

What's Projected for 2023? Future Forecast for Jacksonville



Per STR:

Jacksonville has been one of the lodging industry's best performing markets over the past two years. Year to date RevPAR is 17% above the same period in 2019, one of the top five growth rates among the 40 largest hotel markets. There could be a slight slowing in 2023, due to uncertainty about the economic outlook and growing fears of a recession.

The market's performance in 2021 and 2022 has been led by remarkably strong leisure travel. Jacksonville's positioning as a drive-to leisure destination was a competitive advantage following the onset of the pandemic, as travelers opted to drive rather than fly and showed a preference for outdoor destinations, particularly beaches.

Strong leisure travel has offset the slow return in group business, which generated nearly 30% of total occupancy prior to the pandemic but only 20% year to date 2022.

The current iteration calls for 3% ADR growth for the US hotels in 2023. STR/CoStar national director for hospitality market analytics, Jan Freitag said "it became obvious quickly that room rate discounts did not induce demand so operators who stuck to their rates are now in a much better position to drive ADR."

Freitag feels that group demand will continue. He also commented that "a slight slowdown in the beginning of the year could lead to a slowdown in those internal group meetings but make no mistake: As the economy kicks into a higher gear in the fall, those meetings will happen."

US Travel Predicts Steady Domestic Travel And A Slight Recession In 2023. Travel spending moderated a bit in October after reaching a pandemic high in September but remains positive at 3% above 2019 levels.

- Strong headwinds continue to prevent international inbound travel recovery. Overseas arrivals remained 30% below 2019 levels in October.
- Despite increasing airfares, air passenger volume continues to steadily improve and was 5% below 2019 levels in October.
- Nearly eight in 10 current business travelers expect to attend a conference, convention, or tradeshow in the next six months—similar but slightly down from Q2 2022.
- Just over half of American travelers believe they will make leisure travel a high spending priority in the next three months—a 10 month low.
- The latest U.S. Travel Forecast projects the following:
 - Continued resilience of domestic leisure travel, which has surpassed pre-pandemic levels.
 - Continued improvement in domestic business travel, with a slight slowdown in 2023 as the economy enters a mild recession. A full recovery in terms of volume is still forecasted for 2024, but inflation-adjusted spending recovery remains beyond the range of the forecast.

- Sluggish recovery for international inbound travel as it continues to face headwinds, with a full recovery not expected prior to 2025.

<https://www.ustravel.org/research/travel-forecasts>

Cruising is forecasted to be strong:

The leading global cruise industry trade group Cruise Lines International Association (CLIA) expects in a baseline forecast to surpass pre-Corona levels by the end of 2023, and passenger numbers are even forecast to increase by 12% in 2024 compared to 2019.

<https://www.isl.org/en/news/the-global-cruise-industry-hope-2023>

Meetings will bring higher spending and more business in 2023 per Meetings Industry Pulse Survey:

43% planners will produce their next event in Q1 2023

Budgets are flexing, but costs remain the top concern

Planners are trying to find cost savings measures in areas not to diminish attendee experience

Satisfaction levels are slightly up, is this a progress or adjusting to current realities (or both)?