

Tourism Updates

June 2024

US Forecast

US Hotel Forecast

Year-Over-Year Percent Change

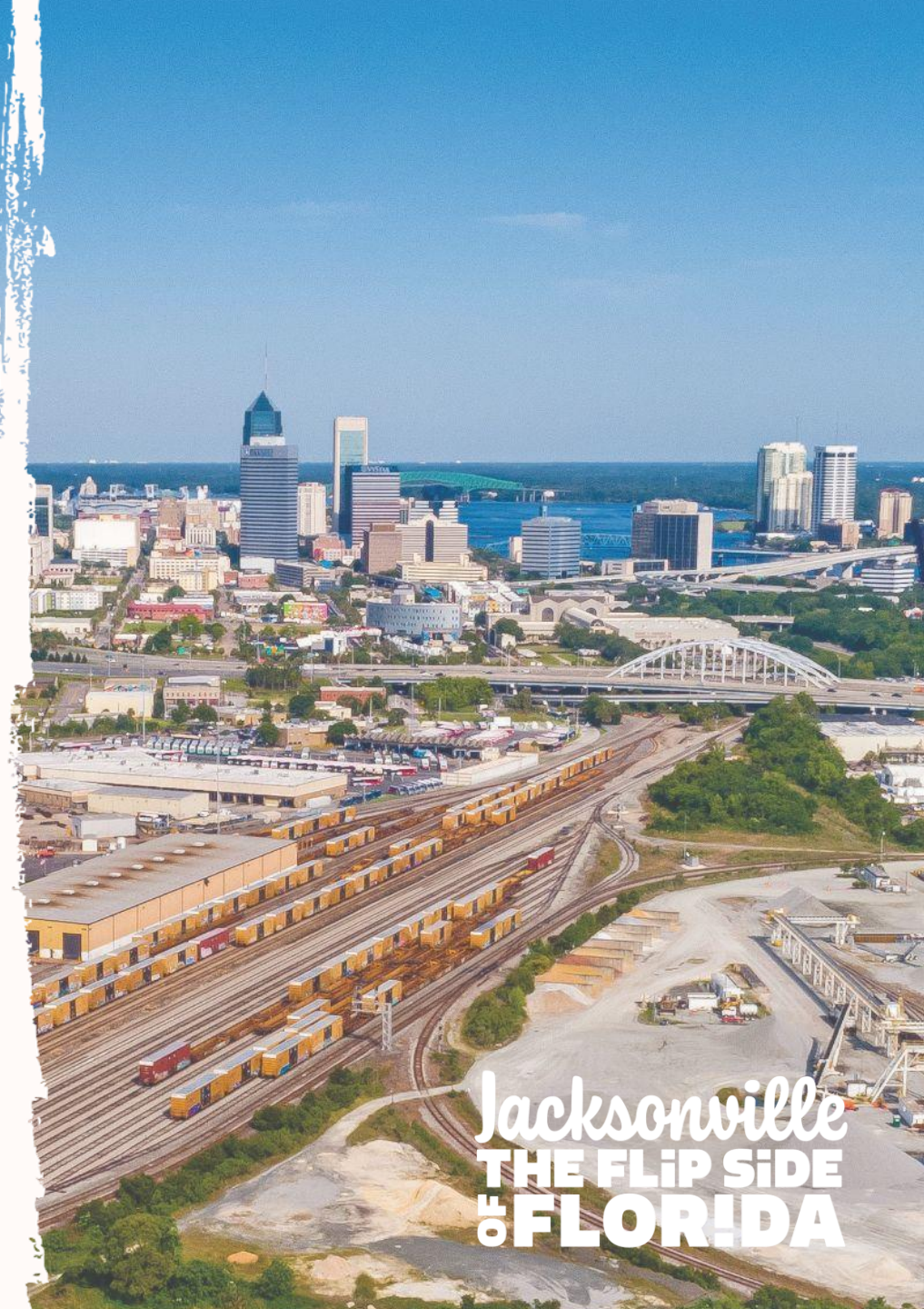
Metric	2023 (Actual)	2024 (Forecast)	2025 (Forecast)
Supply (Year Over Year)	+0.3%	+0.8%	+1%
Occupancy	63%	62.8%	63.2%
Average Daily Rate (Year Over Year)	+4.3%	+2.1%	+2%
Revenue Per Available Room (Year Over Year)	+5%	+2%	+2.6%
Real RevPAR vs. 2019	-4.9%	-6.2%	-6.1%

Source: STR, CoStar, Tourism Economics, June 2024



STR and Tourism Economics revised the growth projections for the remainder of 2024 and 2025. The latest revision reflects lower-than-expected performance thus far in 2024 as well as lessened growth projections for the remainder of the year.

For 2024, projected gains in average daily rate (ADR) and revenue per available room (RevPAR) were downgraded 1.0 percentage points and 2.1 pts, respectively. Occupancy for the year is now expected to decline after the previous forecast projected year-over-year growth in the metric. For 2025, an occupancy growth projection was kept in place, but downward adjustments were once again made to ADR (-0.8 pts) and RevPAR (-0.9 pts).



Duval County Custom Forecast 2024 (updated)

Occupancy	68.5%	-1.4%
ADR	\$118.07	1.2%
RevPAR	\$80.83	-0.2%

This forecast assumes one additional property will open later in the year for 132 rooms.

Source: STR

Duval County Custom Forecast 2025 (updated)



Occupancy	68.6%	0.1%
ADR	\$120.24	1.1%
RevPAR	\$82.87	1.2%

This forecast assumes that two additional hotels will open for an additional 220 rooms.

Source: STR

Forecasts by STR Chain Scales

2024 US Hotel Industry Forecast

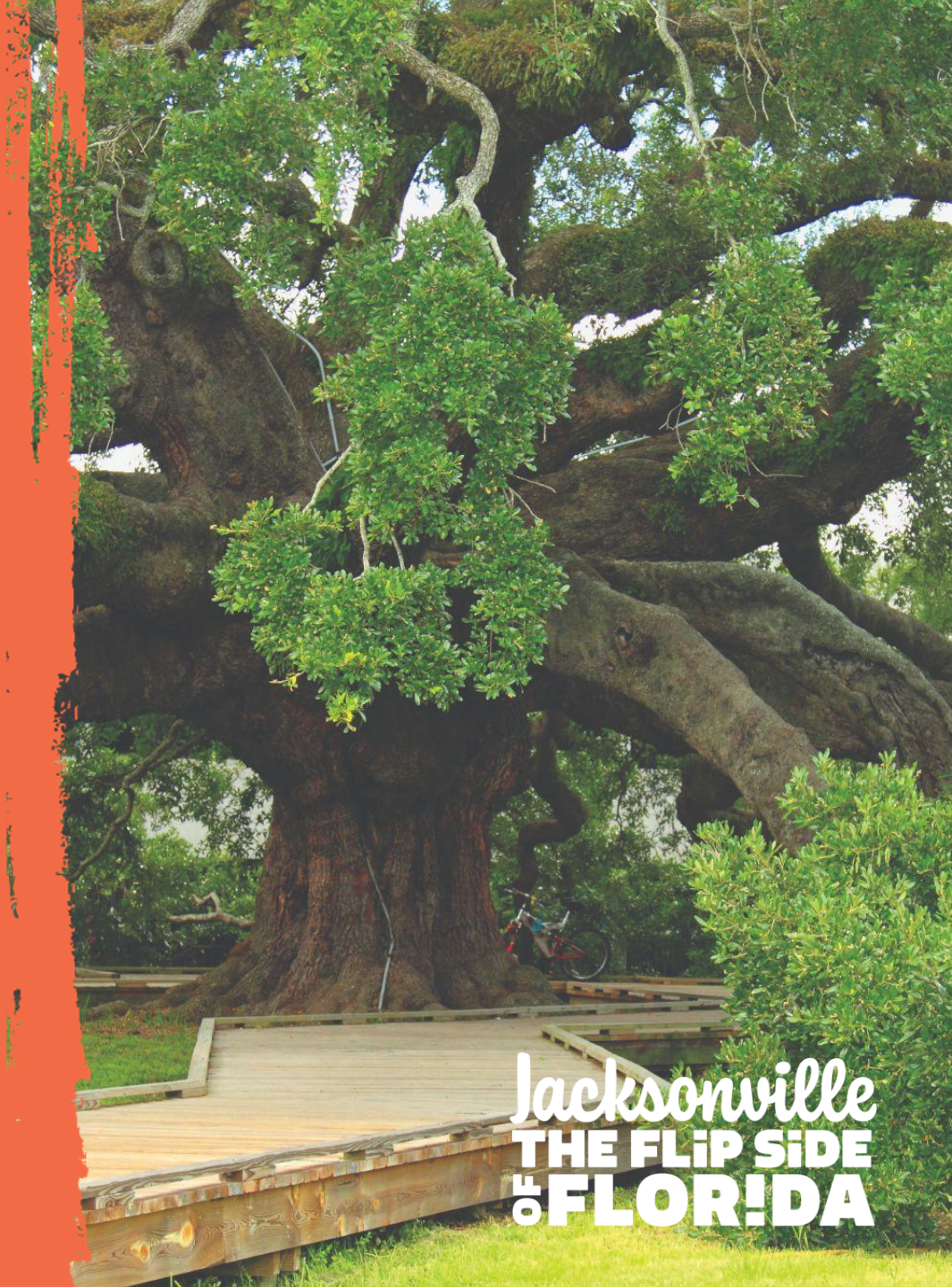
Chain Scales, Year-Over-Year Percent Change

Metric	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy
Occupancy	66.2%	68.3%	69.4%	65.8%	58.2%	54%
Occupancy (Year Over Year)	+0.8%	+0.8%	+0.3%	-0.5%	-1.4%	-1.9%
Average Daily Rate (Year Over Year)	-0.9%	+2.1%	+2.3%	+1.4%	+0.2%	-1.2%
Revenue Per Available Room (Year Over Year)	-0.2%	+2.9%	+2.6%	+0.9%	-1.2%	-3%



How's Tourism Doing in 2024?

- “We have seen a bifurcation in hotel performance over the first four months of the year, which we don’t believe will abate soon,” said **Amanda Hite, STR president**. “The increased cost of living is affecting lower-to-middle income households and their ability to travel, thus lessening demand for hotels in the lower price tier. The Upscale through Luxury tier is seeing healthy demand, but pricing power has waned given changes in mix and travel patterns and to a lesser extent, economic conditions. Travel remains a priority for most Americans, but the volume has lessened as prices on goods and services continue to rise.”
- The annual Summer Travel Index found 51% of respondents plan to travel as much as they did last summer, while 44% expect to travel even more. Survey from **Tripadvisor**



Jacksonville
THE FLIP SIDE
OF FLORIDA

Recent Comments from Industry Experts for 2024 and survey results

- "Still-elevated interest rates and easing wage growth have contributed to cautious business investment and pinched spending by many middle- and lower-income consumers," said Aran Ryan, director of industry studies at Tourism Economics, "Looking beyond this near-term pull-back in demand at lower-tier properties, we expect moderate travel growth to resume, supported by a tempered economic expansion and the continued rebound of group, business, and international travel."
- The current slow pace of supply growth is also favorable for existing hotels. The industry is now reaping the benefits of the high construction costs and the limited availability and high cost of financing that have severely constrained new construction starts over the past several years. As a result, most industry participants expect supply growth to be around 1% this year and remain muted for the next several years. Source: HVS
- Marriott CEO Anthony Capuano told CNBC, "The resilience we've seen for luxury travel has been one of the real bright spots in the recovery."
- The hotel industry is in the midst of an atypical cycle, but what do we expect, following such an atypical past few years? Travel and hotel demand expanded at such a breakneck pace, there was nowhere for it to go but down, which is where the industry sits now. But down is definitely not out, not by a long shot. Ellen Zentner, managing director and chief U.S. economist for Morgan Stanley, reminded us that "broadly speaking, the country is still in expansion."

Additional Comments Tourism 2024

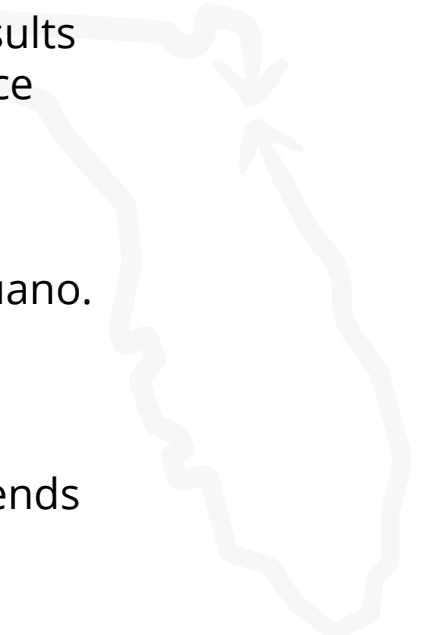


- The group demand segment is currently one of the brightest lights of the lodging industry, led by strong convention pace and booking activity. The corporate group sector, particularly small corporate meetings and events, also continues to grow. Business travel is a positive factor, too, as return-to-office trends continue and negotiated rates have increased as well. **Source: HVS**
- Cities and cultural or historical locations were tied for second place, with 44% of respondents listing one of these among their preferred destinations. Visiting one of America's 63 officially recognized national parks was just the ticket for 42% of respondents, while 40% said they wanted to see mountains. **Source: USA Today/Talker Research Survey**
- Americans travel an average of 2.9 times per year and most often they travel for leisure. Millennials are the group packing their bags most often, with an average of 3.4 getaways per year. **Source: USA Today/Talker Research Survey**
- Beaches top the list of desired trips, with 62% of Americans saying they target beaches when planning vacations. **Source: USA Today/Talker Research Survey**
- To help defray the expense, 53% of Americans have used or plan to use their rewards from credit card rewards or travel loyalty programs to reduce their out-of-pocket costs for airfare and hotel expenses. **Source: USA Today/Talker Research Survey**

What the CEOs are saying

from the NYU Investment Conference

- “Bill Gates got it wrong when he said business travel would drop 50% long-term [due to COVID],” Bill Hoplamazian, Hyatt Hotels Corp. exclaimed as he shared Hyatt’s improving business travel data. “Business travel has New York City booming, while our leisure travel is still growing (despite softening as revenge leisure travel fades). Our corporate business is up 12% year-to-date and our business transient is up 6%,” he said.
- Hilton CEO Chris Nassetta gave the longer-term perspective stating that the hotel industry is set up for at least a 10- to 20-year run. “We spend too much time on quarter-to-quarter results as we are all in this for the long haul,” he said. “People want to see the world and experience things. Everyone has greater mobility, there is better infrastructure and people have more flexibility in their work lives.”
- “Group is the strongest performing segment,” added Marriott International CEO Tony Capuano. “Demand for group is extraordinary.”
- The tone was overall positive as they suggested price resiliency and pace was picking up, especially for group business, even in an election year when group business traditionally tends to slow down. “That’s not what’s happening right now,” Hoplamazian said.



Challenges and Upsides for the current State of Travel



- High prices are having an impact on consumer spending on travel, those high prices are hitting hotel owners in their wallets as well. Rather than pay high loan-servicing costs, high capital-expenditure bills and high performance-improvement-plan requirements from brands, hotel owners are getting more anxious to sell hotels now, many experts said at the conference today. Could this signal more sales? Many think so. **Stephanie Ricca, editorial director, HNN**
- “Conditions across the country are slowing, but not falling off a cliff.” Inflation and overall high costs are driving travelers at the lower-income end of the spectrum to slow travel down, and middle-income Americans are starting to trade down, she said. But the group that continues to spend, spend, spend? “The wealthy are just not slowing down,” citing high spending across all goods and service classes. **Ellen Zentner, managing director and chief U.S. economist for Morgan Stanley**
- 52% surveyed intend on prioritizing travel spending in the next three months. 87% of US Travelers already have trips planned for 2024. **Source: Miles Partnership**
- Nearly 75% of travelers agree that when choosing a destination to visit, affordability is the most important and they desire info on the food scene and transportation. **Source: Miles Partnership**

Top 10 Meetings and Leisure Markets DMA*

Meetings

	Washington, DC
	Indianapolis, IN
	Jacksonville, FL
	Chicago, IL
	Orlando, FL
	Tallahassee, FL
	Birmingham, AL
	Atlanta, GA
	Memphis, TN
	Gainesville, FL

Leisure/Transient

	Orlando, FL
	Tampa, FL
	Atlanta, GA
	Savannah, GA
	Tallahassee, FL
	Miami, FL
	West Palm Beach, FL
	Gainesville, FL
	New York, NY
	Charlotte, NC



*DMA - Designated Market Area Visitors May 2023-April 2024

Visitors = Local Economic Impact

- The estimated total economic impact of visitors to Duval County in 2023 was **\$3.97 billion (estimated)**.
- Over **\$552.3 million** of that was taxable hotel room sales resulting in over **\$31.9 million** in bed taxes collected.



Visitor Spending per Trip Party

Accommodations	\$412.00
Retail	\$126.00
Food & Nightlife	\$197.00
Attractions & Outdoor Rec	\$217.00
Gas & Service Stations	\$86.00
Total	\$1,038.00

Visitors = Local Economic Impact

In-State Visitors % of Total

42.3%

↗ **6%** | **40.0%**
change | prev. year

Out-of-State Visitors % of Total

57.7%

↘ **-4%** | **60.0%**
change | prev. year

% of Day Trip Visitors

39.7%

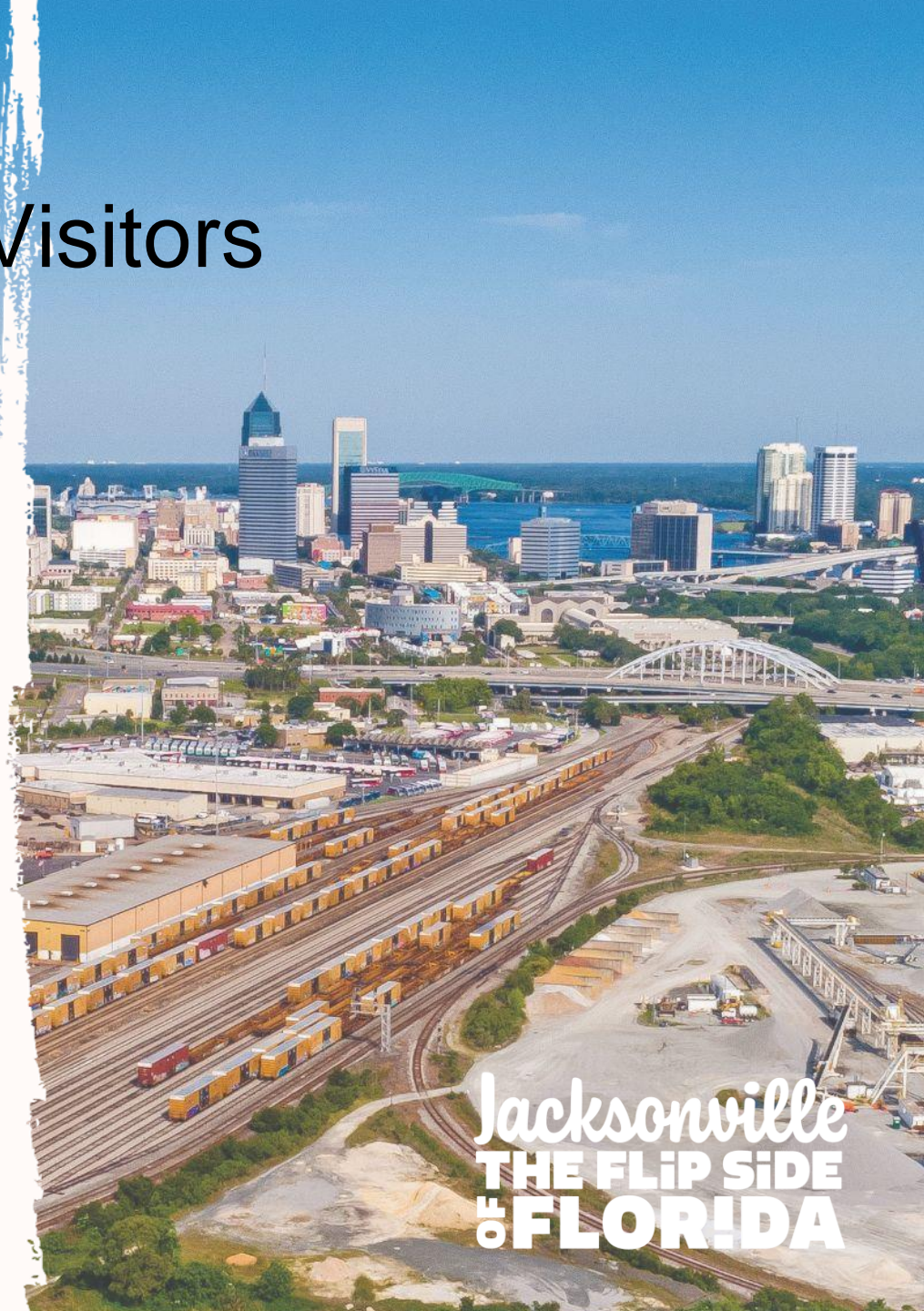
↗ **35%** | **29.4%**
change | prev. year



Source: Zartico Geolocation Data Visitors during May 1, 2023 to April 30, 2024

Top Attractions Frequented by Visitors

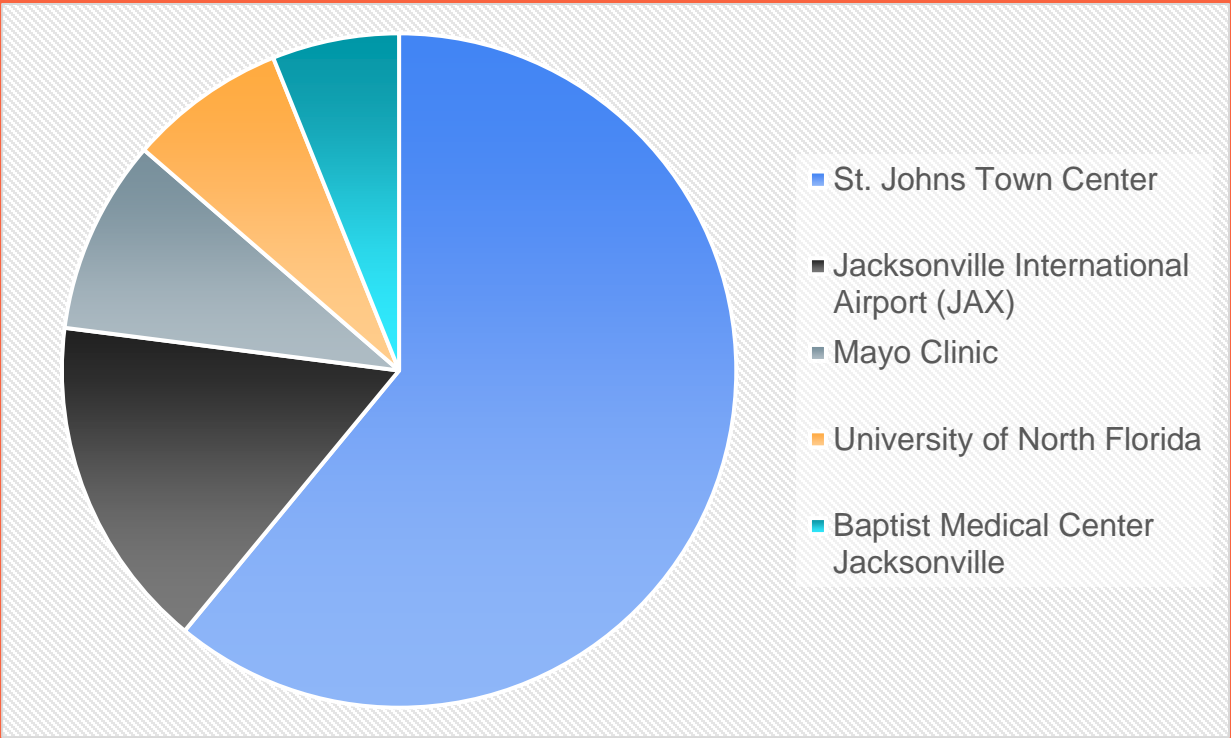
- St. Johns Town Center
- EverBank Stadium
- Kathryn Abbey Hanna Park
- The Jacksonville Zoo and Gardens
- Beaches Town Center
- VyStar Veterans Memorial Arena
- Talbot Island State Parks
- Topgolf Jacksonville
- Thomas Creek Conservation Area
- Bulls Bay Preserve



Source: Zartico Geolocation Data

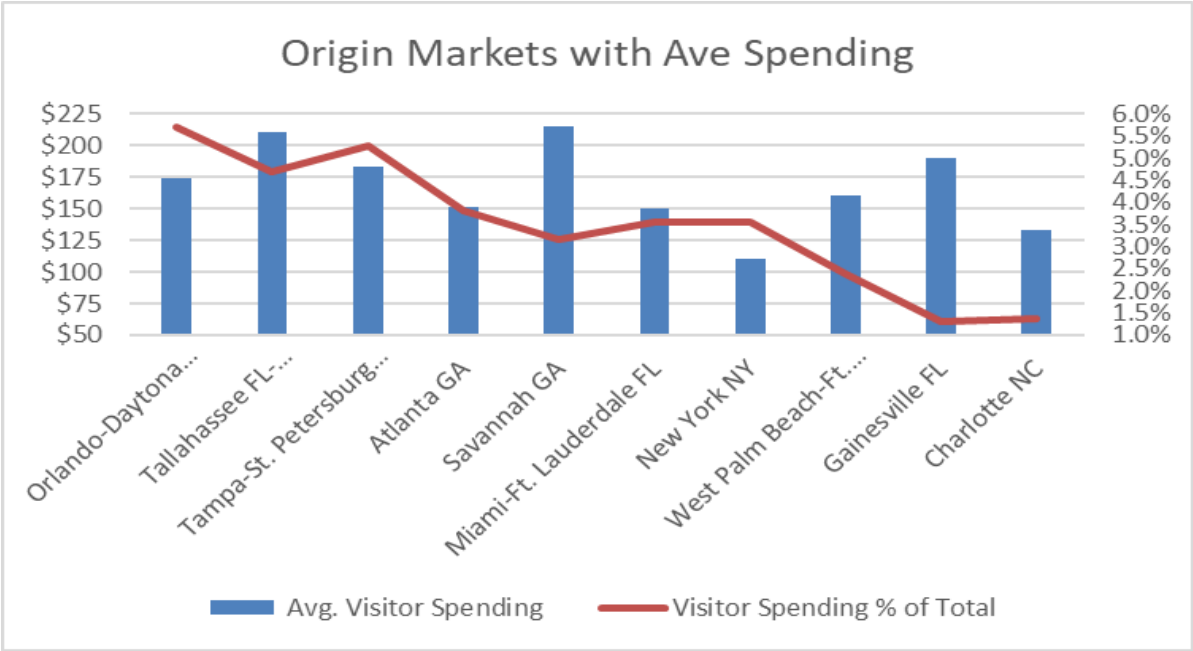
May 1, 2023 – April 30, 2024

Top 5 Overall Points of Interest by Visitors



Source: Zartico/Near Data

Top 10 Origin Markets for Spending and volume of Visitors by DMA*



*DMA - Designated Market Area This data includes day trip visitors. Source: Zartico/Near/Affinity Solutions

Visitors from May 1, 2023 - April 30, 2024

New Properties

- Tru by Hilton Jacksonville Airport opened Feb 2024.
- Tru by Hilton Jacksonville Westside opened Mar 2024.
- AC Hotel by Marriott Jacksonville Town Center opened Mar 2024.
- Home2 Suites by Hilton Jacksonville Downtown, opening April 2024.
- TownePlace Suites by Marriott Jacksonville Airport, opening Summer 2024.
- Cambria off I-295 & Baymeadows- 7826 Ozark Drive opening late 2024/Early 2025.

