



GREATER WESTERN TTRA ANNUAL CONFERENCE:

CONSUMER BEHAVIORS, EMPLOYMENT ISSUES, AND ECONOMIC CONDITIONS IMPACTING TOURISM IN THE WESTERN U.S.

OCTOBER 2023

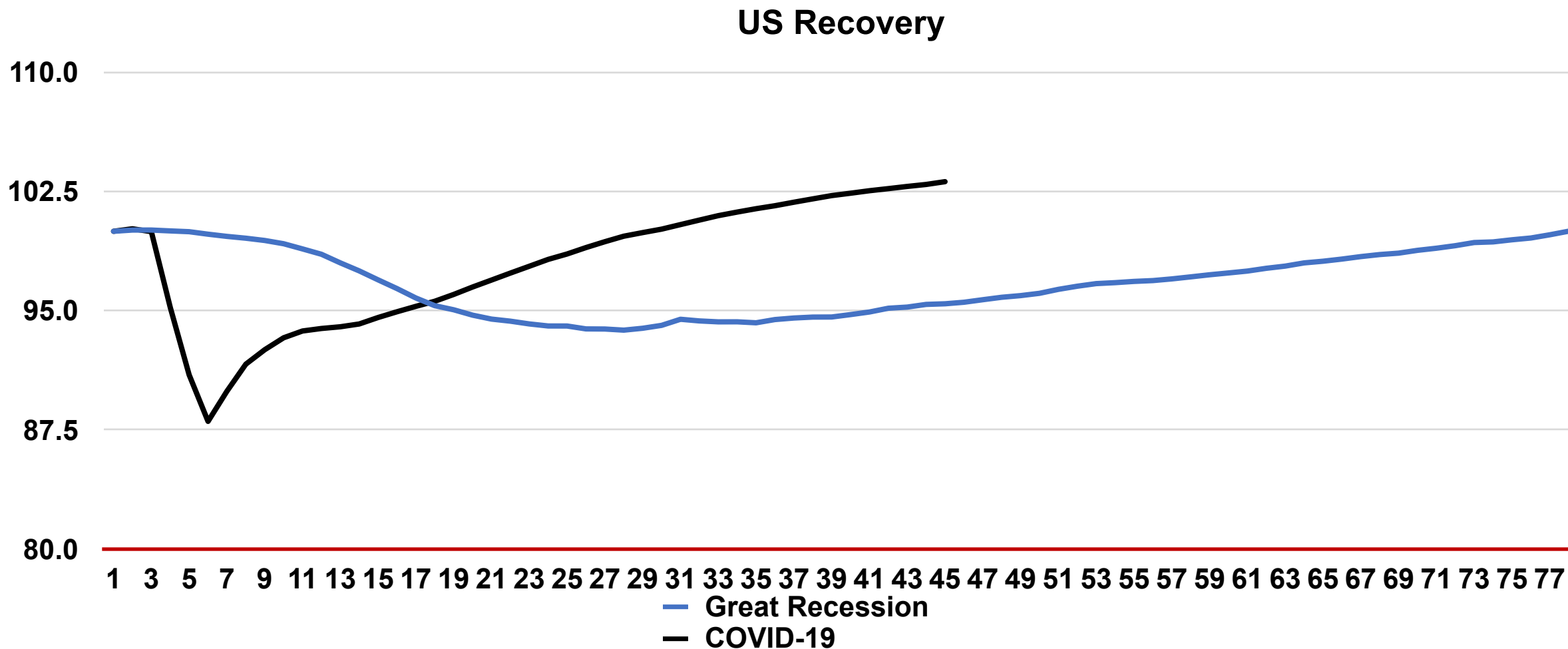
Robert Eyler, Ph.D.

President, Economic Forensics and Analytics

Professor, Sonoma State University

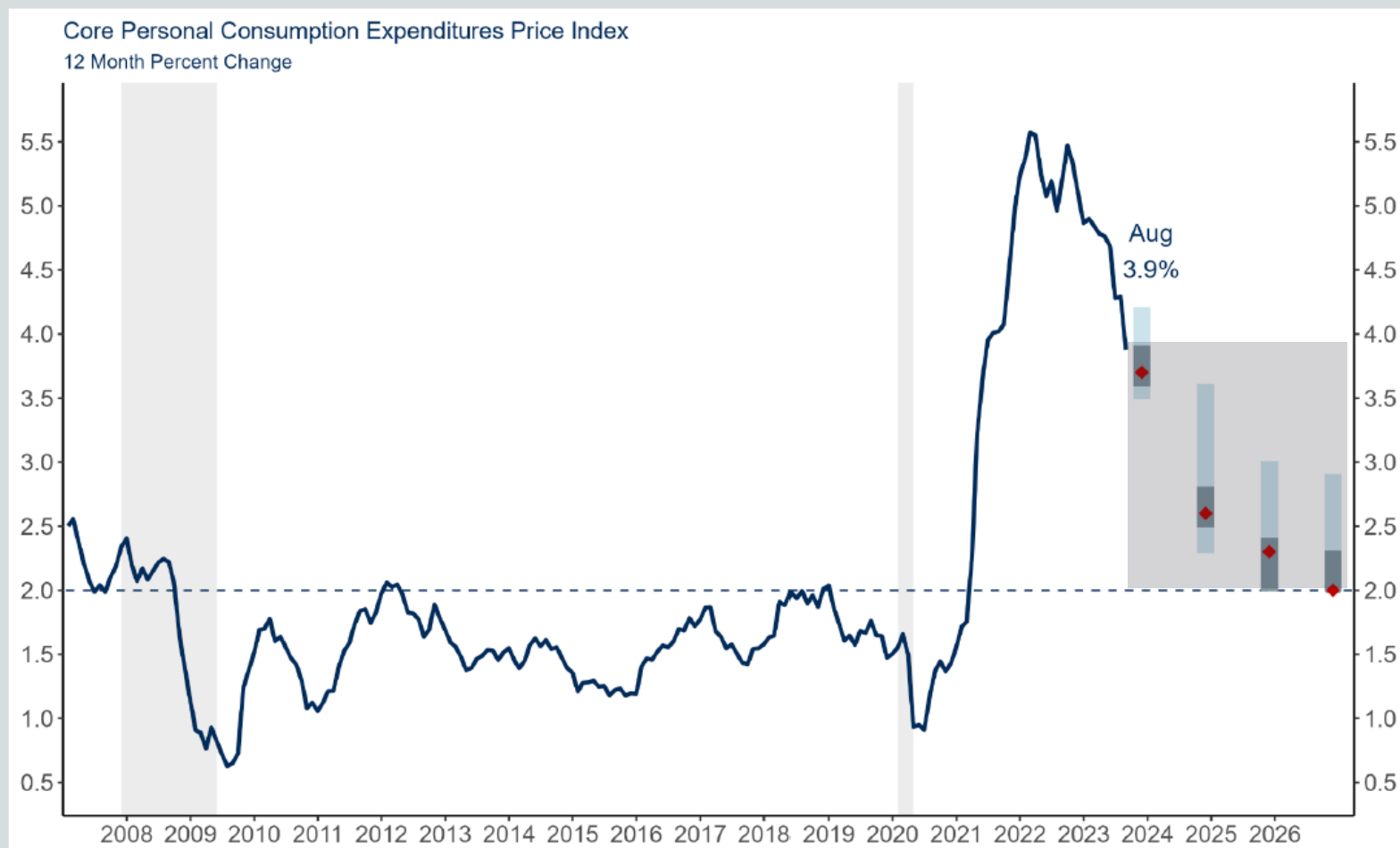
eyler@econforensics.com

Employment Recovery Comparison, United States, Great Recession and COVID-19 Recession, Months from Peak Employment, Index Nov 2007 and Jan 2020 = 100, to Sept 2023



Core PCE Prices, 2007 to 2026

Core Personal Consumption Expenditure Price Index



What to Watch

- June and July revised up to 4.3% each)
- Does this mean one more rate increase?

FED will not lower rates until:

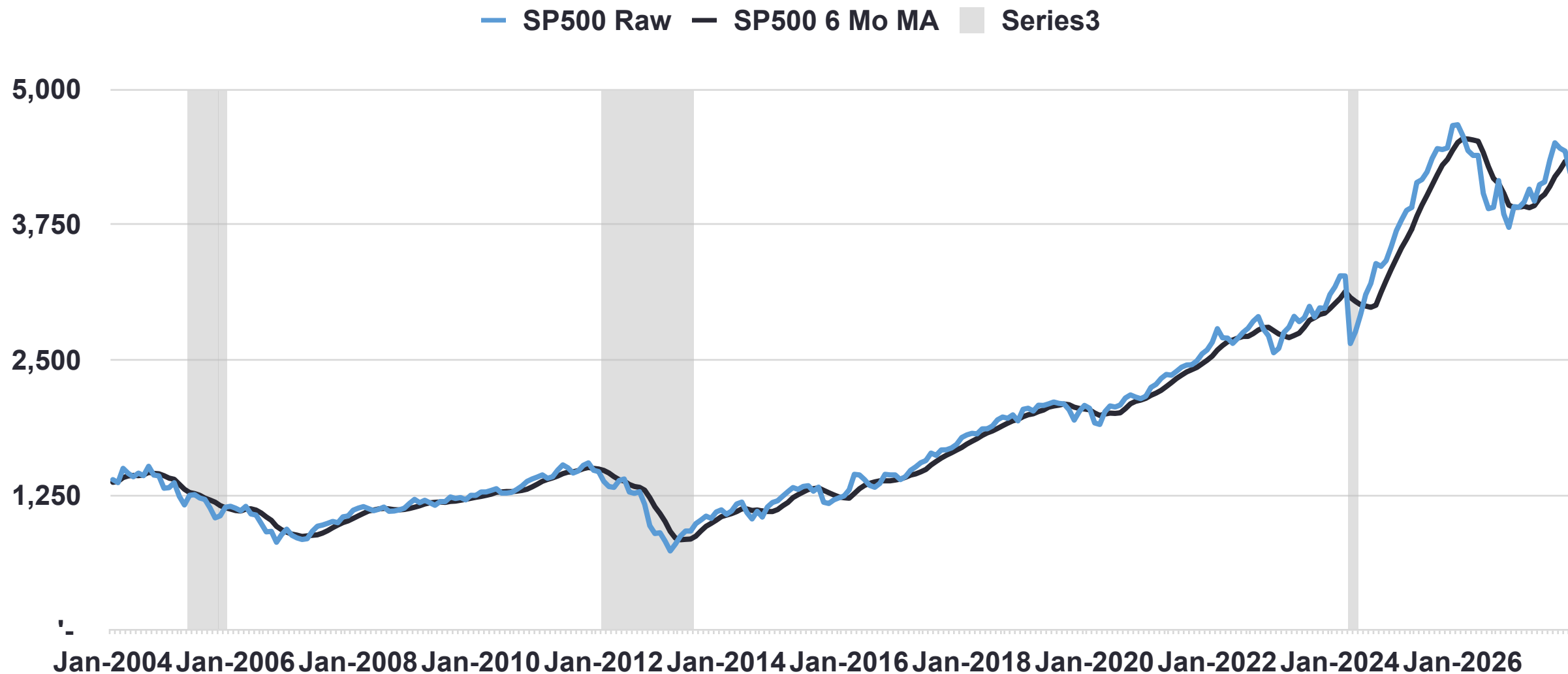
1. Job losses/slower growth
2. Continued fall toward dotted line

Notes: FOMC projection is the median, range, and central tendency for Q4/Q4 percent changes, from the June 2023 meeting. Red dots indicate median projections. Core PCE Price Index excludes expenditures on gasoline and food services.

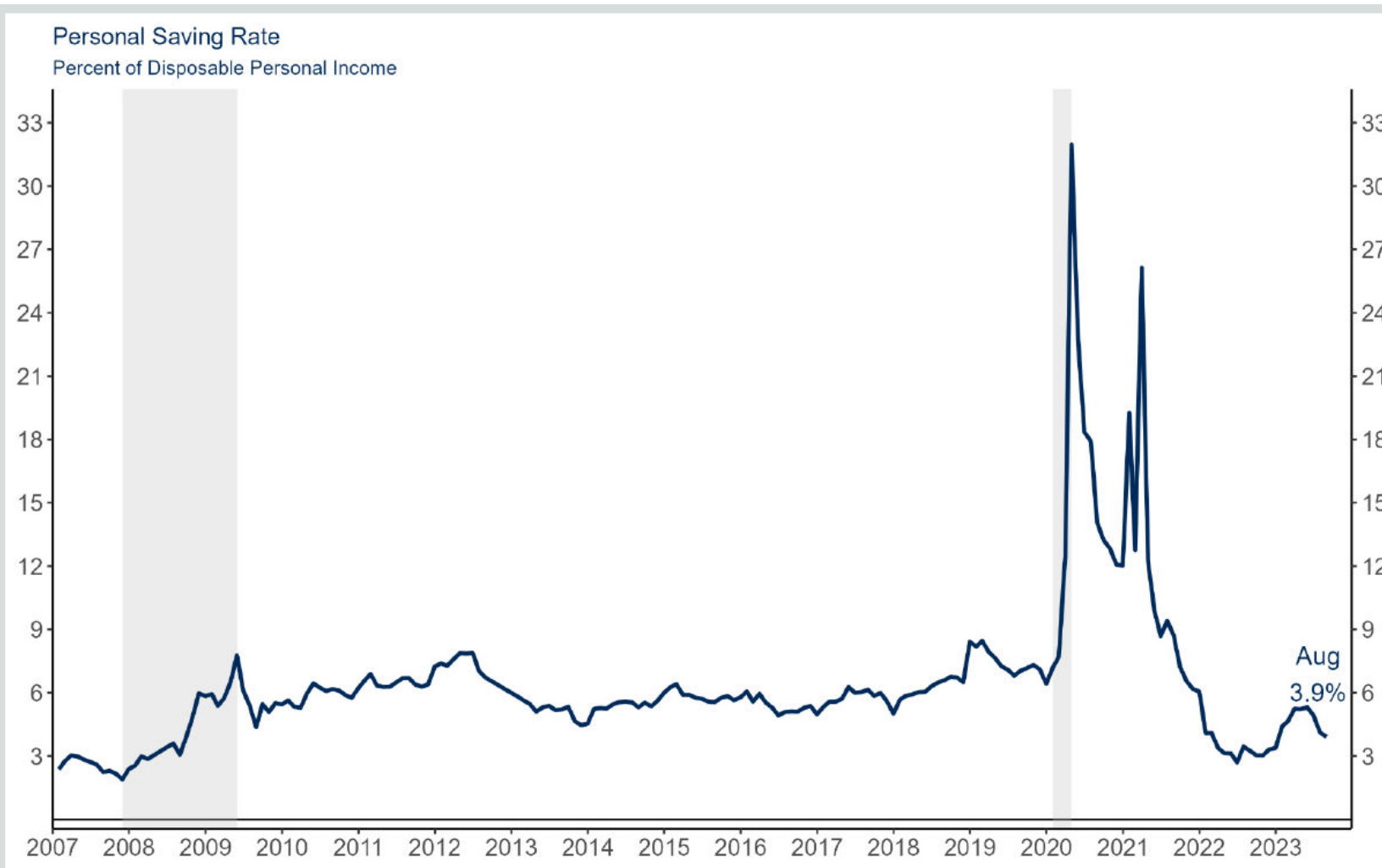
Source: Bureau of Economic Analysis & Board of Governors via Haver Analytics 4

Equity Markets: S&P 500 (Index), Monthly Close

Shaded Area = Recession, Jan 2000 to October 2023



Personal Savings Rate



The savings roller coaster:

1. Federal payments in 2020 and 2021, two surges of savings
2. Inflation rising began to drain savings, and slow savings rates
3. Travel funding spent in 2021 and 2022, will funds be there in 2024 and 2025?

Note: Income has been adjusted to account for temporary fiscal actions in 2008 and 2012-2013.

Source: Bureau of Economic Analysis via Haver Analytics

Federal Reserve Philadelphia

Forecast, Survey of Professional Forecasters

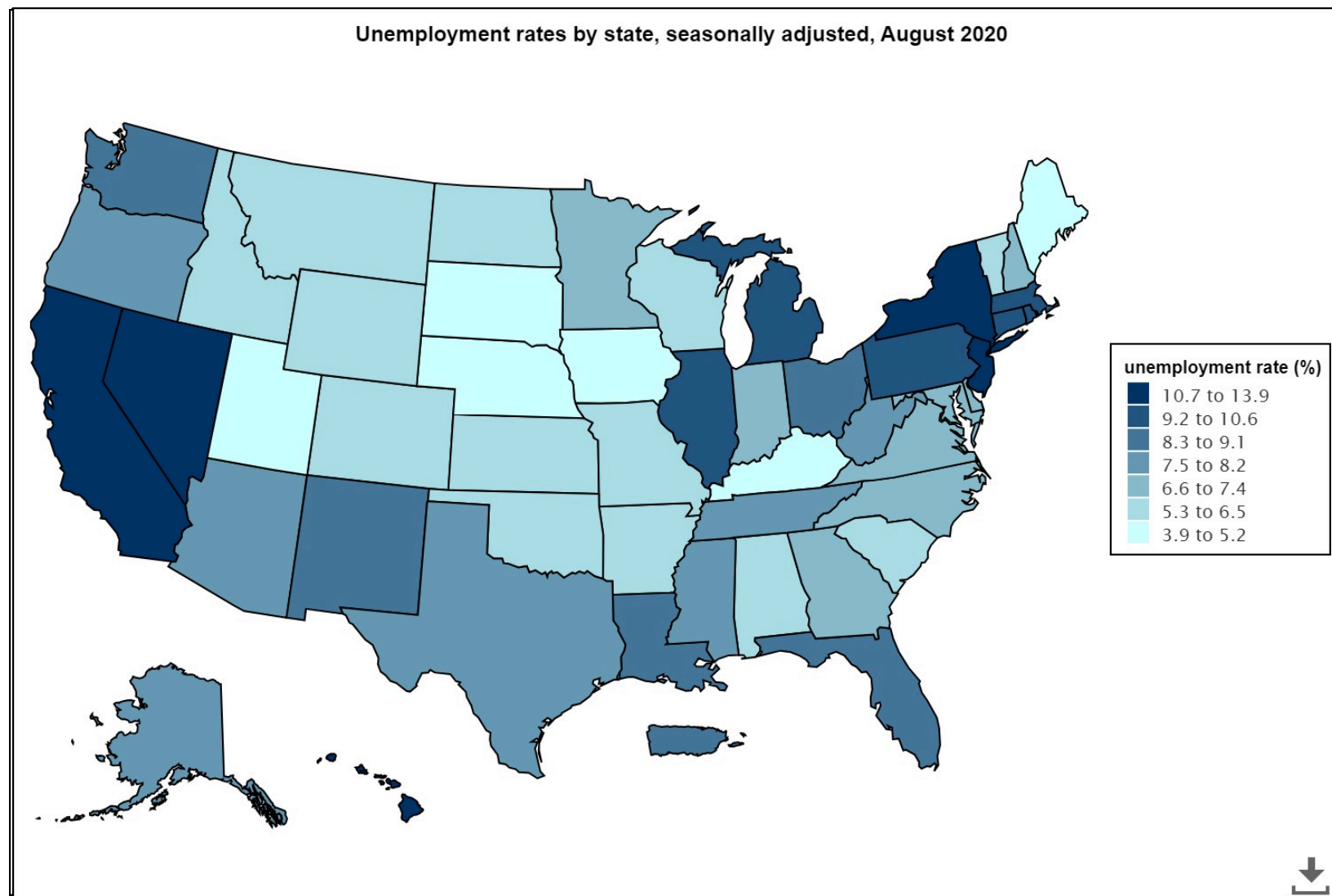


These data are from August 2023

Bottom Line: Economy more resilient than previous forecasts, inflation beginning its descent; relatively high interest rates will continue pressure economy to 2025

	Real GDP (%)		Unemployment Rate (%)		Core PCE Inflation (%)	
Annual data (projections based on annual-average levels):	Previous	New	Previous	New	Previous	New
2023	1.3	2.1	3.7	3.6	3.7	3.7
2024	1.0	1.3	4.3	4.0	2.3	2.4
2025	2.4	2.1	4.4	4.2	2.0	2.1
2026	2.3	1.7	4.3	4.1	N/A	N/A

Unemployment and State Labor Markets



Job market recovery fastest in Rocky Mountain area in 2020-21

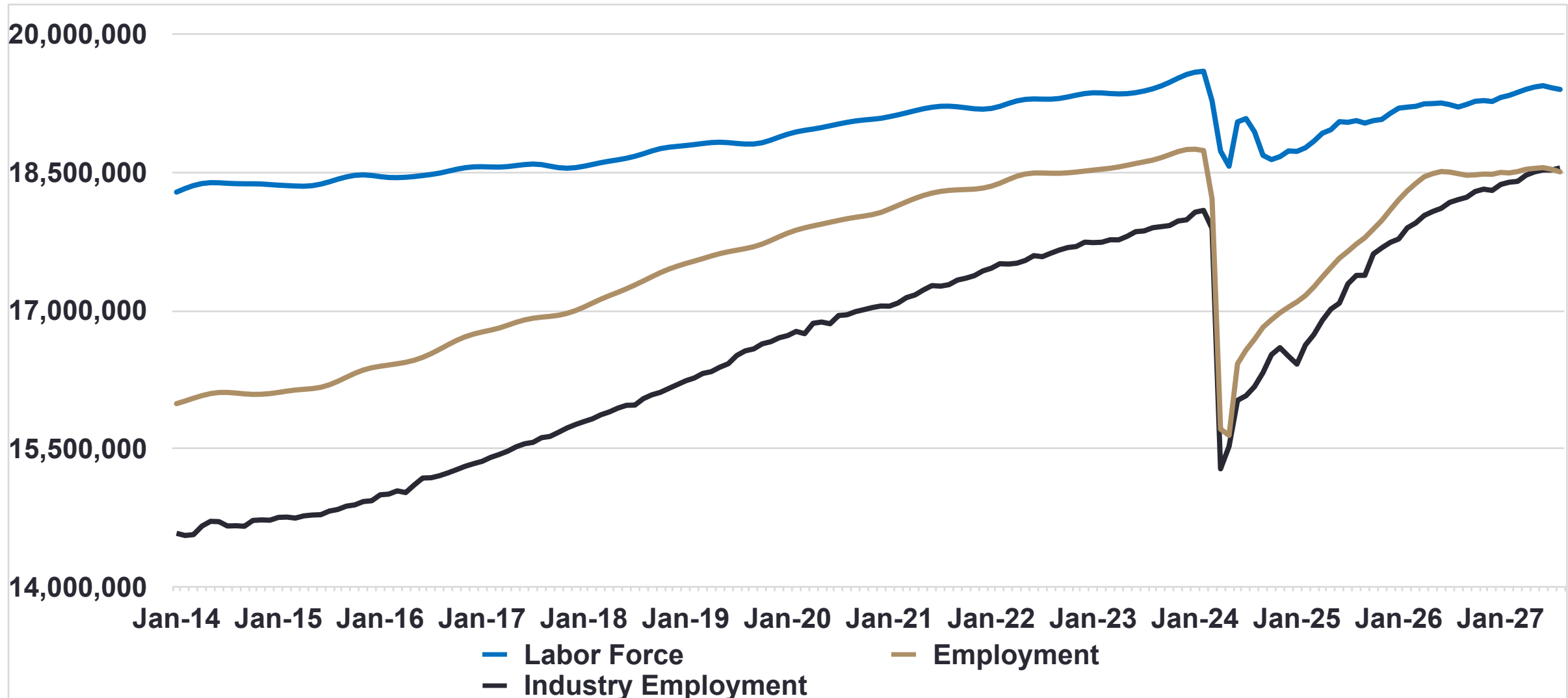
Pandemic effects now given way to rising interest rate and a slow down in hiring

Unemployment range in August 2023 for western states between 2% and 5% (still really good for workers)

Tough for employers and likely to remain so.

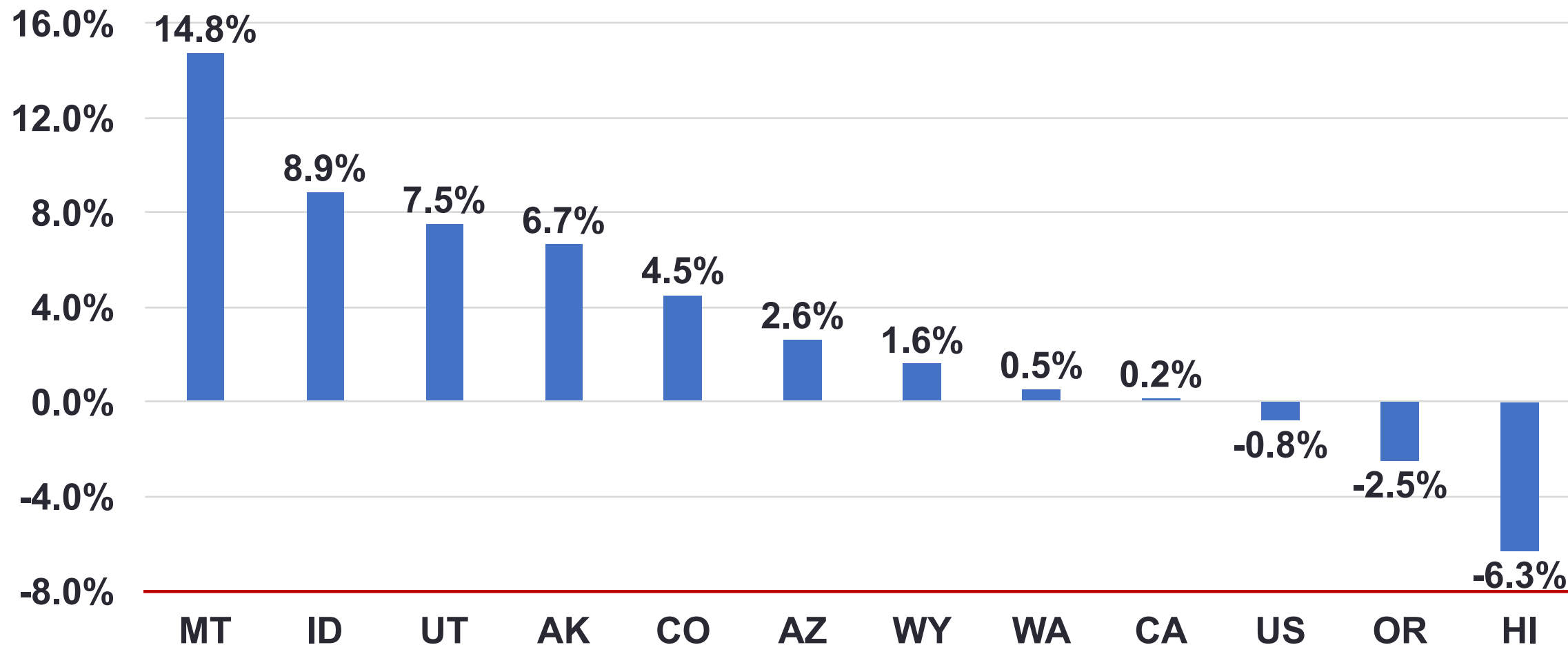
Source: Bureau of Labor Statistics

Employment and Labor Force Comparison, California, Months from Jan 2020, Index Jan 2020 = 100, as of Aug 2023, Seasonally Adjusted

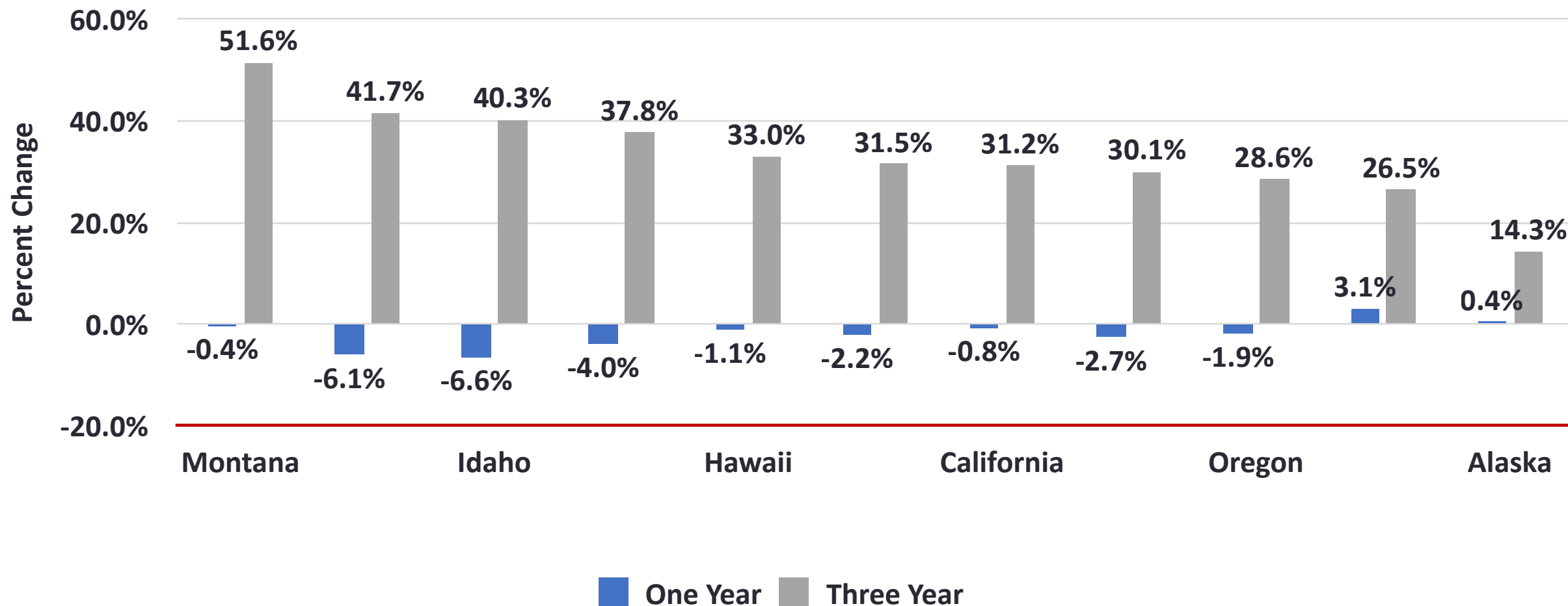


Change in Tourism Employment, 2019 to 2023

What States are still in Jobs Recovery for Tourism?

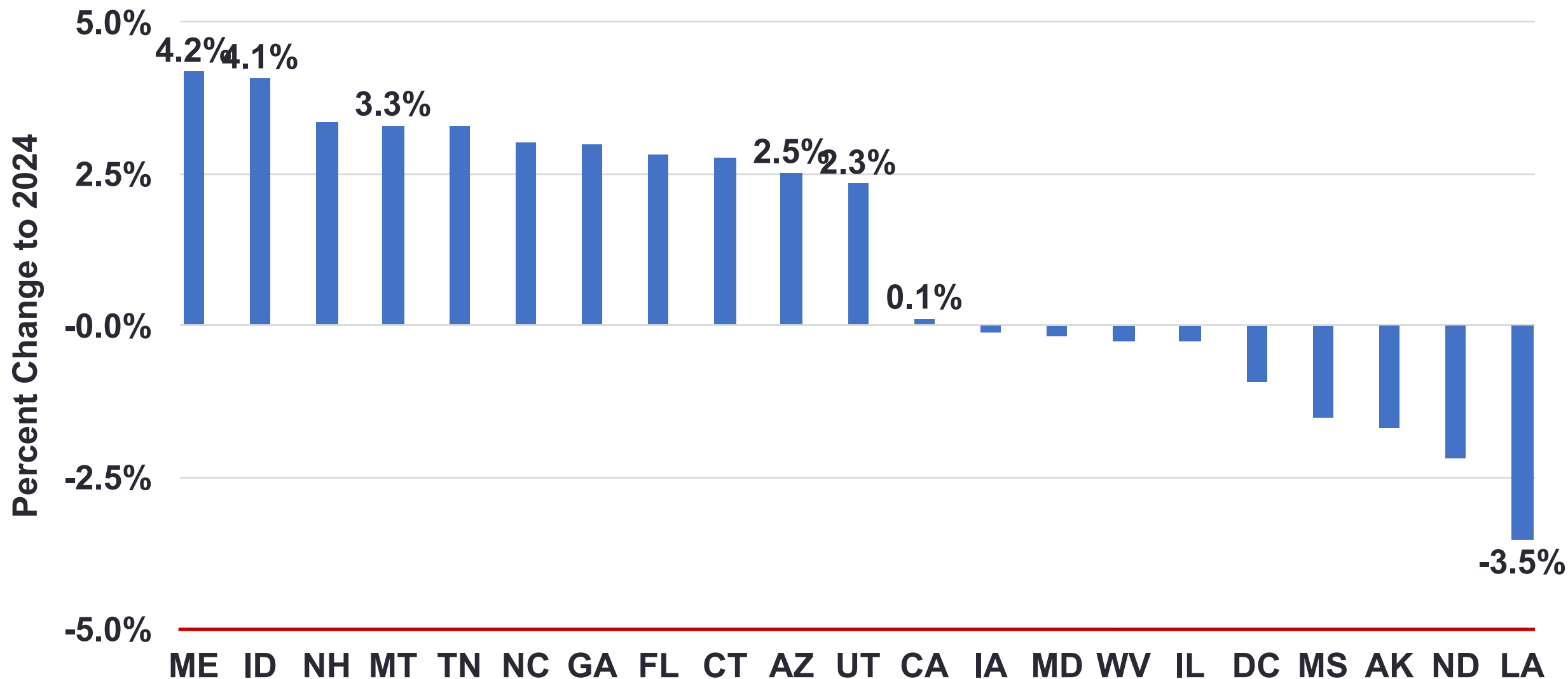


Median Housing Price Growth, September 2023, Percent Change, Selected States, Since Sept 2020 and Sept 2022

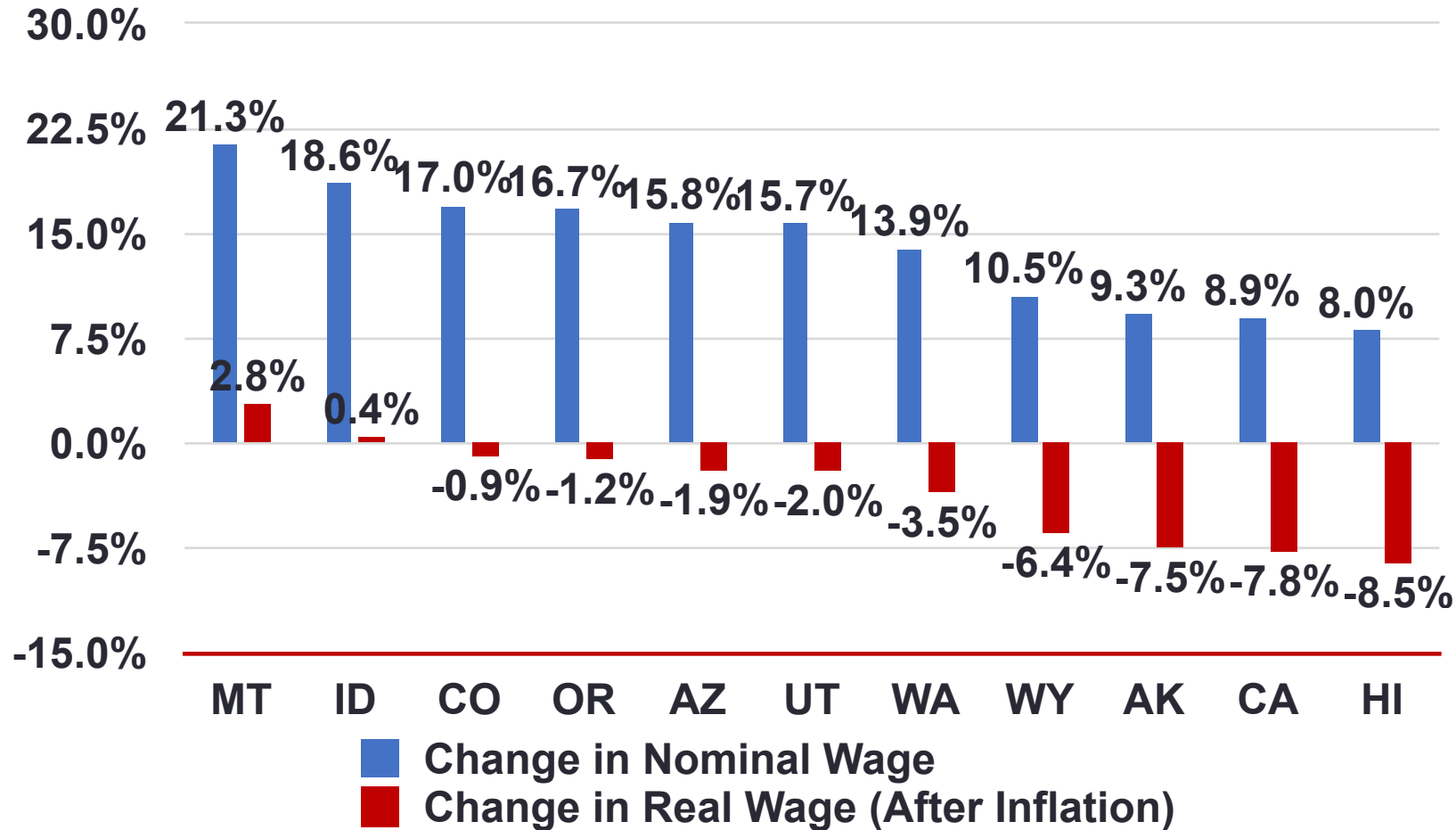


Housing Forecast, % Change from Sept 2023 to Sept 2024

Median Home Price Growth, Selected States, (all others between UT and CA)



Wage Growth, % Change from Aug 2020 to Aug 2023
2019 \$, Median Wage Changes, Selected States

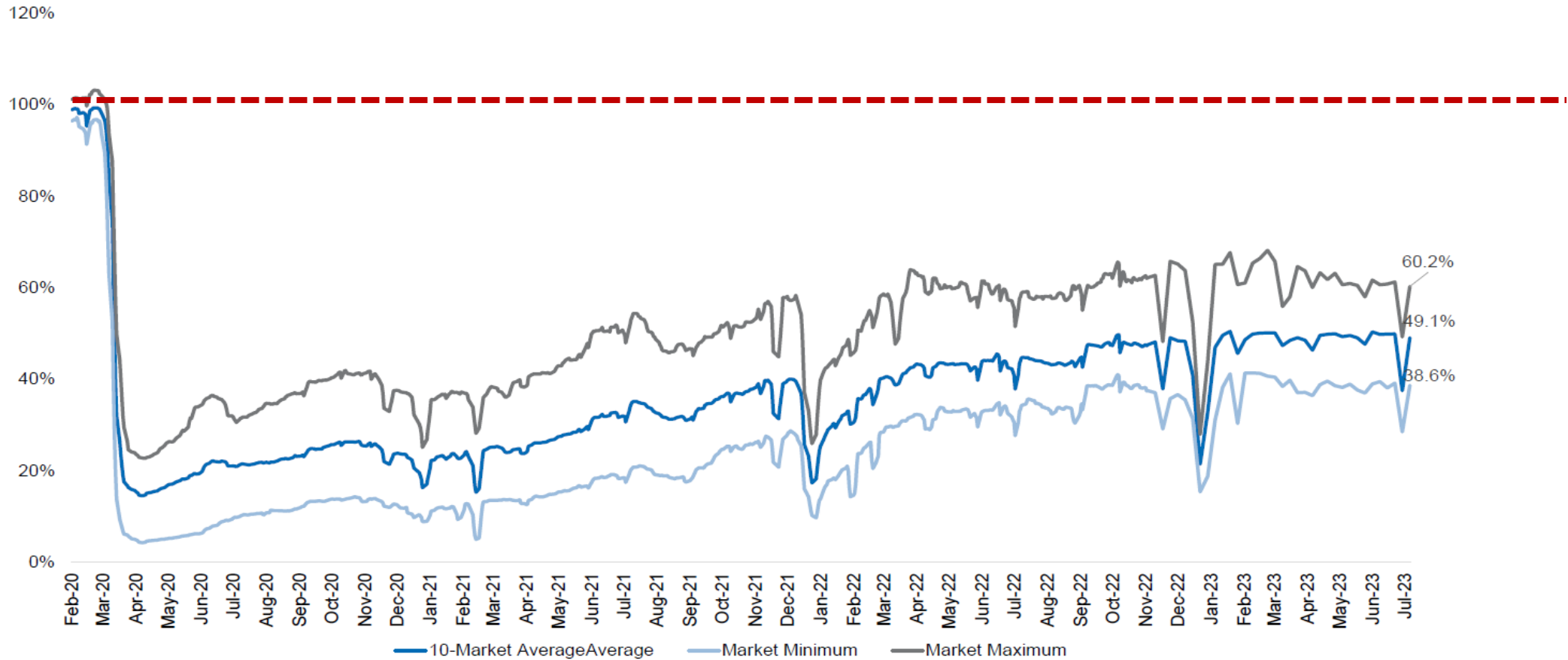


Slow movement of wages creates concerns with labor:

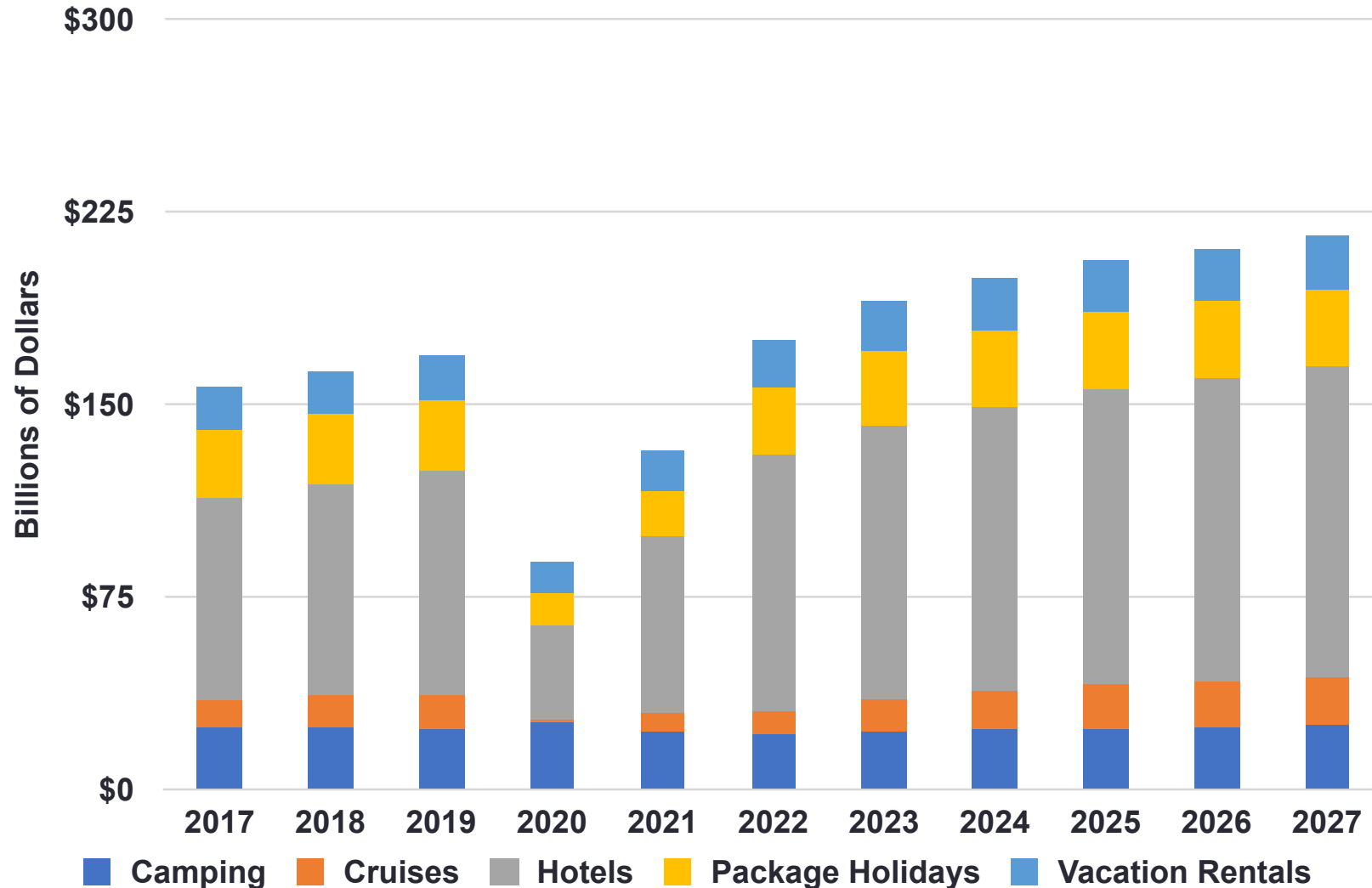
1. Want to renegotiate contracts
2. Want more now to offset slow movement of wages
3. Want faster escalation for cost of living
4. Better “conditions”
5. Borne by employer, regressive tax for smaller owners

Commercial Real Estate: If the Commuters Do Not Come Back, will Visitors?

Kastle Systems Daily Office Physical Occupancy Index – 5-Day Trailing Average (Baseline = February 2020)



Travel Forecast for US: Overnight Stay Purchases



Growth to continue

Pre-pandemic trend found

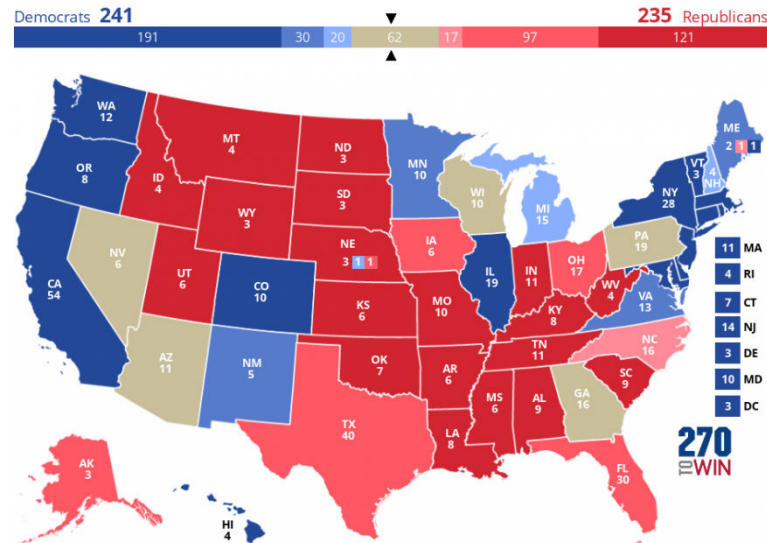
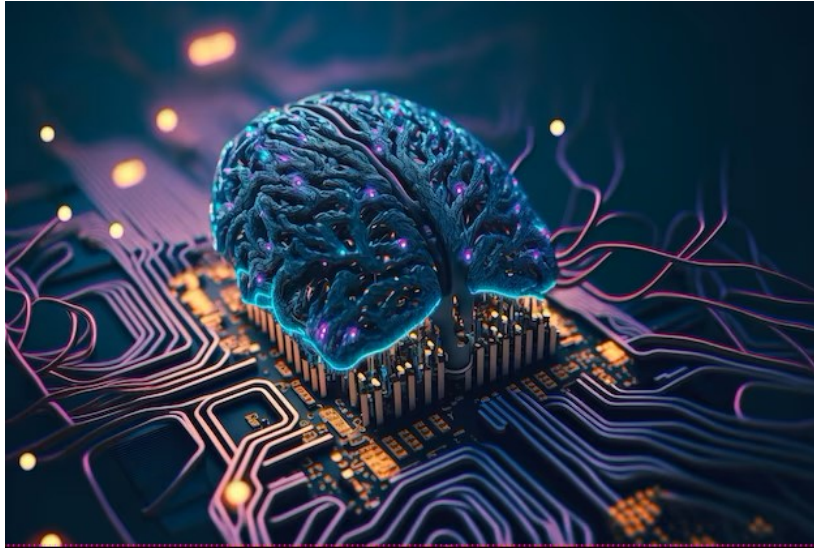
Hotel stays remain the dominant overnight choice

International spending back to 2019 levels by 2024

International visitors back to 2019 levels by 2026

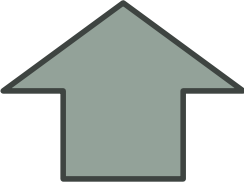

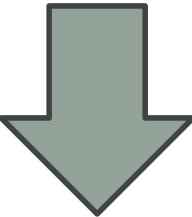
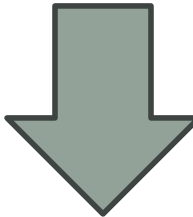
Effects on inflation: what are the “real” gains?

Growing Opportunities and Concerns for Tourism Businesses



Source: Google Images

Forecast Drivers in Tourism/Travel: 2024 - 2027

Income/Jobs	Wealth/Savings
	
Inflation/Cost to Travel	Geopolitics
	

More headwinds than tailwinds: probably more domestic and local travel in 2024, then aftermath of elections and recession or not will see change 2025-2027

THANKS!

eyler@econforensics.com

@bobby7007