

Tourism Updates

August 2024



US Forecast

US Hotel Forecast

Percent Changes Represent Year-Over-Year Comparisons

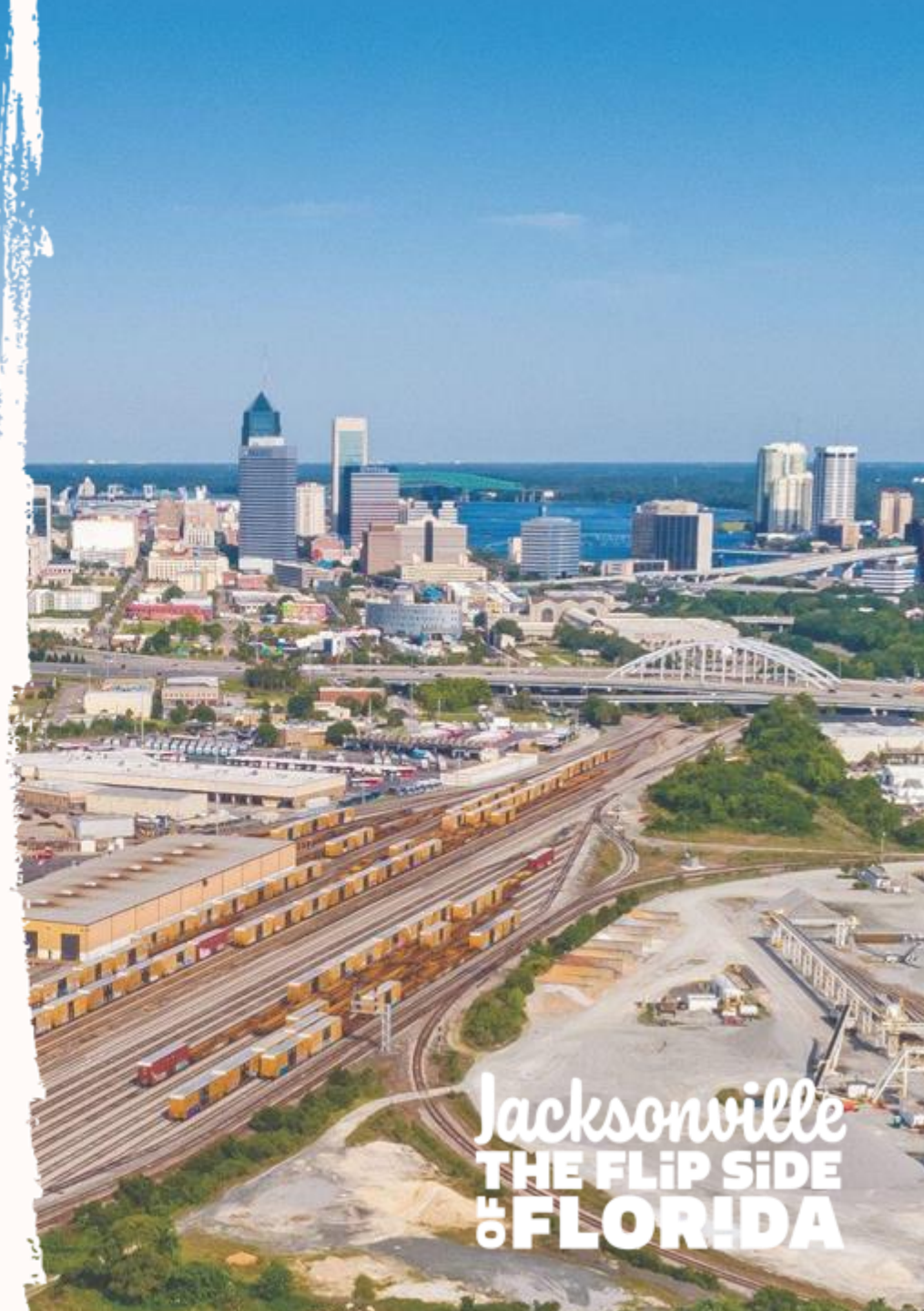
	2023 Actual	2024 Forecast	2025 Forecast
Occupancy	63.0%	63.0%	63.4%
Average Daily Rate	+4.3%	+2.0%	+2.0%
Revenue Per Available Room	+5.0%	+2.0%	+2.6%
Real Revenue Per Available Room Compared with 2019	-4.8%	-5.9%	-6.0%

Source: STR, Tourism Economics, August 2024



STR and Tourism Economics maintained their overall U.S. hotel performance forecast for 2024 and 2025 with a few slight adjustments. The forecast downgraded its average-daily-rate projection by 0.1 percentage points to 2% while upgrading occupancy by 0.2 percentage points to 63%, leading revenue per available room steady at 2% growth for the year.

For 2025, the forecast also included an upgrade of 0.2 percentage points in hotel occupancy to 63.4%. ADR and RevPAR remain unchanged at 2% and 2.6% growth, respectively.



Duval County Custom Forecast 2024 (updated)

Occupancy	67.3%	-3.3%
ADR	\$114.93	-1.5%
RevPAR	\$77.30	-4.7%

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

Source: STR

Duval County Custom Forecast 2025 (updated)



Occupancy	67.9%	1.0%
ADR	\$117.19	2.0%
RevPAR	\$79.61	3.0%

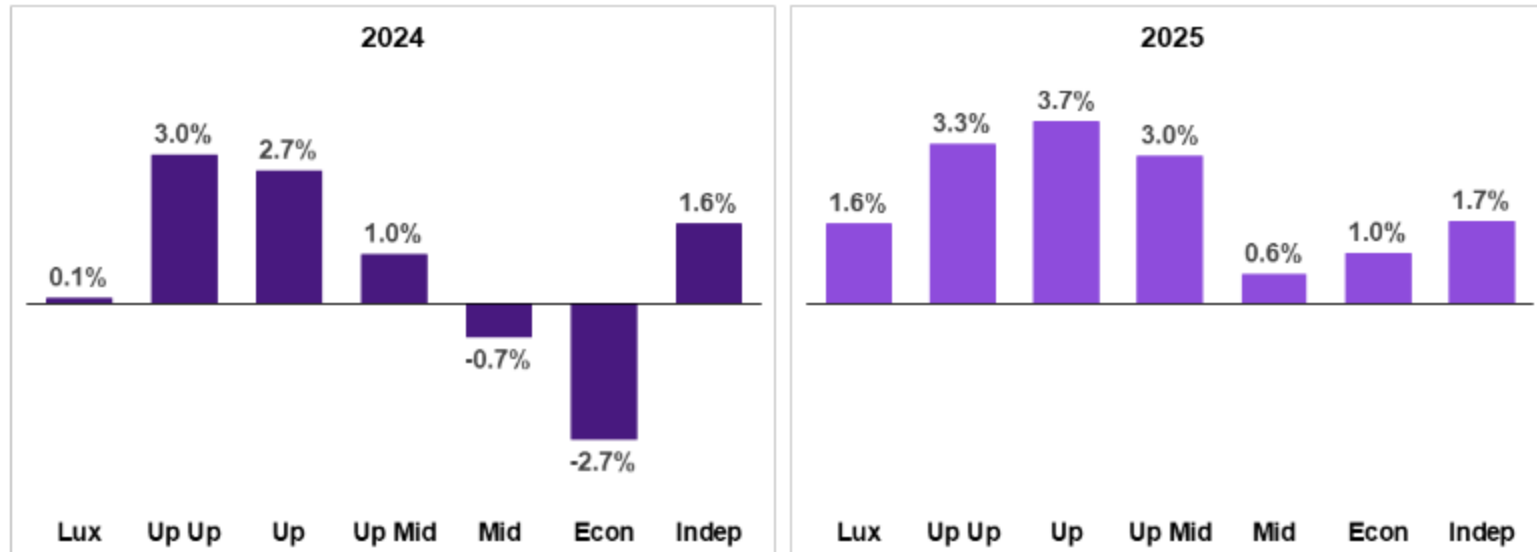
*This forecast assumes that two additional hotels will open for an additional 318 rooms.
Source: STR*

Forecasts by STR Chain Scales



Growth to remain concentrated in upper-tier chains

U.S. RevPAR, YoY % change

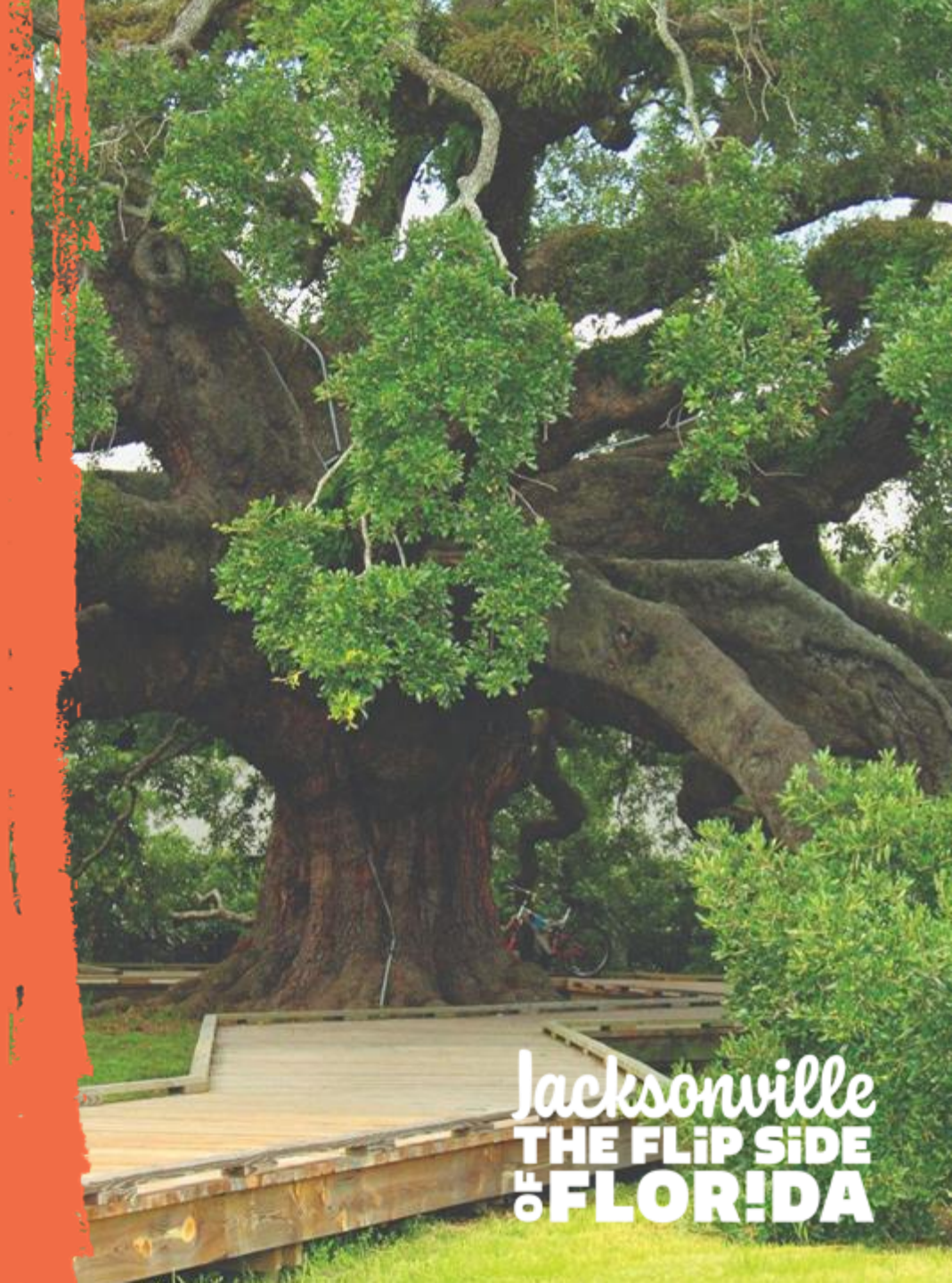


Source: Tourism Economics; STR



How's Tourism Doing in 2024?

- "Economic growth is expected to be slower next year, but with strong household balance sheets, a gradual upswing expected in business investment, and moderating inflation, we anticipate a favorable context for moderate travel growth, said **Aran Ryan**, director of industry studies at **Tourism Economics**. "Further gains in international inbound travel, as well as in business and group travel, are also expected to help support lodging demand growth next year."
- "Midscale and Economy hotels are continuing to feel the effect of fewer lower-income travelers," said **Amanda Hite, STR president**. "On the other hand, high-income households continue to travel, but domestic levels are constrained due to an increase in outbound travel. The stronger dollar continues to pressure international inbound demand, especially as the cost-of-living crisis continues in Europe and airlift rebuilds across Asia Pacific."



Jacksonville
THE FLIP SIDE
OF FLORIDA

Recent Comments from Industry Experts for 2024 and survey results

- **Vail Ross**, managing director of **2Synergize**, said group demand in June 2024 in the U.S. has almost caught up with its June 2019 level, which picked up steam at the beginning of 2024. “Booking and events and room nights have a correlation, and hoteliers are refamiliarizing themselves with rooms demand trend.” One concern is that groups continue to book hotel stays with little notice, keeping the booking window very short, Ross said.
- **Oxford Economics**, an economic advisory firm, raised its forecast of economic growth for this year, even after the market turmoil. It now projects the economy to grow 2.6% this year, better than the 2.3% it had previously estimated, as initial readings of second-quarter growth came in far better than expected. It added 0.1 percentage points to its forecast of economic growth in 2025, to 1.9%.
- “While we also expect marginally lower full-year RevPAR in the U.S. and Canada than we had previously anticipated in part due to less group business, the first two weeks of November, given the intense focus on the U.S. presidential election. Overall RevPAR trends in the U.S. and Canada in the back half of the year are expected to remain relatively steady with the first six months of the year.” **Leeny Oberg**, Chief Financial Officer and Senior Vice President, Development, **Marriott International**
- The updated outlook range “implies 2% to 3% [RevPAR growth] for both [third and fourth] quarters. If you look at what’s going on so far in the third quarter, it has been a touch softer. And as we get into the fourth quarter, the expectation would be as the bigger business-travel months of October and the first part of November kick in, particularly in the U.S., that there would be a little bit of strengthening in RevPAR growth.” **Kevin Jacobs**, Chief Financial Officer and President of Global Development, **Hilton**

Additional Comments Tourism 2024



- "We expect full-year system-wide RevPAR growth between 3% and 4% compared to 2023 and expect group and business-transient revenue growth to outpace leisure transient for the second half of the year. We anticipate United States RevPAR growth for the full year of approximately 2% compared to 2023 led by group and business travel in the third quarter. **Joan Bottarini**, Chief Financial Officer.
- Despite a significant decline in the rate of inflation in the U.S. the past couple of years, according to the latest **Longwoods International** tracking study of American travelers, 57% of them report that inflation is still impacting their decision to travel in the next six months. And the percentage of travelers who say that inflation will greatly impact their travel decisions in the next six months jumped from 24% in July to 30% in August, the highest level in 2024.
- More than half of American travelers (50.9%) took an overnight leisure trip in the past month. Similarly, at 50.6 percent, the majority took an overnight trip to visit friends or relatives in the past month, pointing to a strong summer travel season so far, well above 2023 summer levels. Looking at the data broken out by generations, Millennial travelers (61.2%) were the most likely to have taken an overnight leisure trip in the past month, followed closely by Gen Z travelers (58.0%). **The State of the American Traveler by Future Partners August 2024**
- The August survey for **The State of the American Traveler by Future Partners August 2024** found the one-in-five Americans agree that they usually need to borrow money that they can't pay back immediately. An estimated 43 percent of Gen Z travelers said they borrowed funds to cover the cost of up to 50 percent of this trip, with the majority (57.3%) saying they borrowed any amount of funds to cover this trip's cost.

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**

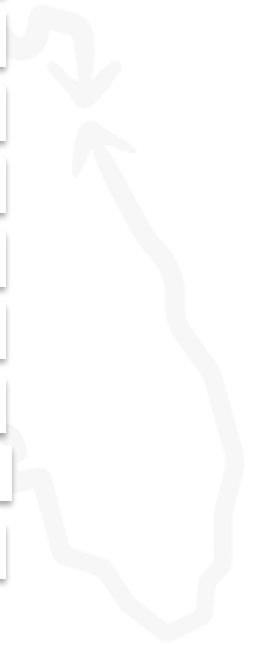
Top 10 Meetings and Leisure Markets DMA*

Meetings

	Jacksonville, FL
	Washington, DC
	Indianapolis, IN
	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 August 2023 - July 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	\$403.00
Retail	\$127.00
Food & Nightlife	\$231.00
Attractions & Outdoor Rec	\$313.00
Gas & Service Stations	\$91.00
Total	\$1,165.00

Visitors = Local Economic Impact

In-State Visitors % of Total

42.2%

↗ **3%** | **41.0%**
change | prev. year

Out-of-State Visitors % of Total

57.8%

↘ **-2%** | **59.0%**
change | prev. year

% of Day Trip Visitors

43.4%

↗ **37%** | **31.7%**
change | prev. year



Source: Zartico Geolocation Data Visitors during August 1, 2023 to July 31, 2024

Top Attractions Frequented by Visitors

- St. Johns Town Center
- Pumpkin Hill Creek Preserve State Park
- Ribault River Preserve
- EverBank Stadium
- Kathryn Abbey Hanna Park
- The Jacksonville Zoo and Gardens
- Beaches Town Center
- VyStar Veterans Memorial Arena
- Talbot Island State Parks
- Bulls Bay Preserve

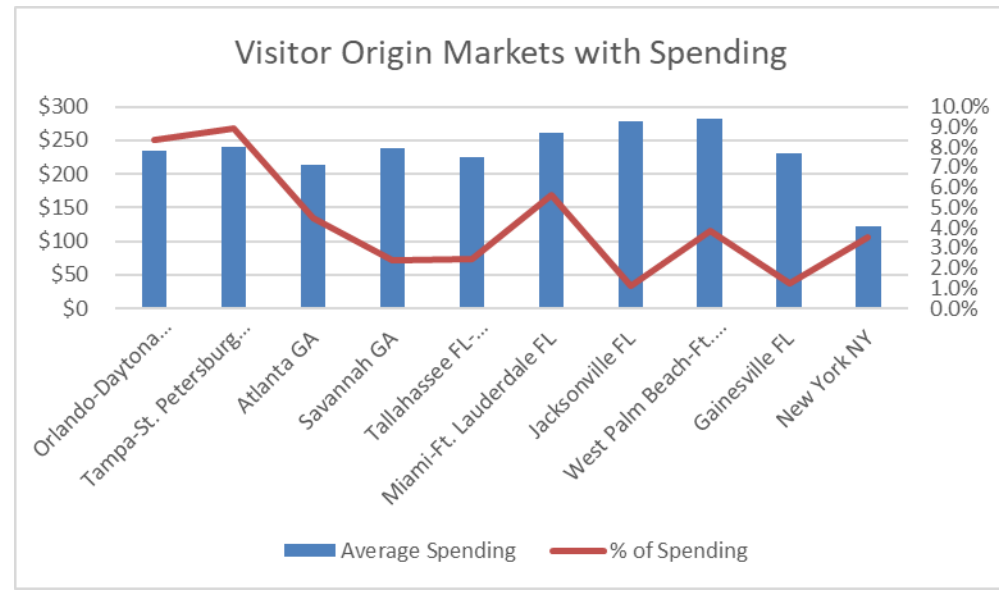


Top 5 Overall Points of Interest by Visitors



- St Johns Town Center
- Jacksonville International Airport (JIA)
- Mayo Clinic
- Pumpkin Hill Creek Preserve State Park
- University of North Florida

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 August 1, 2023 – July 31, 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 June 2024.
- Cambria off I-295 & Baymeadows- 7826 Ozark Drive opening late 2024/early 2025.
- Tru by Hilton in Southside at 4945 Lenoir Ave, opening early 2025.
- TownePlace Suites Mayport – 93 rooms- located at 2580 Mayport Road, opening early 2025.
- Hilton Hotel at Mayo Clinic 252 rooms, opening late 2025
- B&B Hotels Jacksonville (Westside) Off Lane Ave & I-10 on Ramona Blvd – purchased by French company Batipart to be managed by B&B Hotels – 168 rooms, opening early 2025.

