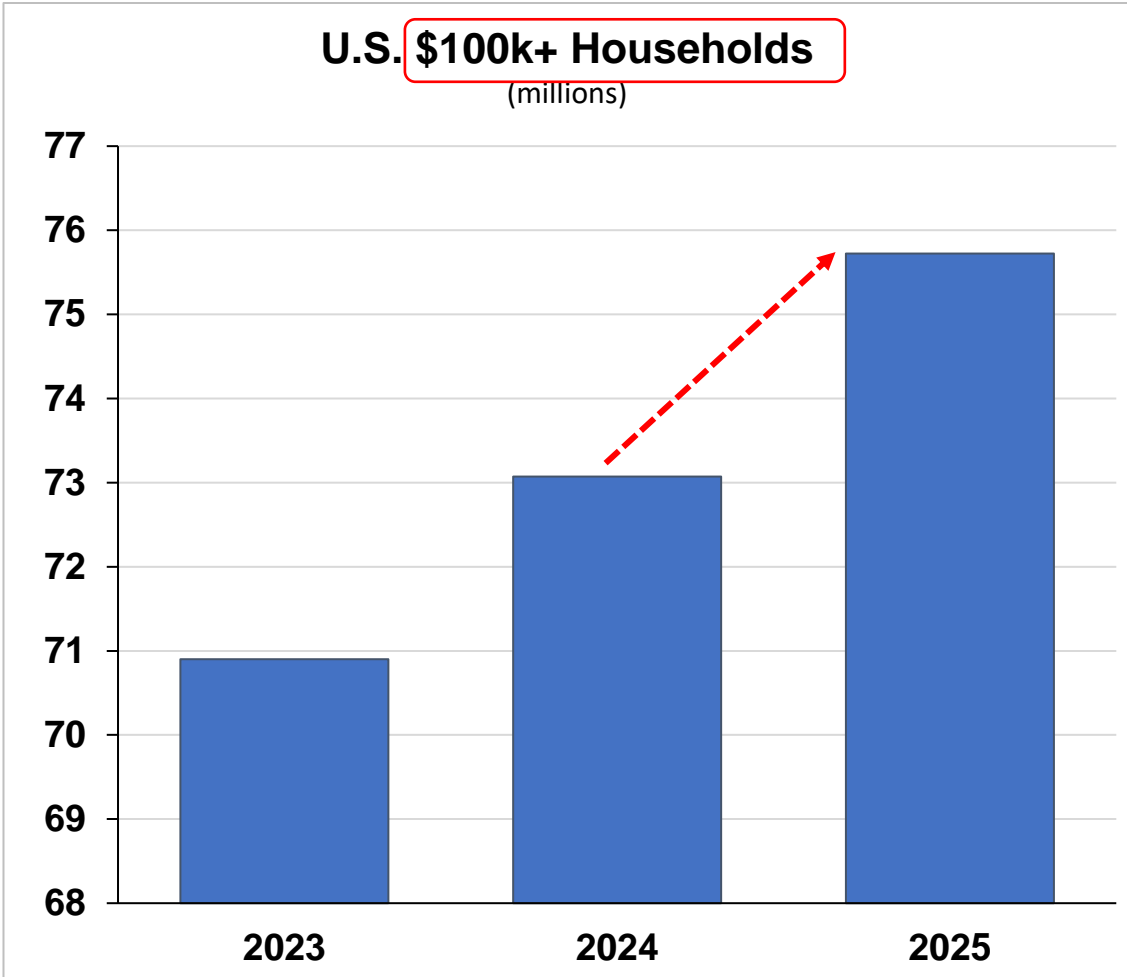
US: Contributions to real disposable income growth



Source: Oxford Economics/Haver Analytics

Households With the Means to Travel Expected to Increase

U.S. households indicators



Source: Oxford Economics

Leisure Travel

Feeling it most at the lower income levels...

“When you look below the surface and really dig into what is happening across differing consumers, you see that the **lower-income folks are struggling**”

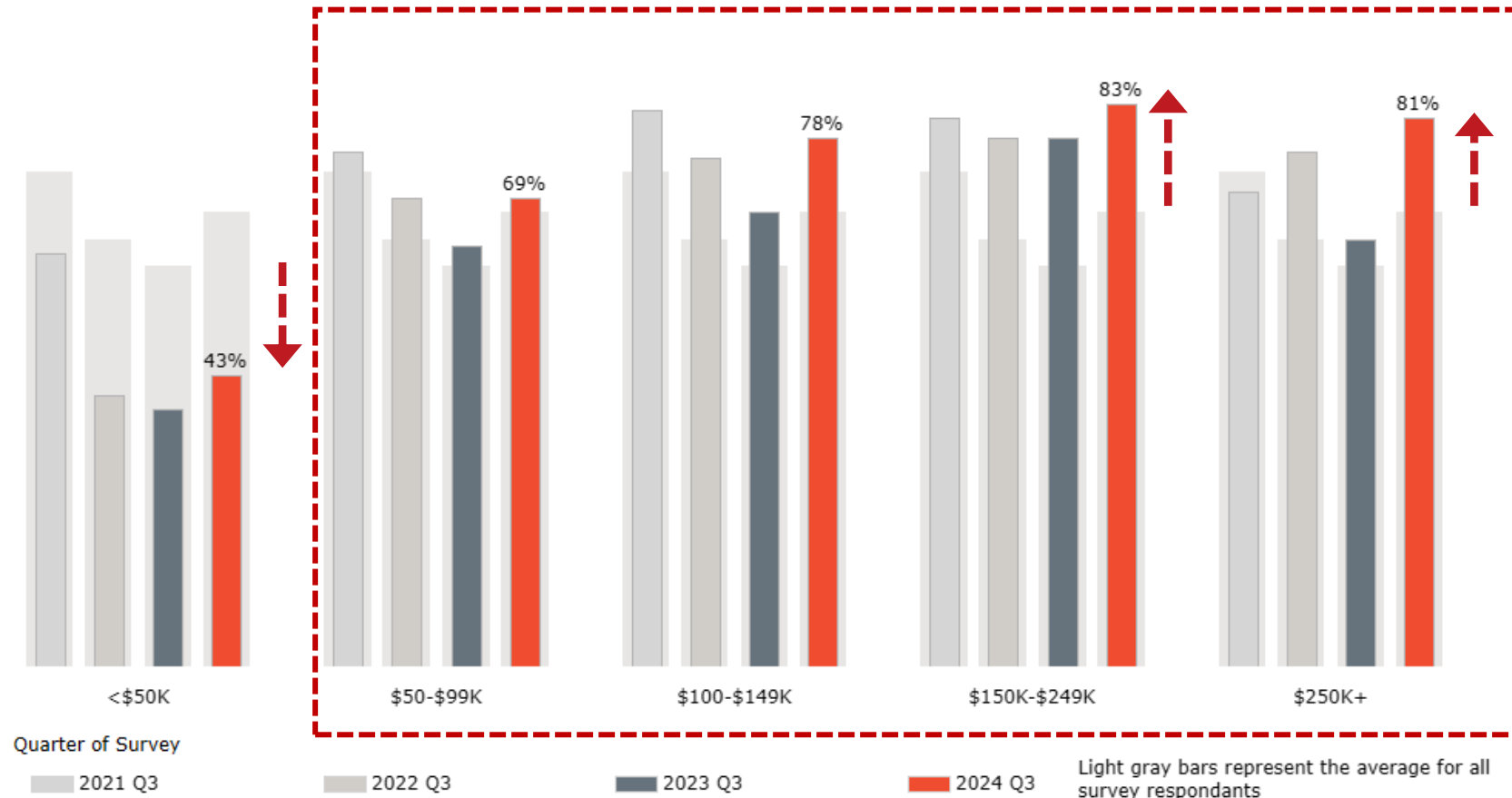
Wells Fargo CFO Mike Santomassimo (July 12, 2024)

“...behavior that’s consistent with a little bit of **weakness in the lower-income segment**, where you start to see a little bit of evidence of some **rotation of the spend out of discretionary into non-discretionary**”

JPMorgan CFO Jeremy Barnum (July 12, 2024)

Leisure travel intentions remain strong among higher-income households

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



Q: When is the earliest you expect to take your next leisure vacation?

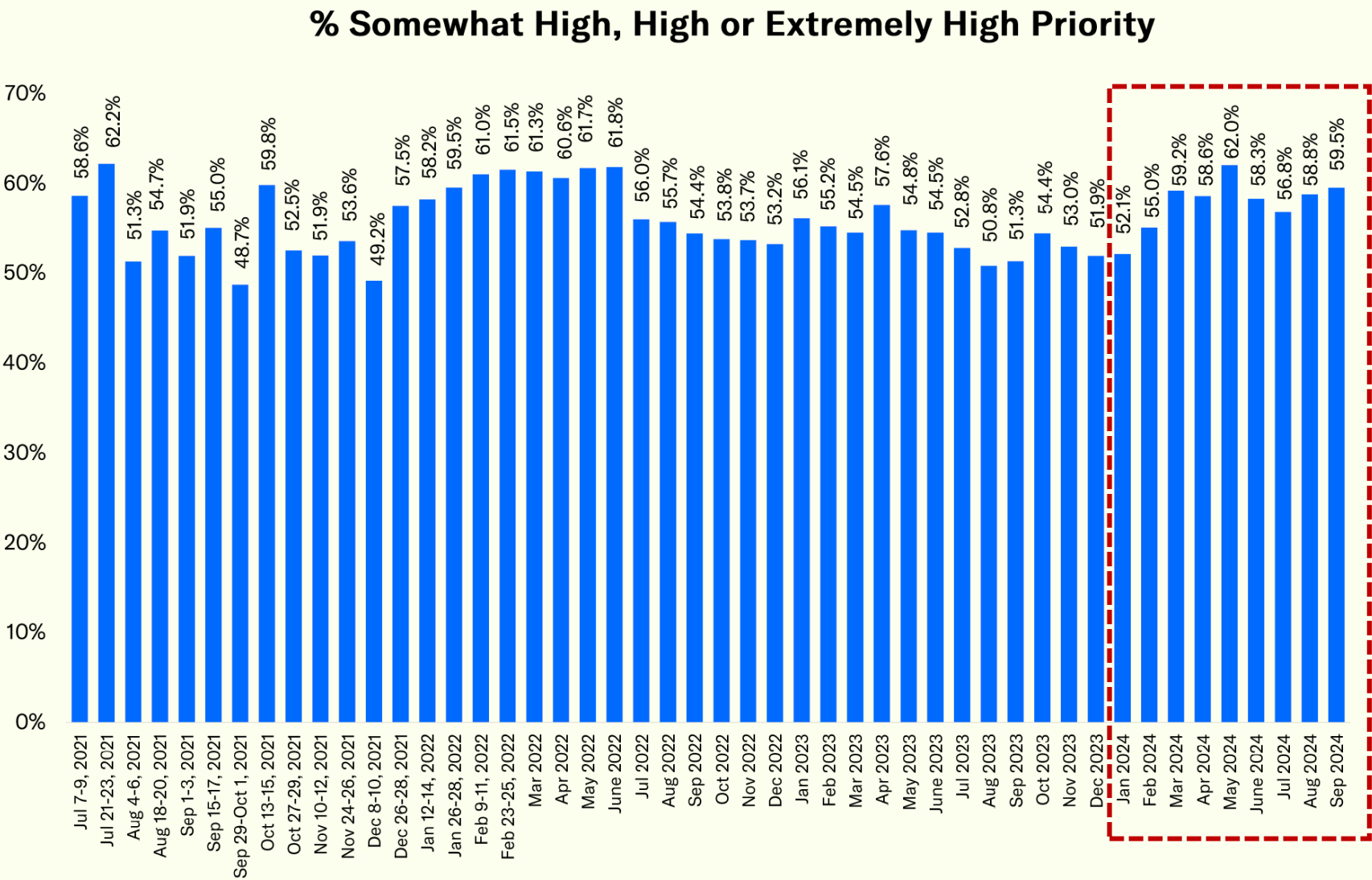
Source: MMGY Portrait of American Travelers; Tourism Economics Symphony

Travel is more important to people than it was a year ago

Question:

Thinking carefully about how you expect to spend your income in the NEXT THREE MONTHS, please use the scale below to describe your spending priorities. (Select one)

Leisure travel will be a(n) _____.

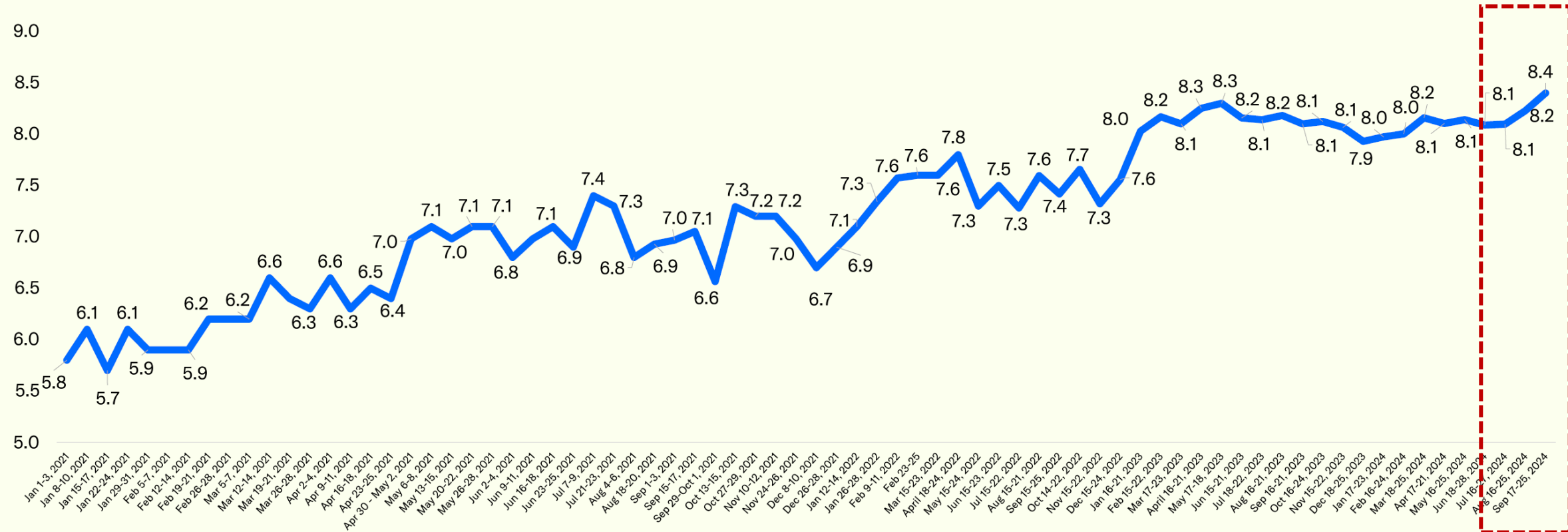


Enthusiasm for leisure travel just hit a new high

Question:

Which best describes how excited you are about LEISURE TRAVEL in the NEXT TWELVE (12) MONTHS? (Please answer using the 11-point scale below)

Mean Score (0 - 10-point scale)



Maximum travel budget for the coming year on the rise

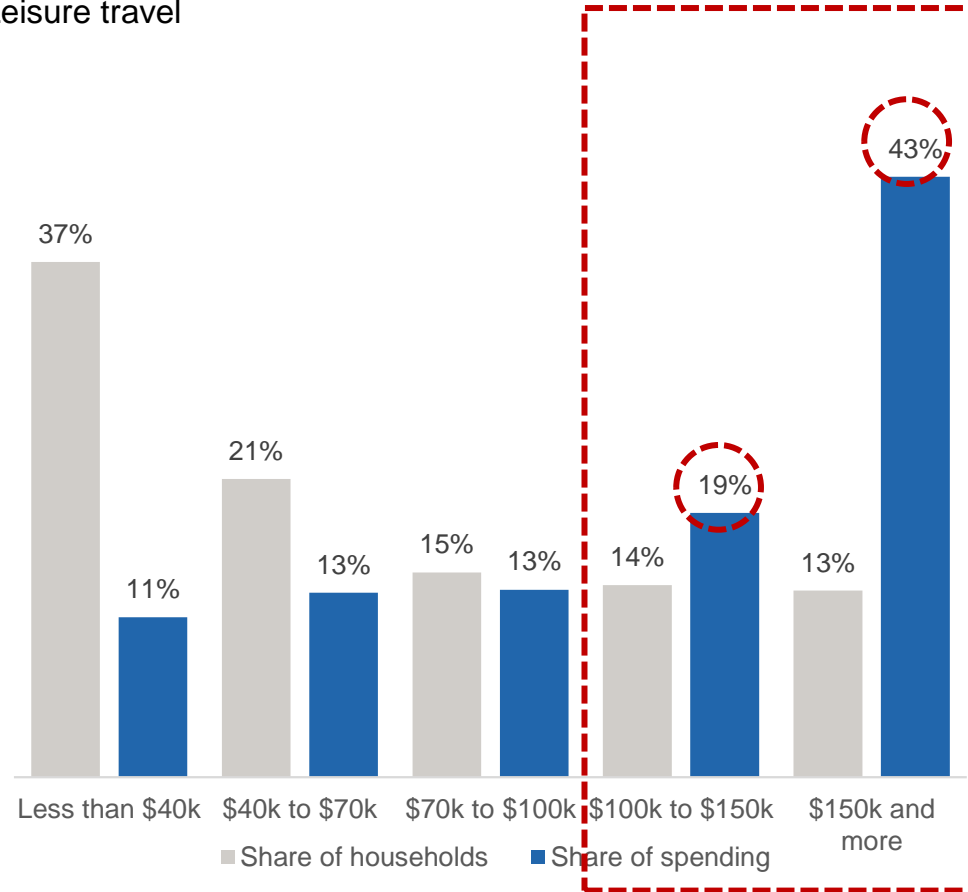
Question:
How much IN TOTAL is the maximum you will spend on leisure travel (including airfare, accommodations and all other trip related spending) during the NEXT 12 MONTHS?

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



Higher-income households account for more than 60% of hotel spending

Lodging spending by household income
Leisure travel



Note: Based on three-year average through 2020.
Source: BLS, Tourism Economics



Business and Group

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

Group is leading the way

“Group RevPAR rose more than 10% year-over-year, led by strong demand for corporate and social meetings and events, and booking windows continue to lengthen.”

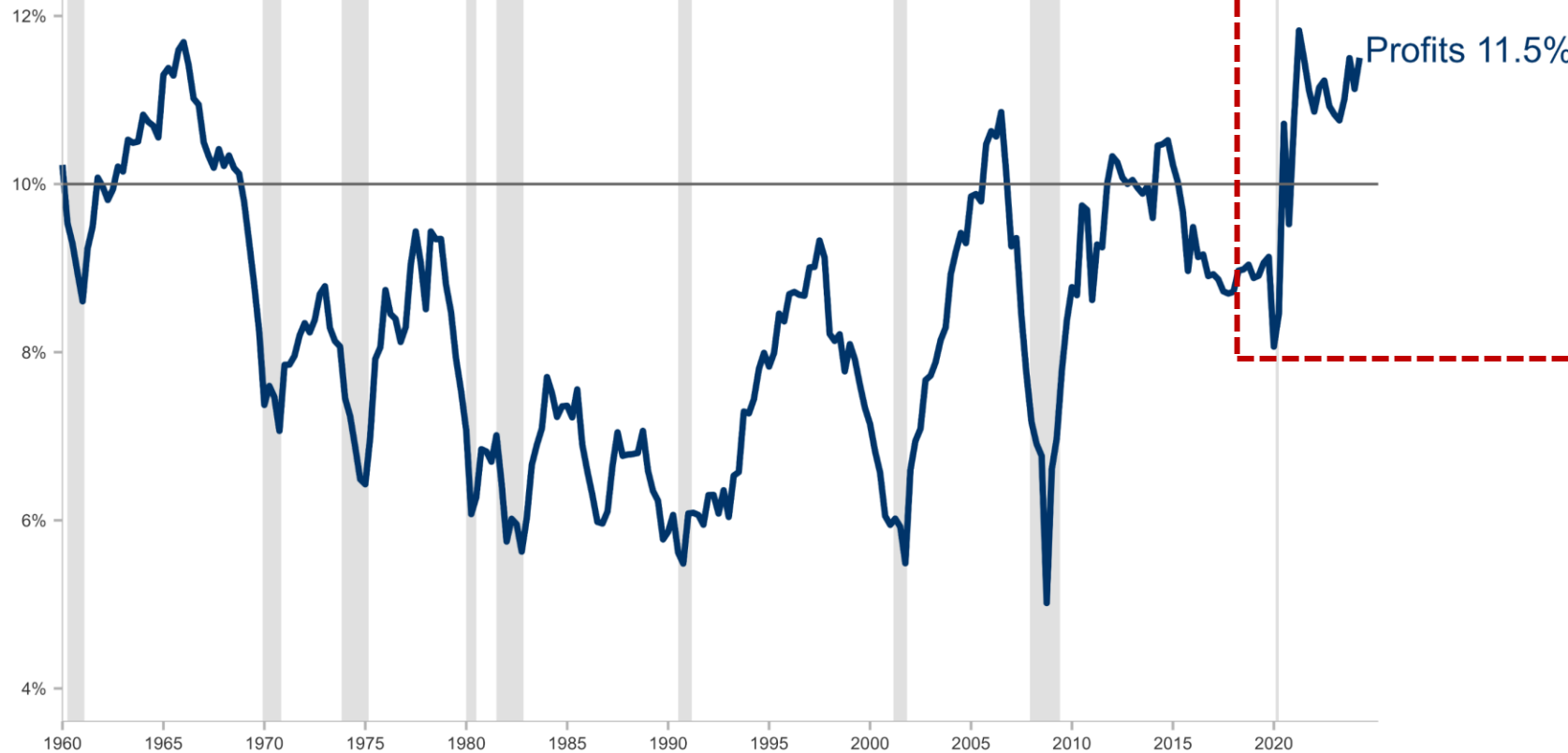
For the full year, **group position is up 10% over last year**, with position up mid-teens over the next several years.”

Hilton earnings call (August 7, 2024)

Corporate profit margins are strong

Corporate profit margins

Corporate profits before tax as a ratio to GDP



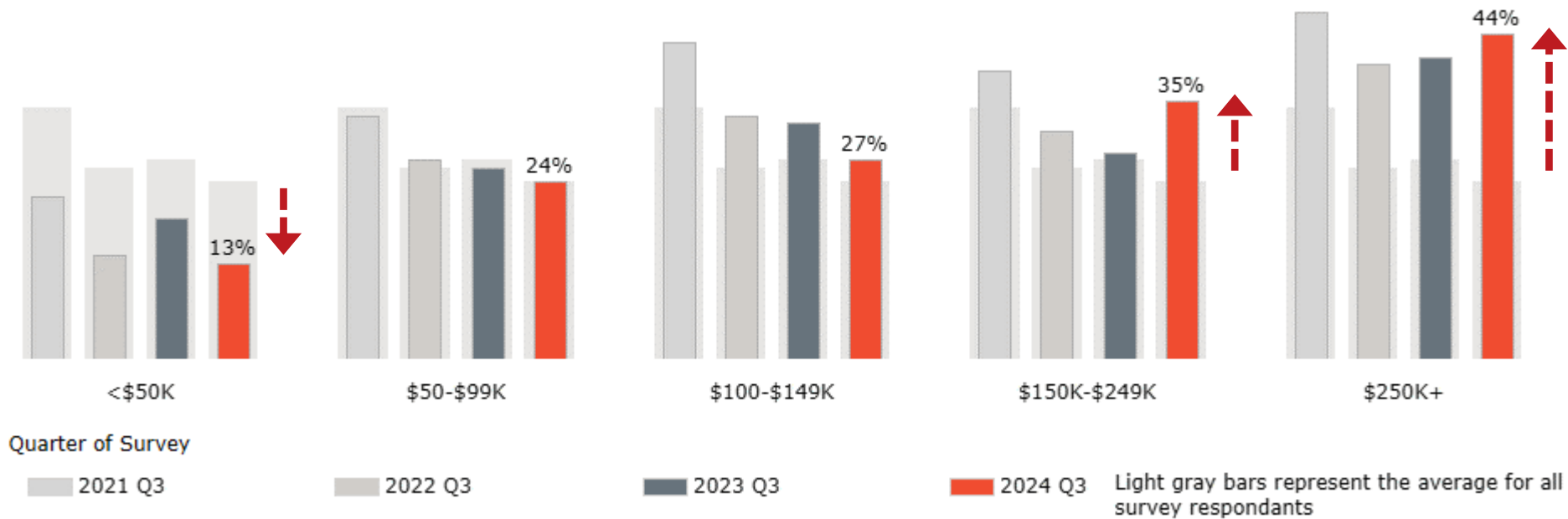
Note: Quarterly data through 2024Q2. Grey bars indicate recessions. Based on corporate profits with inventory valuation and capital consumption adjustments, domestic industries. Source: BEA, NBER

Equity analysts expect
2024 earnings growth
for S&P of 9%

- *FactSet Research*

Business travel intentions are gaining

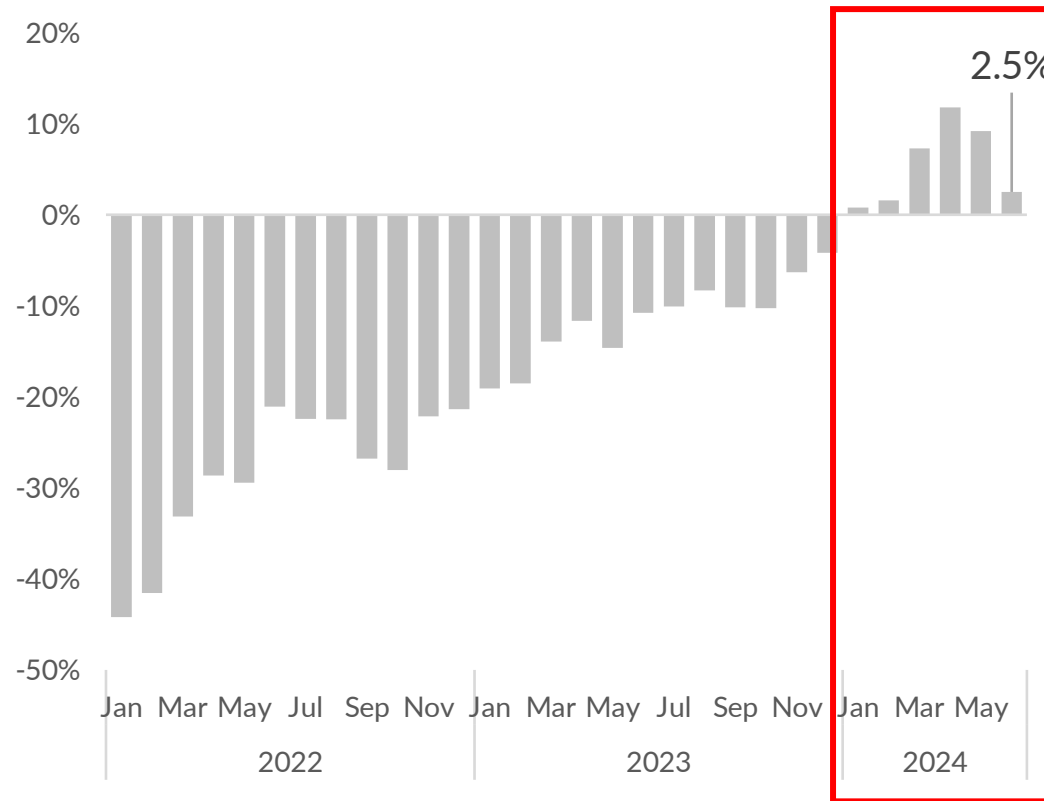
Planning Business Travel Within the Next 6 Months
% of American Consumers



DMOs are securing new bookings at rates slightly ahead of 2019 (at last)

DMO booking activity, trailing six months

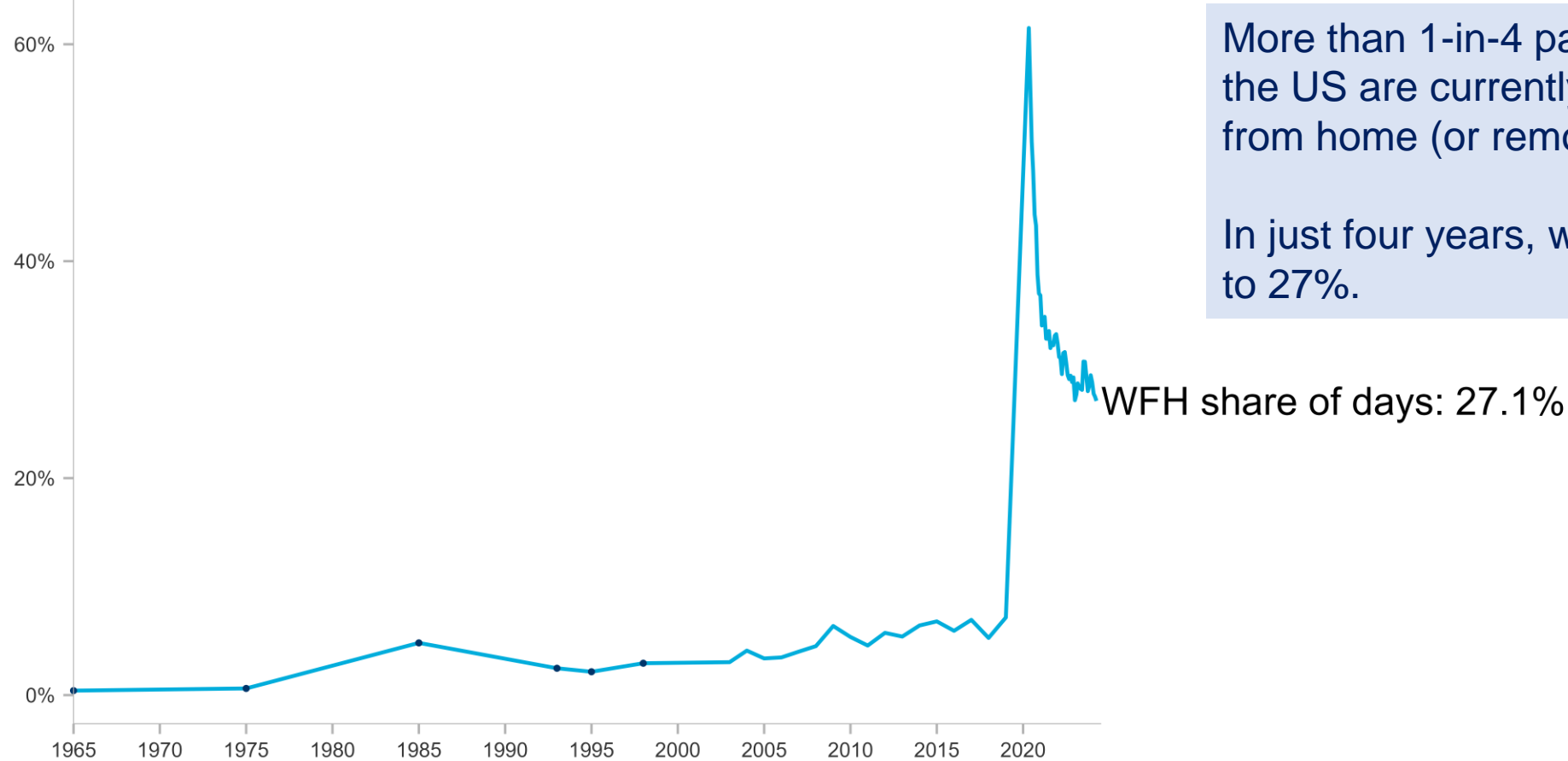
Hotel room nights contracted, trailing six-month sum, relative to 2019



Source: Simpleview CRM (250+ DMOs)

Work patterns have shifted toward remote work

Percentage of paid full days worked at home since 1965



More than 1-in-4 paid work days in the US are currently happening from home (or remote/telework).

In just four years, we went from 5% to 27%.

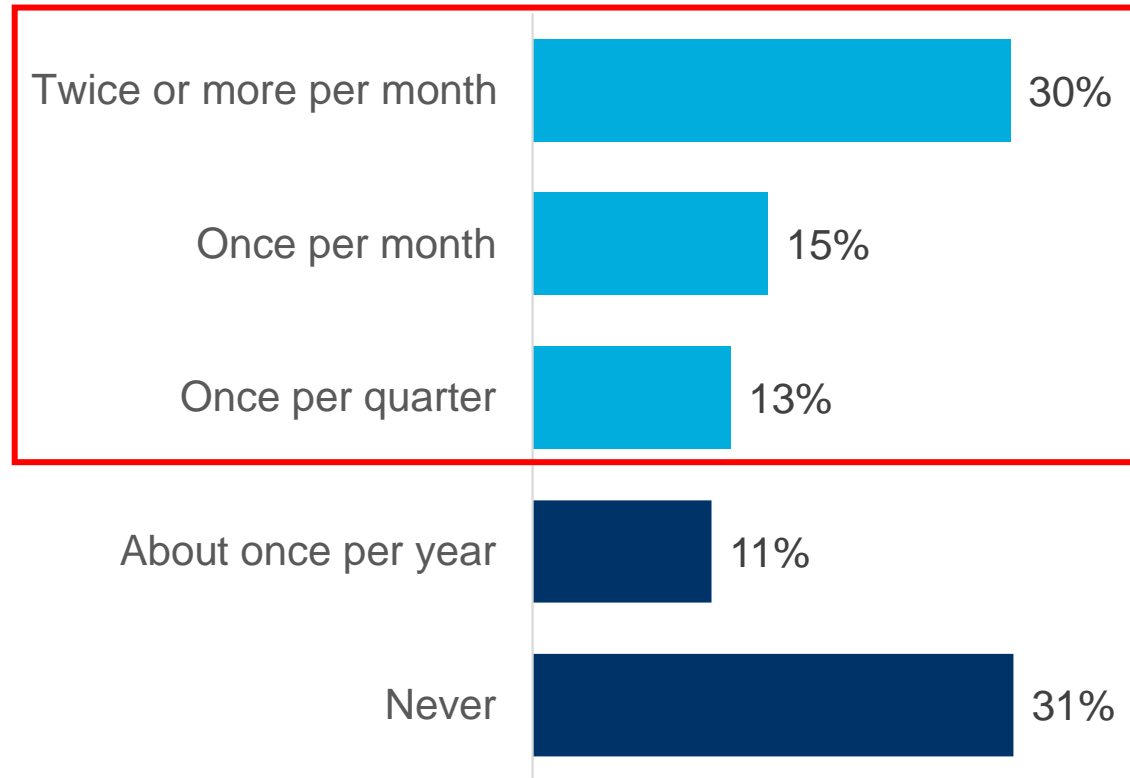
Note: Most recent data point is April 2024.

Source: Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731.

Most fully remote workers meet with colleagues in person

Do you ever meet with your coworkers in person?

Sample: Workers who were fully remote last week



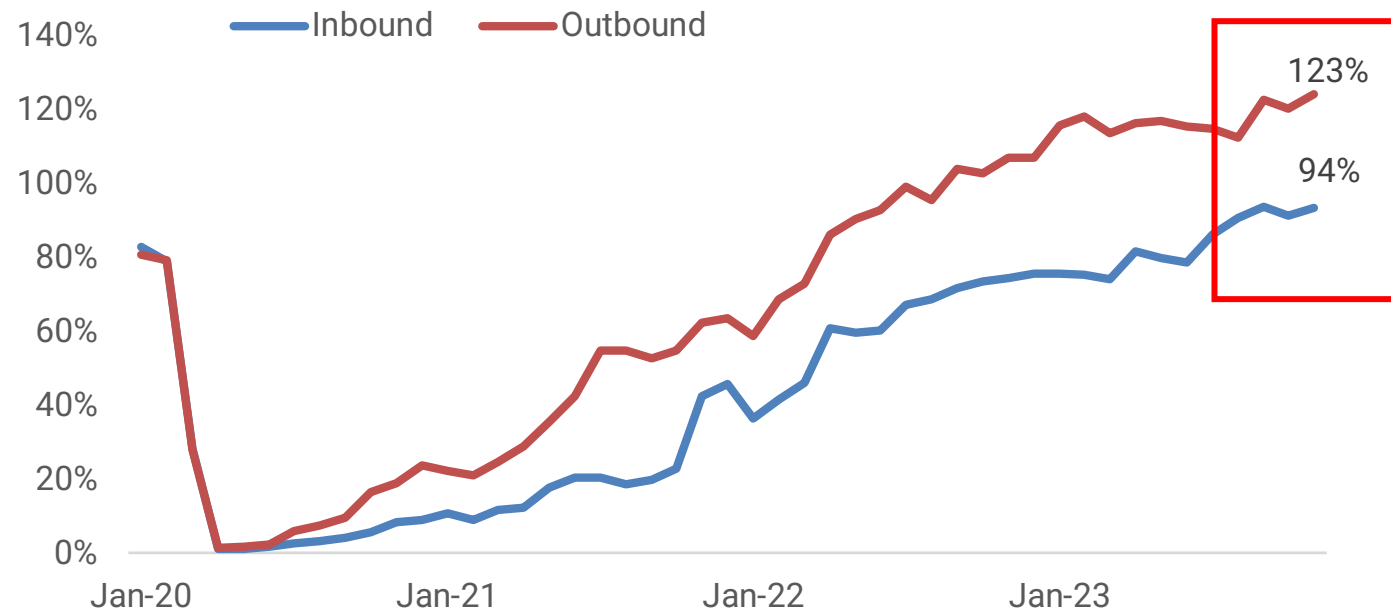
58% of fully remote workers meet their colleagues in person at least quarterly

Note: June 5, 2023 research release. Source: Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731. www.wfhresearch.com

International Outlook

Outbound recovery was well ahead of inbound

Inbound and Outbound Travel Spending
% of same month in 2019

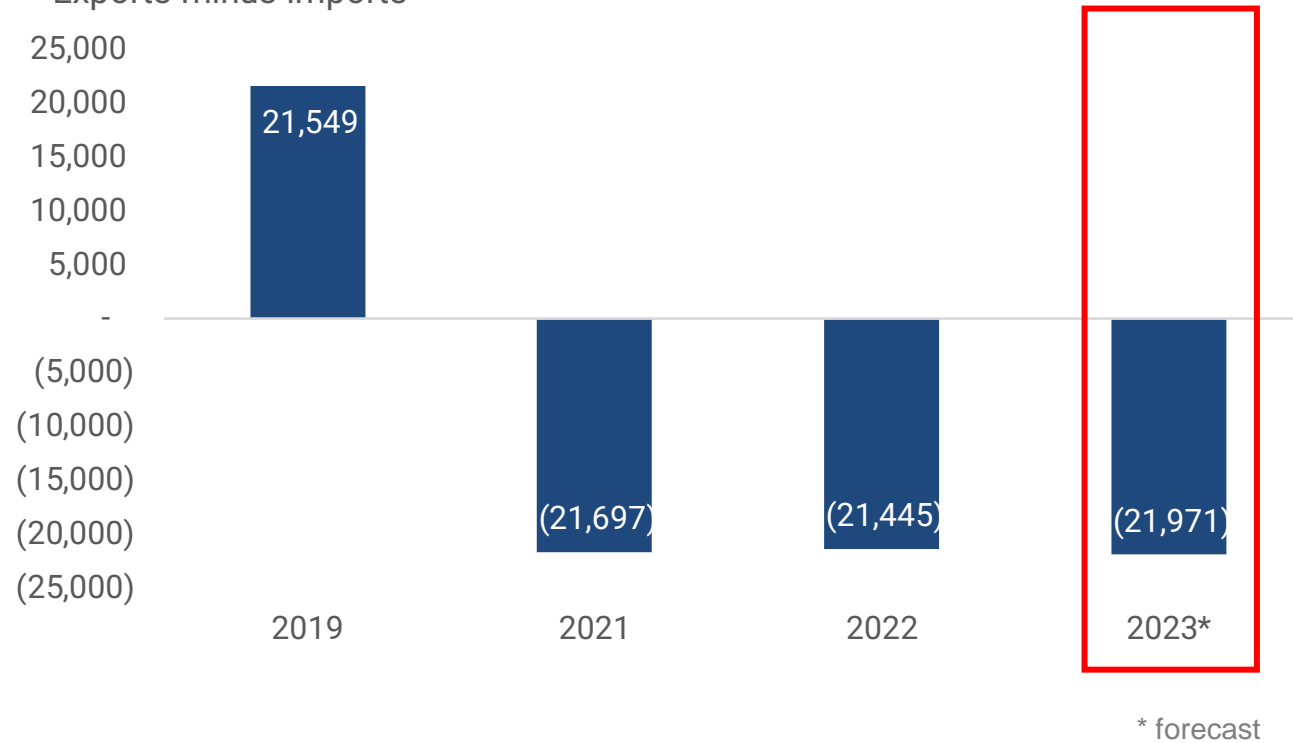


Highly unusual travel trade deficit

U.S. International Travel Trade Balance

Millions of dollars, seasonally adjusted

Exports minus imports

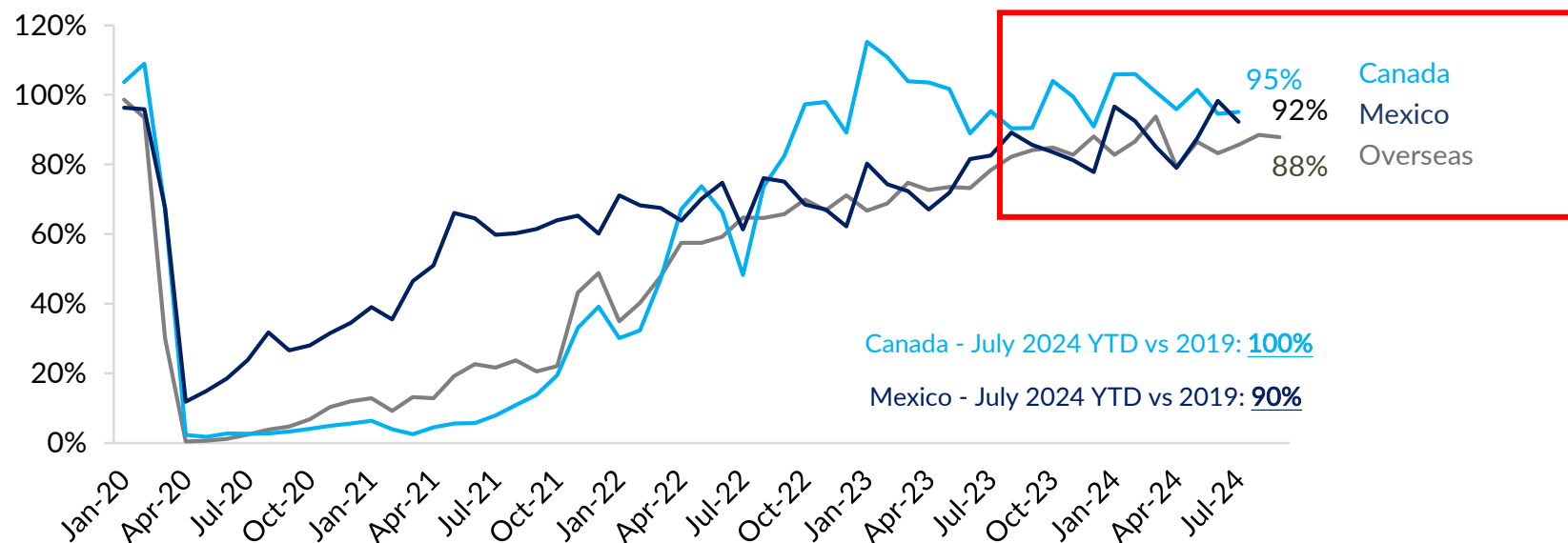


\$43 bn swing implies 39 million lost room nights
(3% of 2023 US hotel room demand)

Inbound recovery is building

US Inbound Travel

% relative to same month in 2019



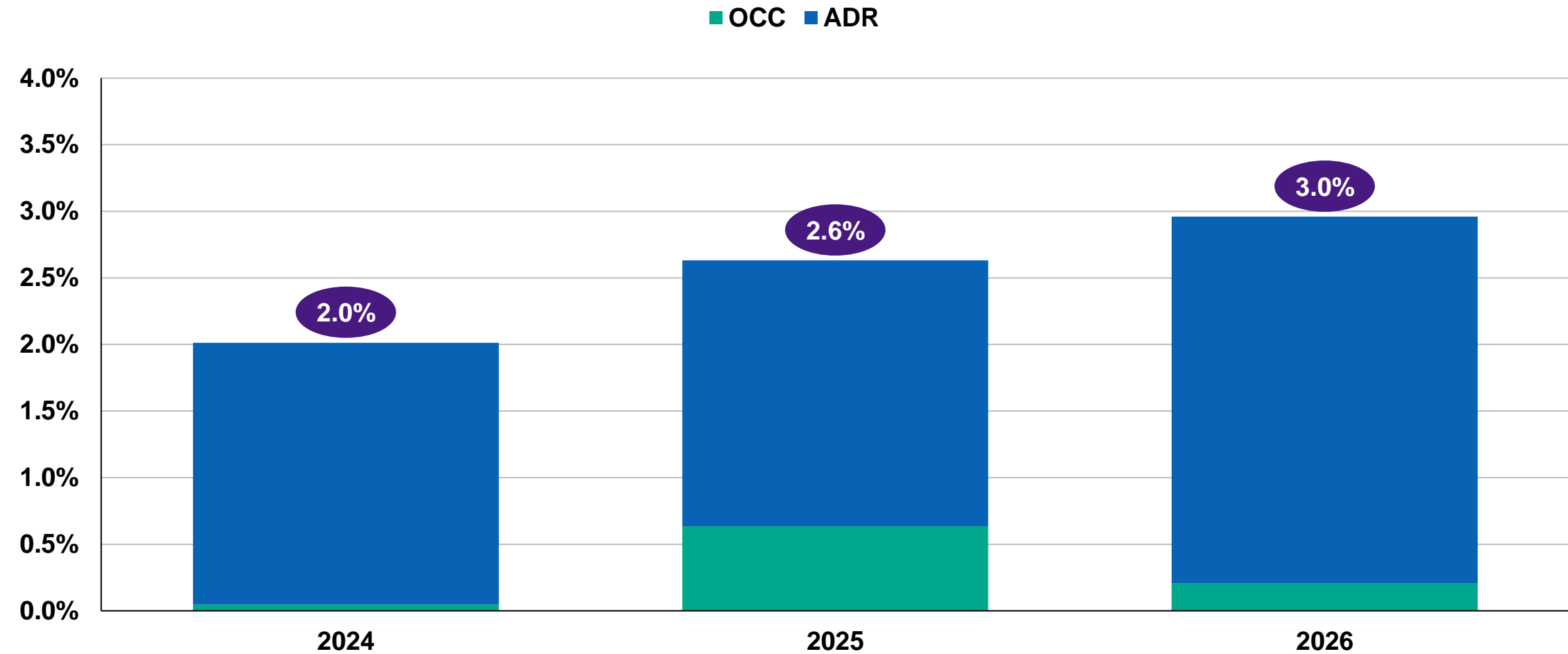
Source: ADIS/ I-94

Note: Lagged data for Canada and Mexico

National Outlook

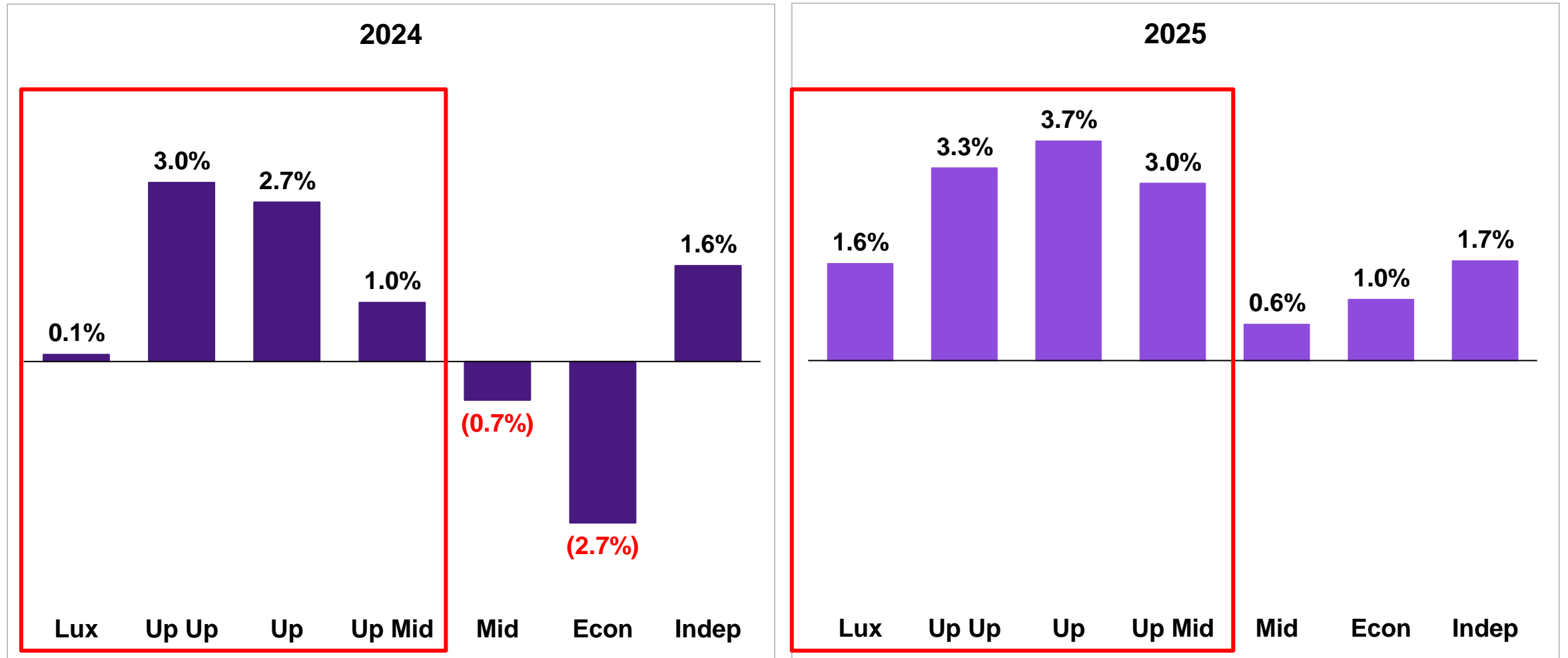
Moderate RevPAR growth still expected in U.S.

U.S. KPI forecast, August 2024



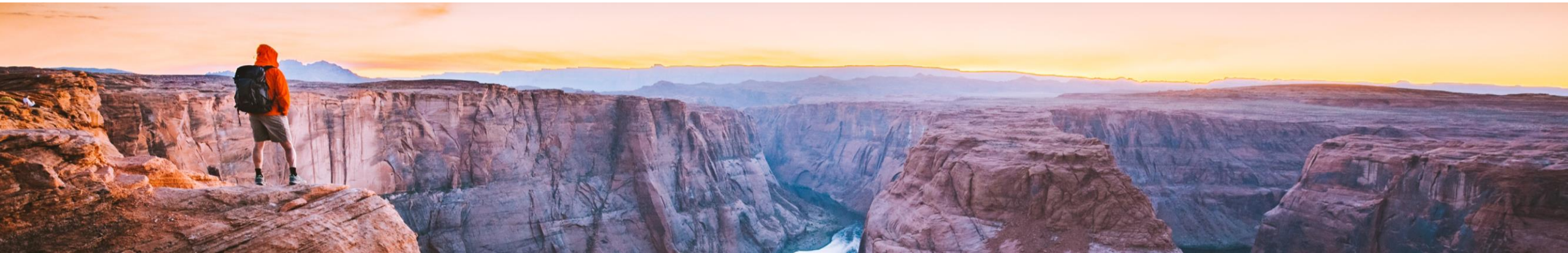
U.S. performance to vary by hotel type

U.S. chain scale RevPAR YoY change, August 2024

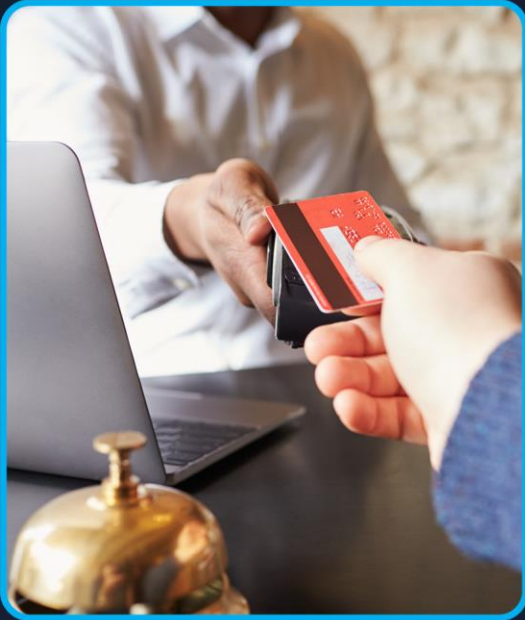


Key Findings

HOW DID TOURISM IMPACT NEVADA?

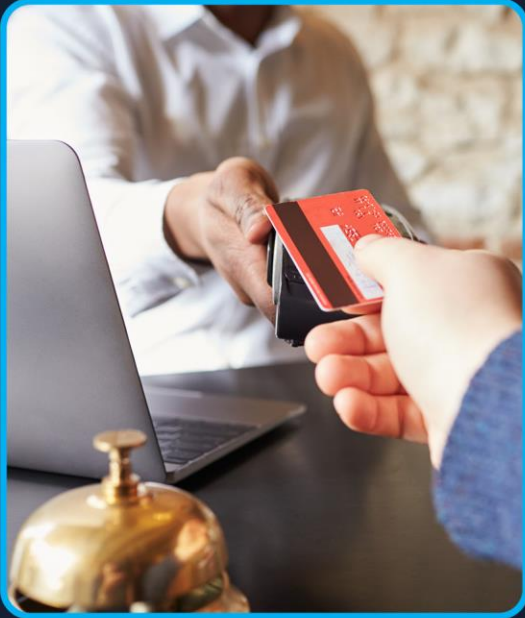


1 **DIRECT**



Transactions occur directly
between consumers
and travel businesses.

1 DIRECT



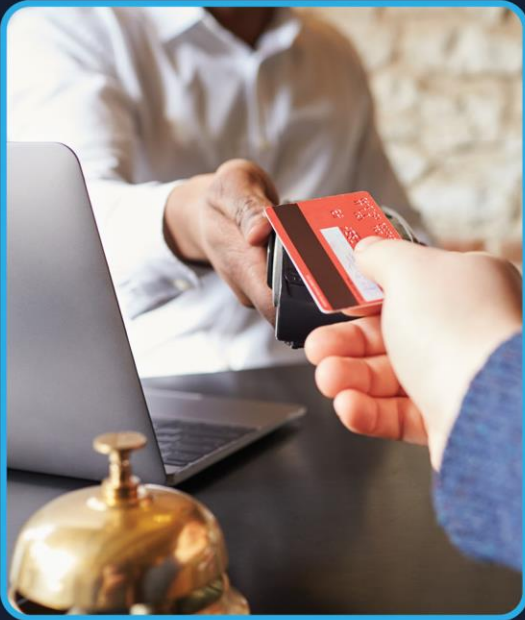
Transactions occur directly between consumers and travel businesses.

2 INDIRECT



Travel businesses then **purchase goods and services** from other providers.

1 DIRECT



Transactions occur directly between consumers and travel businesses.

2 INDIRECT



Travel businesses then **purchase goods and services** from other providers.

3 INDUCED



Employees of travel businesses **spend wages** throughout the economy.

1

DIRECT



Transactions occur directly between consumers and travel businesses.

2

INDIRECT



Travel businesses then **purchase goods and services** from other providers.

3

INDUCED



Employees of travel businesses spend wages throughout the economy.

Total
IMPACT

Summary Direct Impacts of Tourism in Nevada (CY 2023)



52.2 MILLION

Total Visitor Volume to Nevada in 2023



\$55.2B

Visitor
Spending



\$83.7B

Total
Economic
Impact



443,536

Total
Jobs
Generated

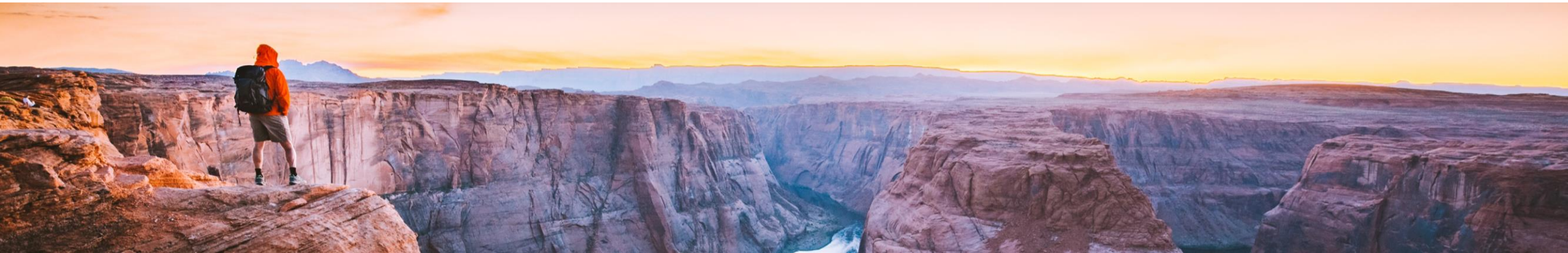


\$6.0B

State & Local
Taxes Generated
(Fiscal year 2023)

Visits & Visitor Spending

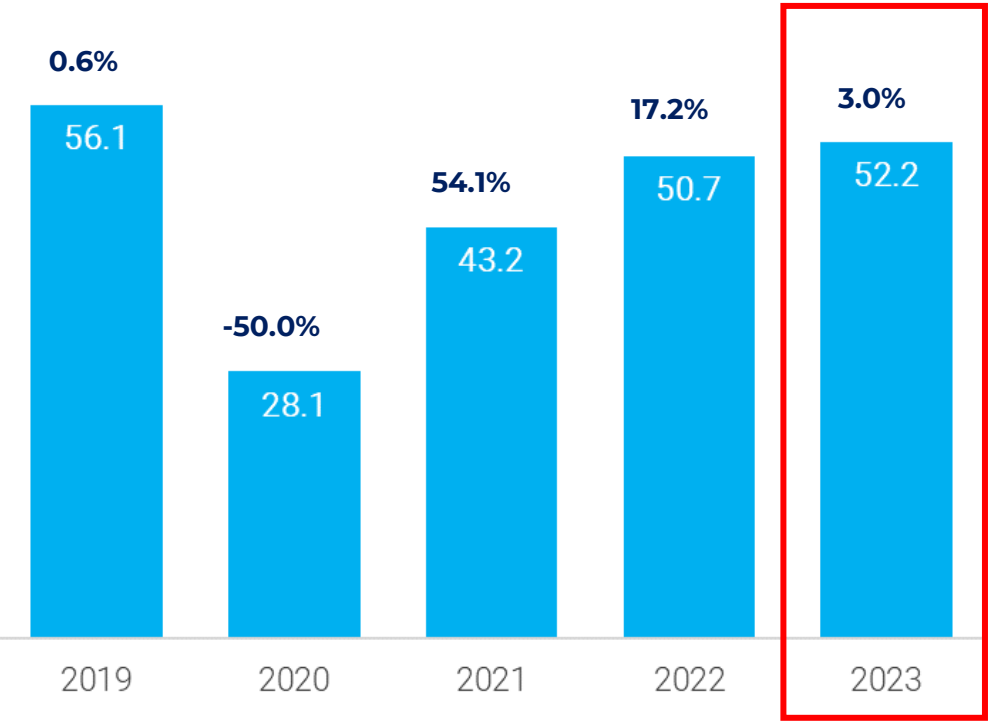
DOLLARS SPENT WITH TOURISM BUSINESSES



52.2 million visitors came to Nevada in 2023

Nevada visitor volume

Amounts in millions



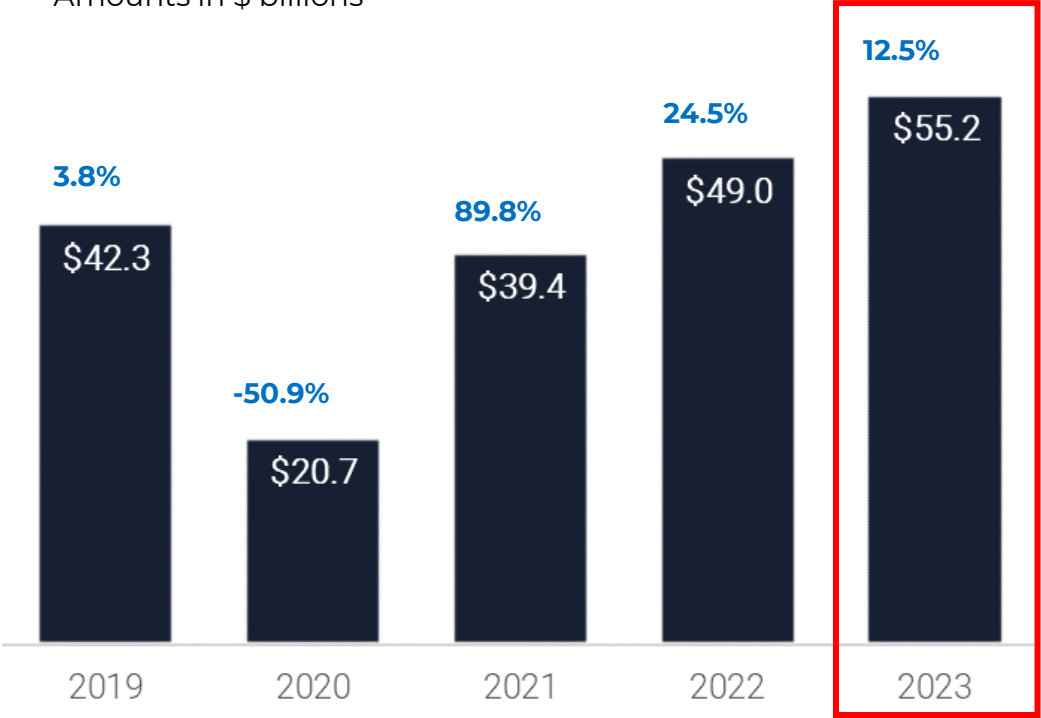
Sources: LVCVA, RSCVA, Tourism Economics



Visitor spending was \$55.2 billion

Nevada visitor spending

Amounts in \$ billions



Sources: OmniTrak, LVCVA, RSCVA, Tourism Economics



Economic Impact Findings

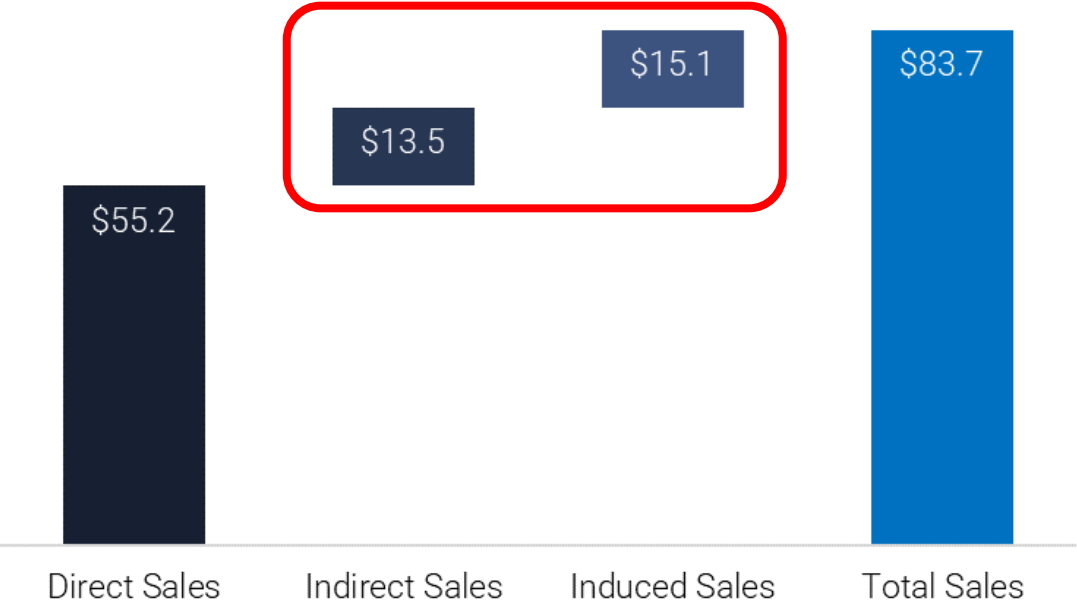
DIRECT, INDIRECT & INDUCED



Visitors' direct impact generated another \$28.5 billion..Up 11.2% YOY

Summary economic impacts (2023)

Amounts in \$ billions



Source: Tourism Economics



Benefits accrue in non-tourism sectors like finance, insurance, real estate, etc.

Business sales impacts by industry (2023)

Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$55,165	\$13,472	\$15,057	\$83,694
Lodging	\$26,177	\$146	\$111	\$26,435
Finance, Insurance and Real Estate	\$1,553	\$3,125	\$5,333	\$10,011
Retail Trade	\$7,151	\$321	\$1,583	\$9,055
Recreation and Entertainment	\$7,835	\$446	\$505	\$8,786
Food & Beverage	\$4,359	\$553	\$1,280	\$6,192
Other Transport	\$4,598	\$1,118	\$409	\$6,125
Business Services		\$3,895	\$1,353	\$5,248
Air Transport	\$1,872	\$81	\$104	\$2,057
Construction and Utilities		\$1,171	\$478	\$1,649
Education and Health Care		\$220	\$1,383	\$1,602
Personal Services	\$395	\$389	\$704	\$1,489
Communications		\$819	\$589	\$1,409
Gasoline Stations	\$1,224	\$32	\$110	\$1,366
Wholesale Trade		\$371	\$616	\$987
Government		\$486	\$344	\$831
Manufacturing		\$245	\$136	\$381
Agriculture, Fishing, Mining		\$54	\$17	\$71

“These numbers cannot be real!”

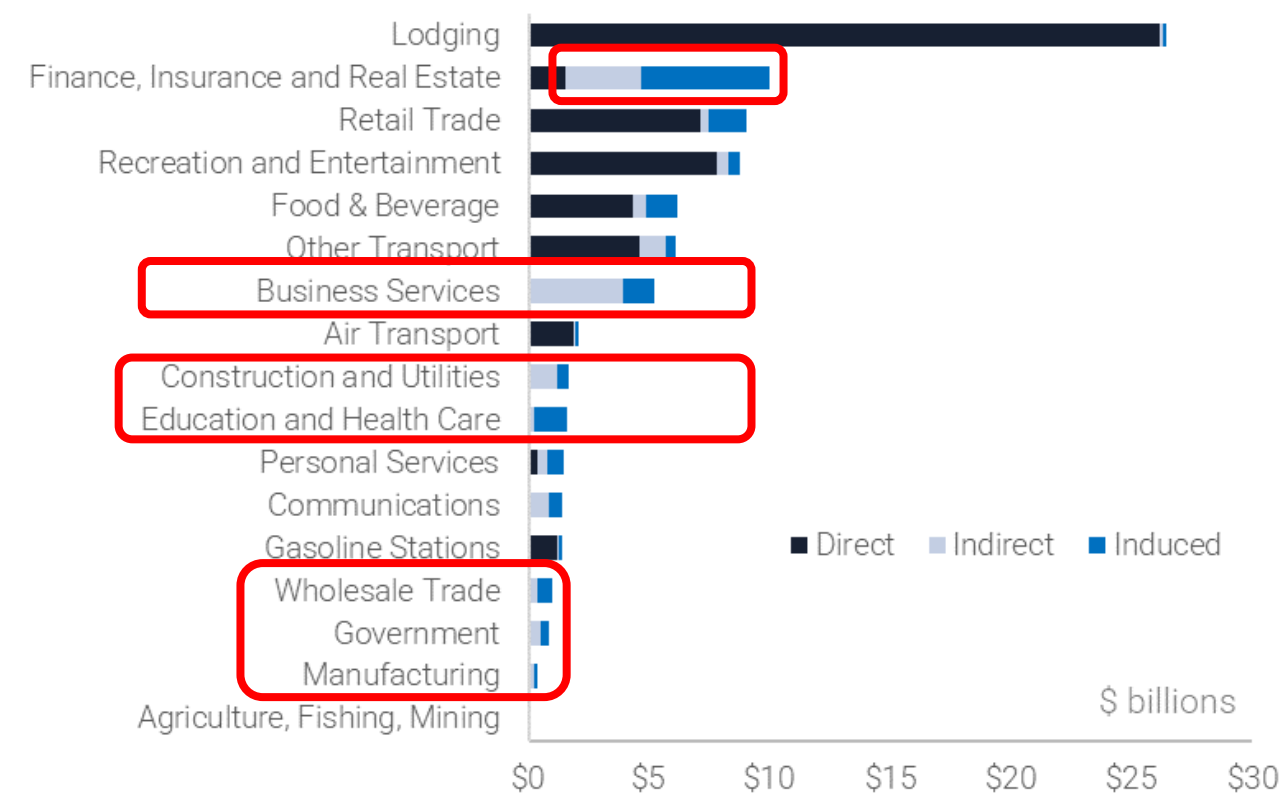


Source: Tourism Economics

Benefits accrue in non-tourism sectors like finance, insurance, real estate, etc.

Business sales impacts by industry (2023)

Amounts in \$ billions



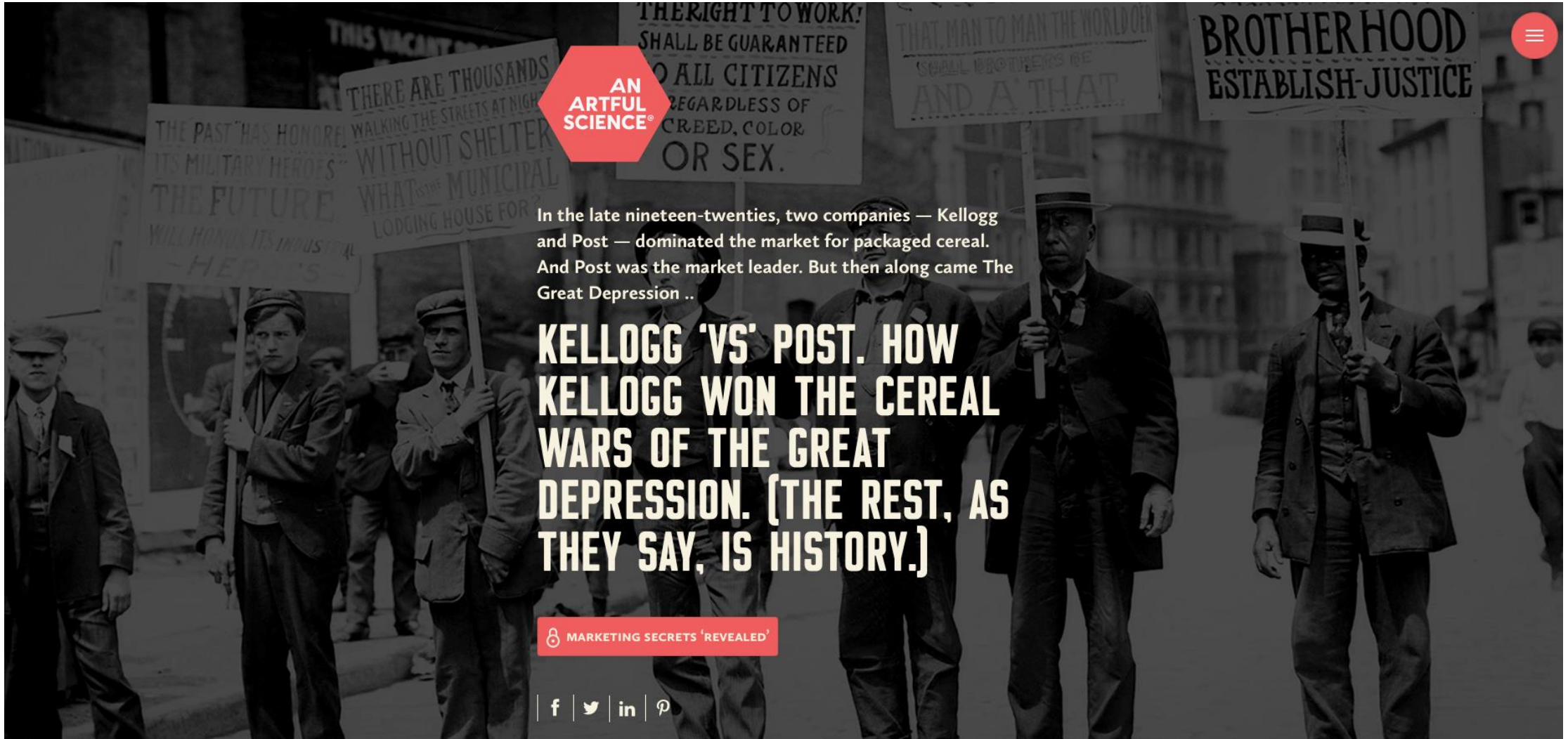
Source: Tourism Economics





**Have you heard
this story?**

Post vs. Kellogg during the Great Depression...



AN ARTFUL SCIENCE®

In the late nineteen-twenties, two companies — Kellogg and Post — dominated the market for packaged cereal. And Post was the market leader. But then along came The Great Depression ..

KELLOGG 'VS' POST. HOW KELLOGG WON THE CEREAL WARS OF THE GREAT DEPRESSION. (THE REST, AS THEY SAY, IS HISTORY.)

MARKETING SECRETS 'REVEALED'

f | t | in | p

History Favors the Bold: Colorado vs. UT, AZ & NV



WHAT WE DO

INSIGHTS

NEWS

ABOUT US

The Rise and Fall of Colorado Tourism

What happens when you take a successful advertising campaign and cut the budget to zero?

Great Opportunity: Gain Ground While Others Pull Back



MY VISIT

RECREATE RESPONSIBLY

THINGS TO DO

NEVADA ROAD TRIPS

PLACES TO GO

EVENTS & SHOWS

HOTELS & LODGING

BEST THINGS TO DO IN NEVADA

Nevada is for doers.

From the glitz of Las Vegas to the sweeping vistas of Great Basin National Park, Nevada is a vast and varied landscape of anything and everything. And it's all yours to explore. Sure, you can ask Siri or Alexa, "What are some fun things to do in Nevada?" But the Silver State knows best.



GREAT BASIN NATIONAL PARK



HIGHLIGHTS



Summary

A large commercial airplane is shown from a low angle, flying directly towards the viewer. The aircraft's landing gear is deployed, and its four engines are visible. The background features a city skyline at night, with numerous lights from buildings and the airport runway. The sky is a deep orange-brown color, suggesting a sunset or sunrise. The word "Summary" is overlaid in a large, white, sans-serif font on the left side of the image.

Summary

Economy

- Fears about the economy are overdone. Economy is decelerating this year and next, but not alarmingly so.
- A resilient labor market and cooling inflation continues to underpin consumer spending
- Though many lower income households will be pinched
- Election impacts in 2025 will likely be limited

Travel

- Lower-tier hotels face softening demand
- Though some markets are easing, leisure travel continues to experience a tailwind, as consumer budgets have capacity
- Business travel still rebuilding, positive trends for group
- International inbound still with strongest gains

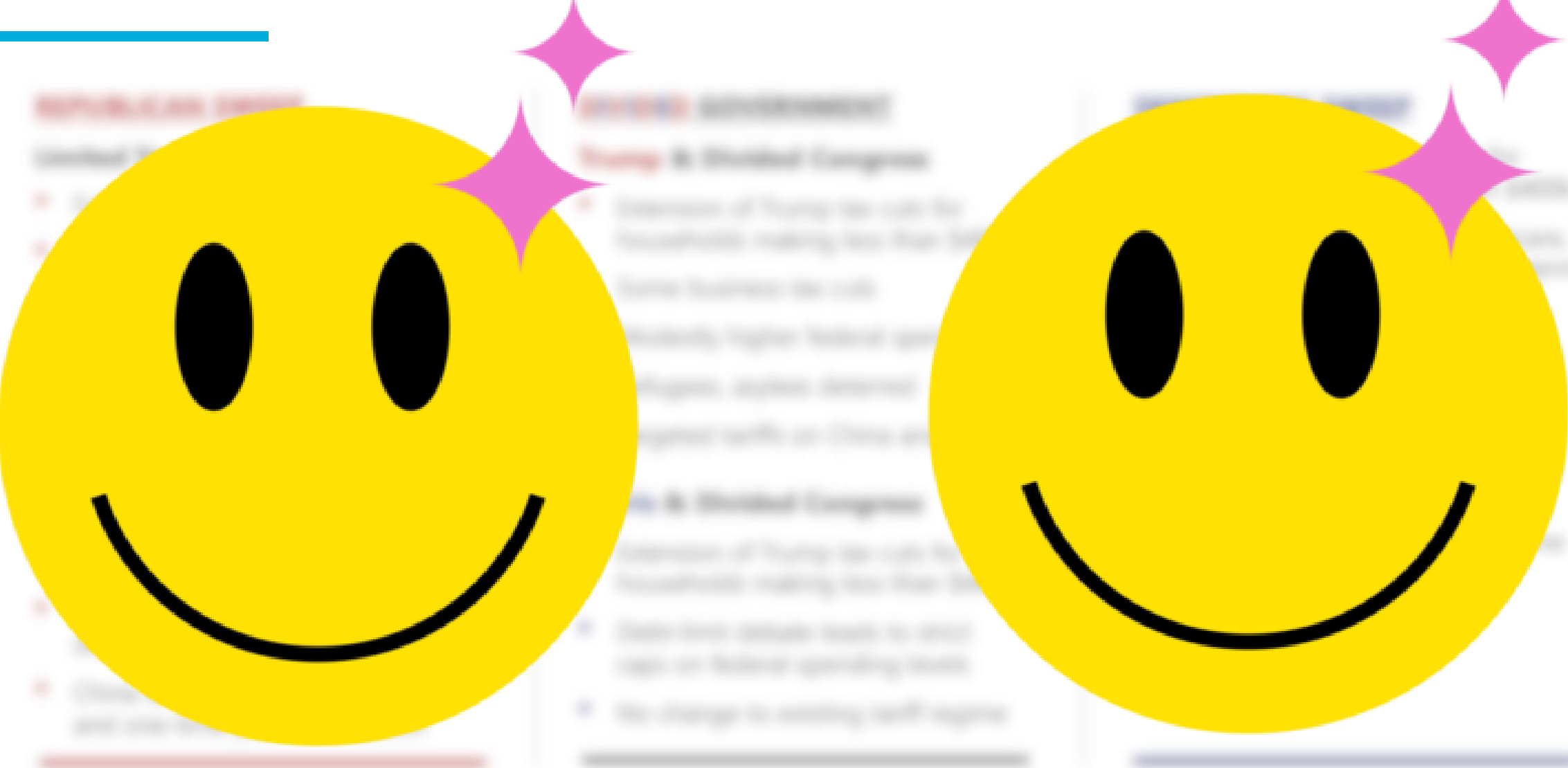
Risks

- No shortage of global risks (Middle East, Taiwan, Russia-NATO)
- Baseline outlook has only 45% probability
- Alternatives could be *stronger* (e.g., inflation victory scenario), or *weaker* (e.g., higher for longer interest rates, Full-blown Trump, Middle East escalation)



NSFW Bonus Material?

Our US election scenarios



Our US election scenarios...sorry...I shouldn't! 😊



Limited Trump scenario



Key policy assumptions

- Extension of the personal tax cut

-

- Curb

Key policy assumptions

- 15% cut in immigration and

- Even so, immigration.

Full-blown Trump scenario



Harris's policies



A dark blue world map is visible in the background, with the continents of North and South America being more prominent.

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Tourism Economics
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Thank You

SYMPHONY | TOURISM ECONOMICS