Spelling out the Economy's Future

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Tourism Economics

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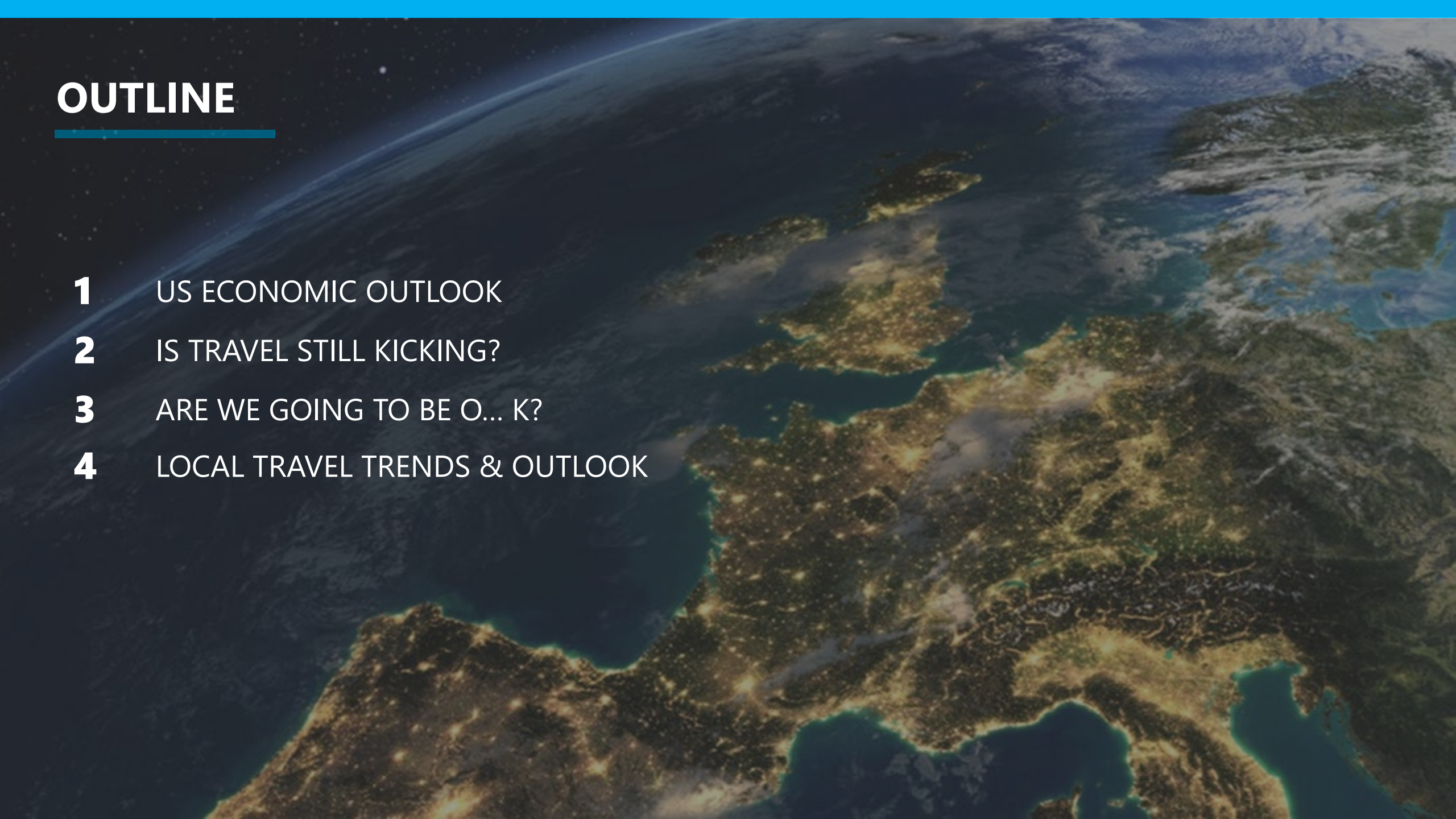
OUTLINE

1 US ECONOMIC OUTLOOK

2 IS TRAVEL STILL KICKING?

3 ARE WE GOING TO BE O… K?

4 LOCAL TRAVEL TRENDS & OUTLOOK



Economists are not illiterate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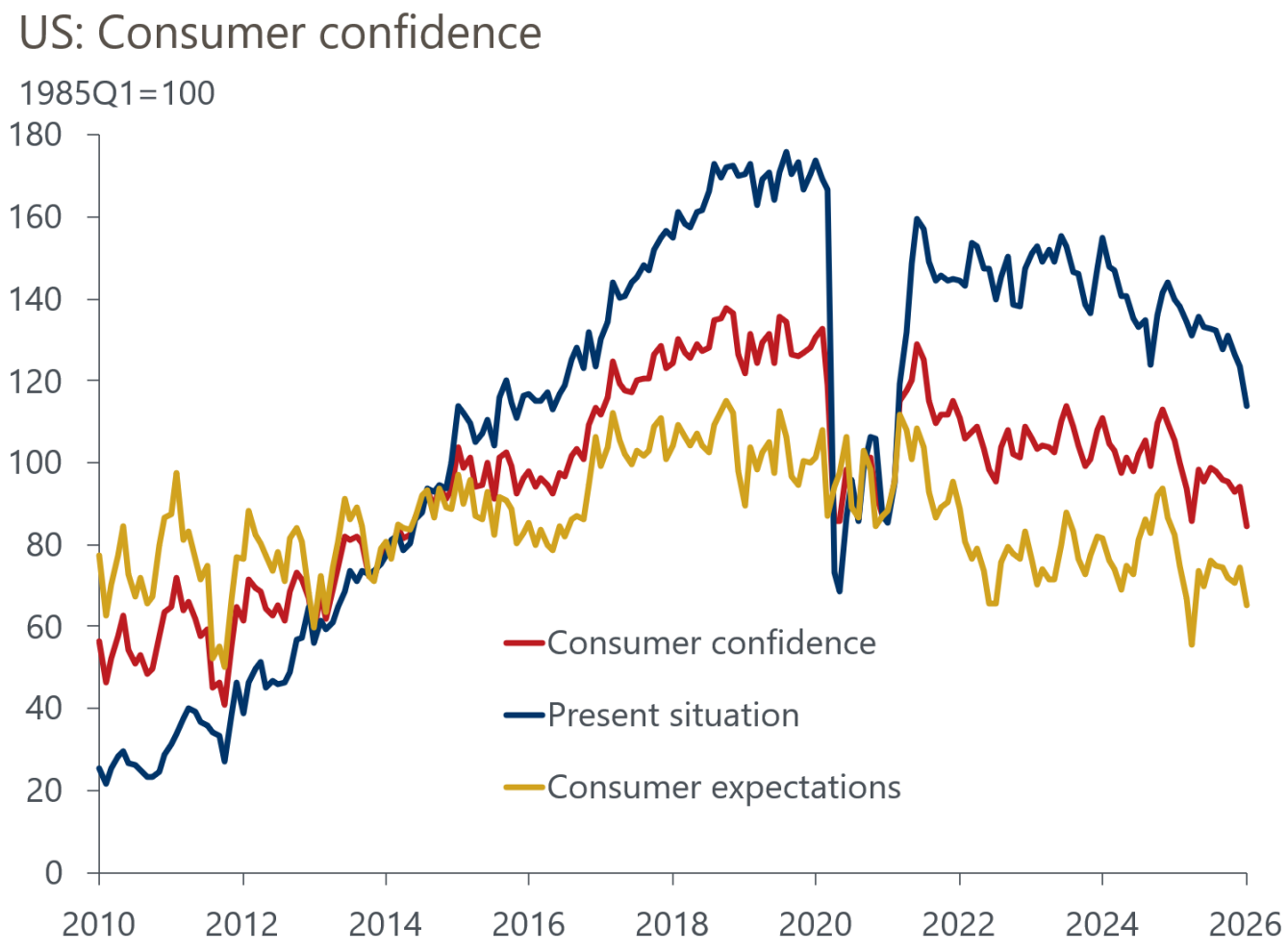
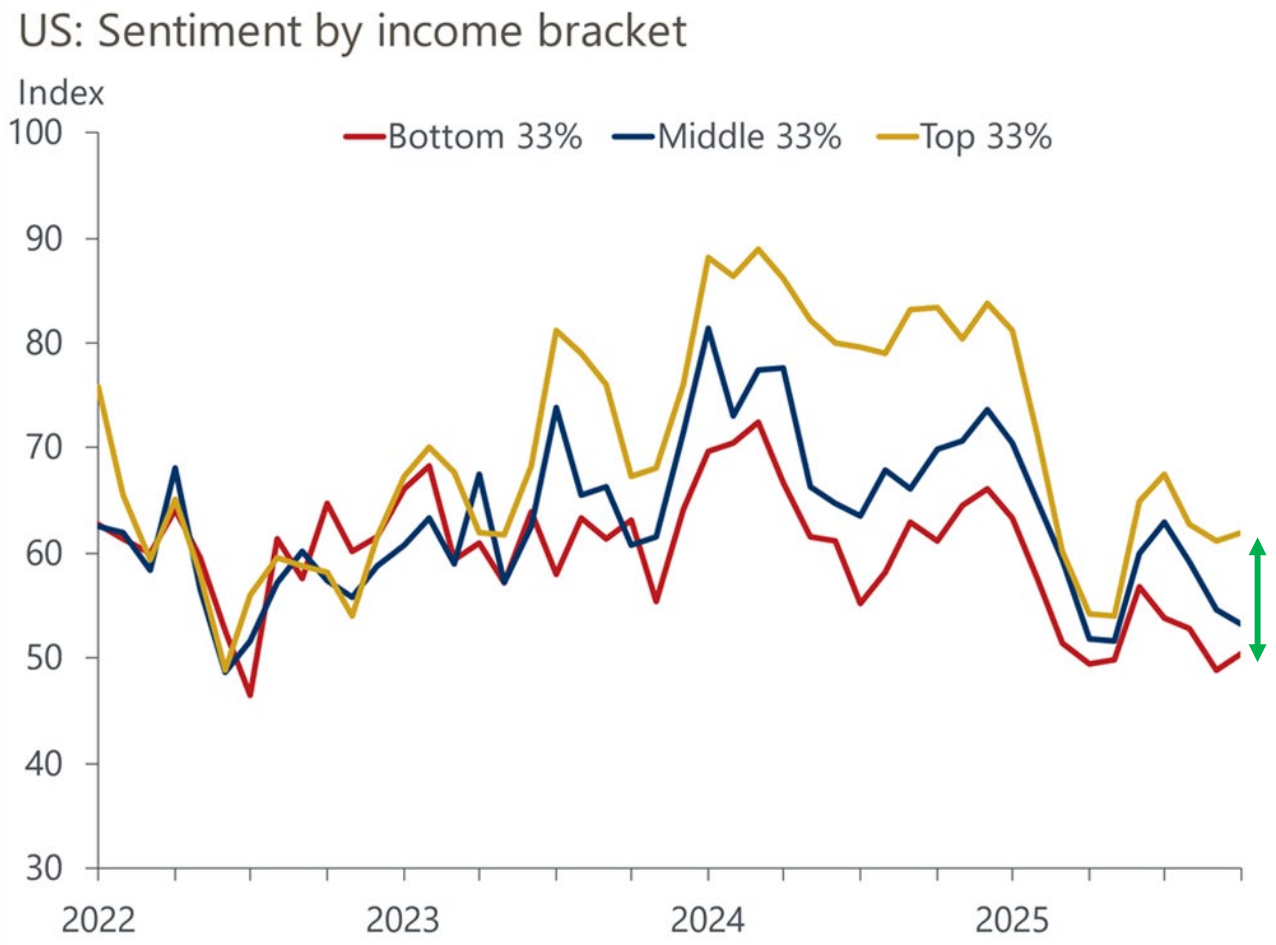
K
SESAME STREET

Consumers remain downbeat



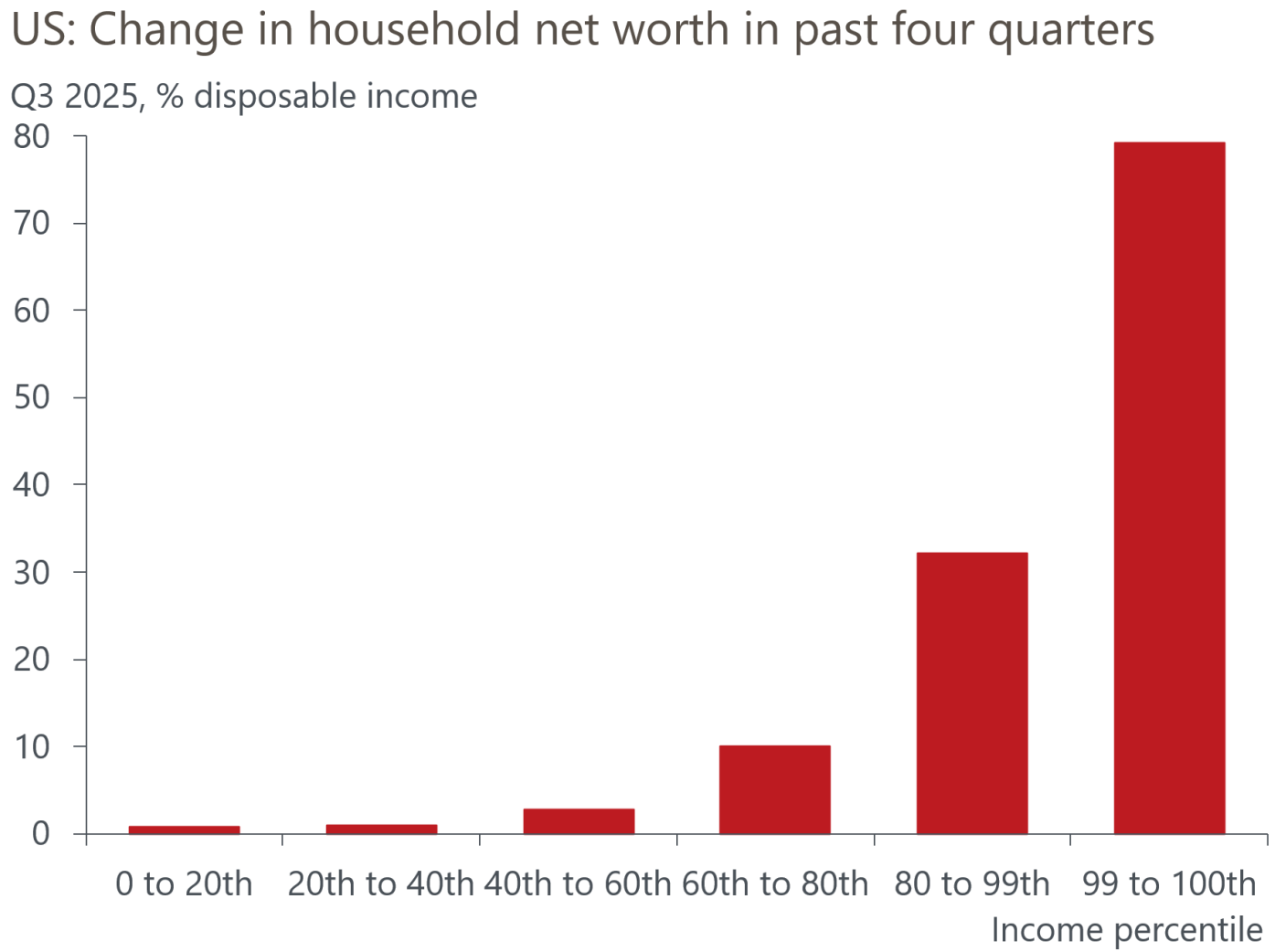
Source: Oxford Economics/Haver Analytics

But high-income respondents are in a better mood

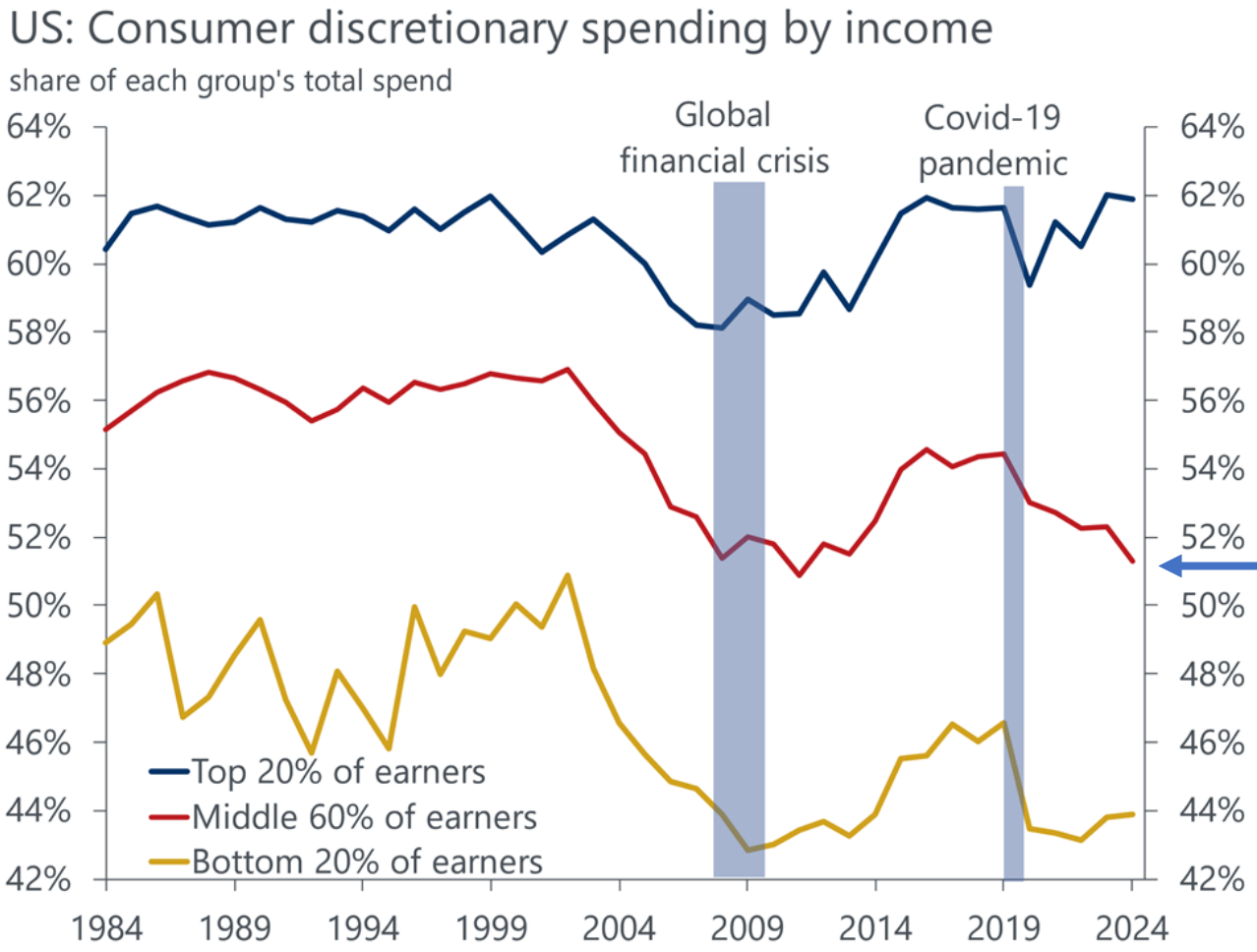


Source: Oxford Economics/Haver Analytics

Reason: the top 20% ARE ok



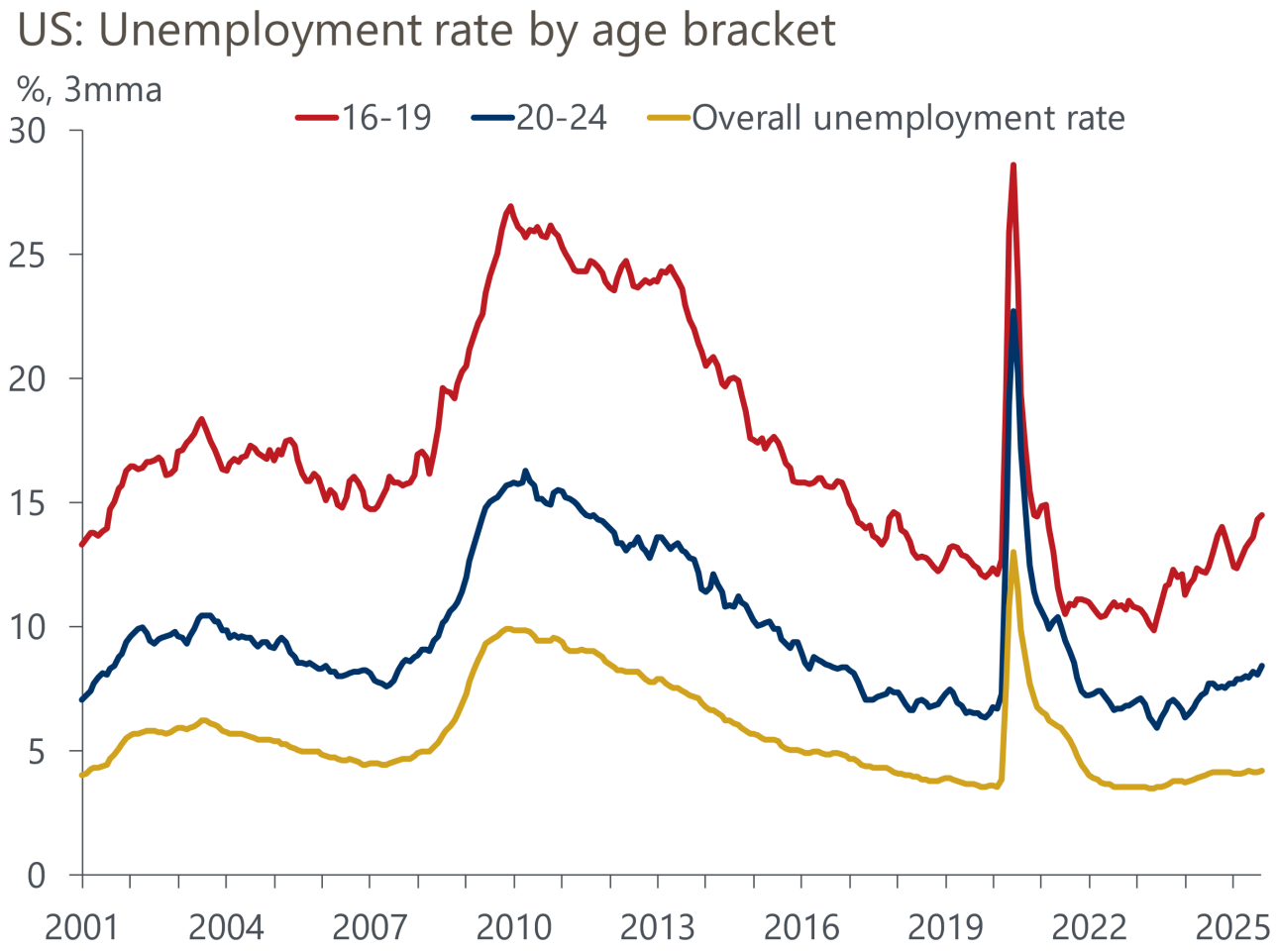
Middle and bottom earners are under pressure



Middle 60% spending a lower share of income on discretionary stuff

Source: Oxford Economics/Haver Analytics

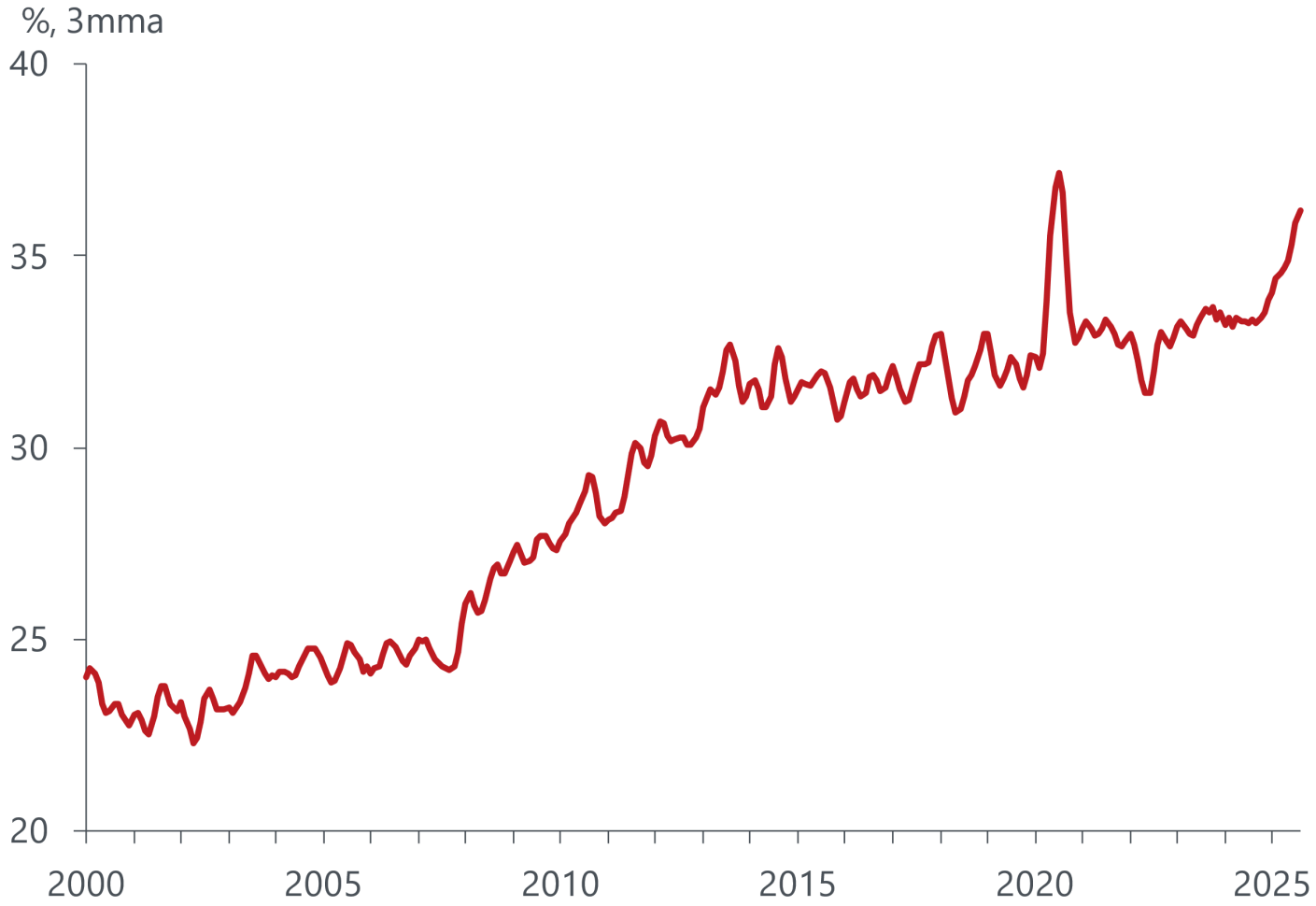
“K” is for Kids


US: Unemployment rate by age bracket
%, 3mma
16-19
20-24
Overall unemployment rate
30
25
20
15
10
5
0
2001
2004
2007
2010
2013
2016
2019
2022
2025

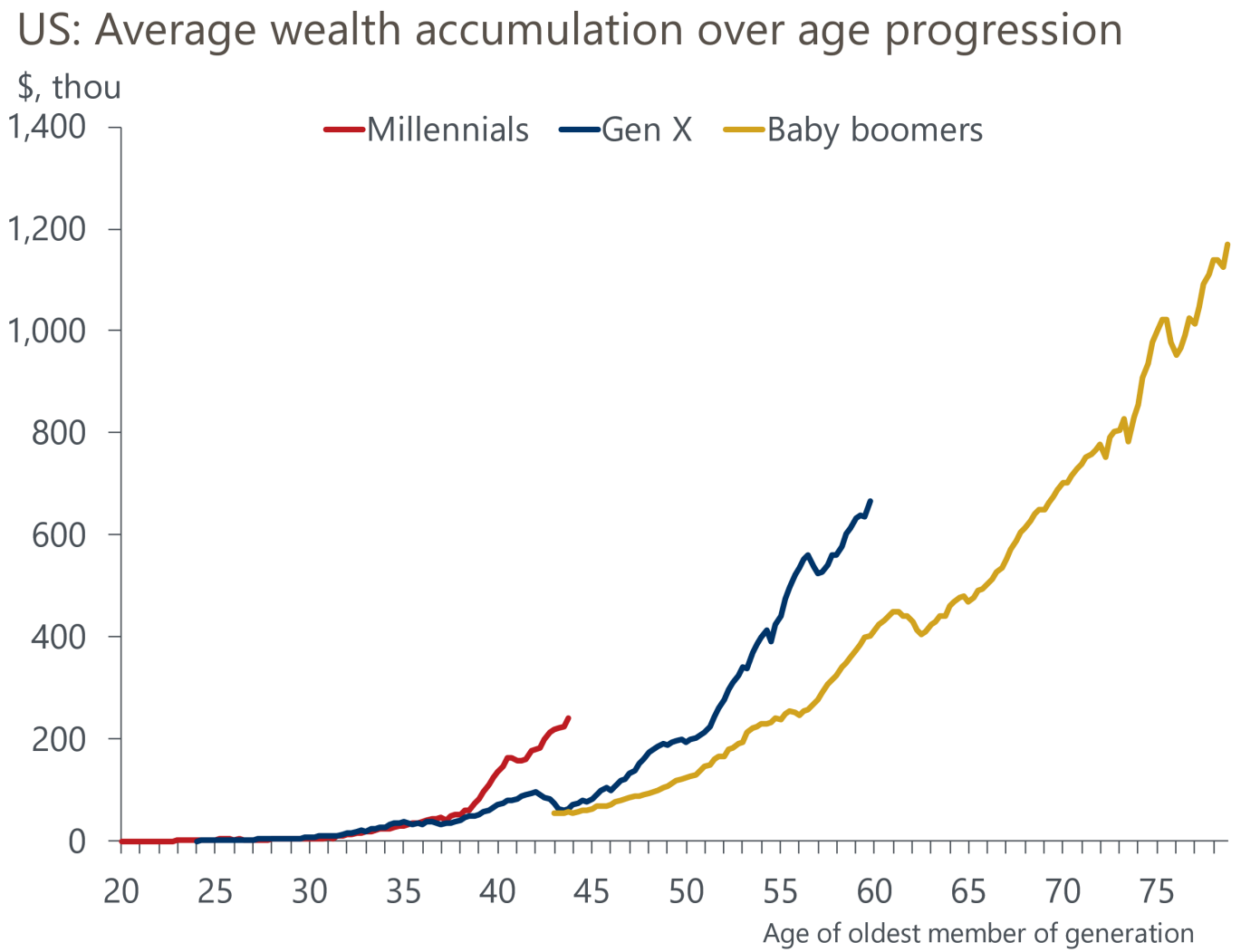

K

At least families are staying together

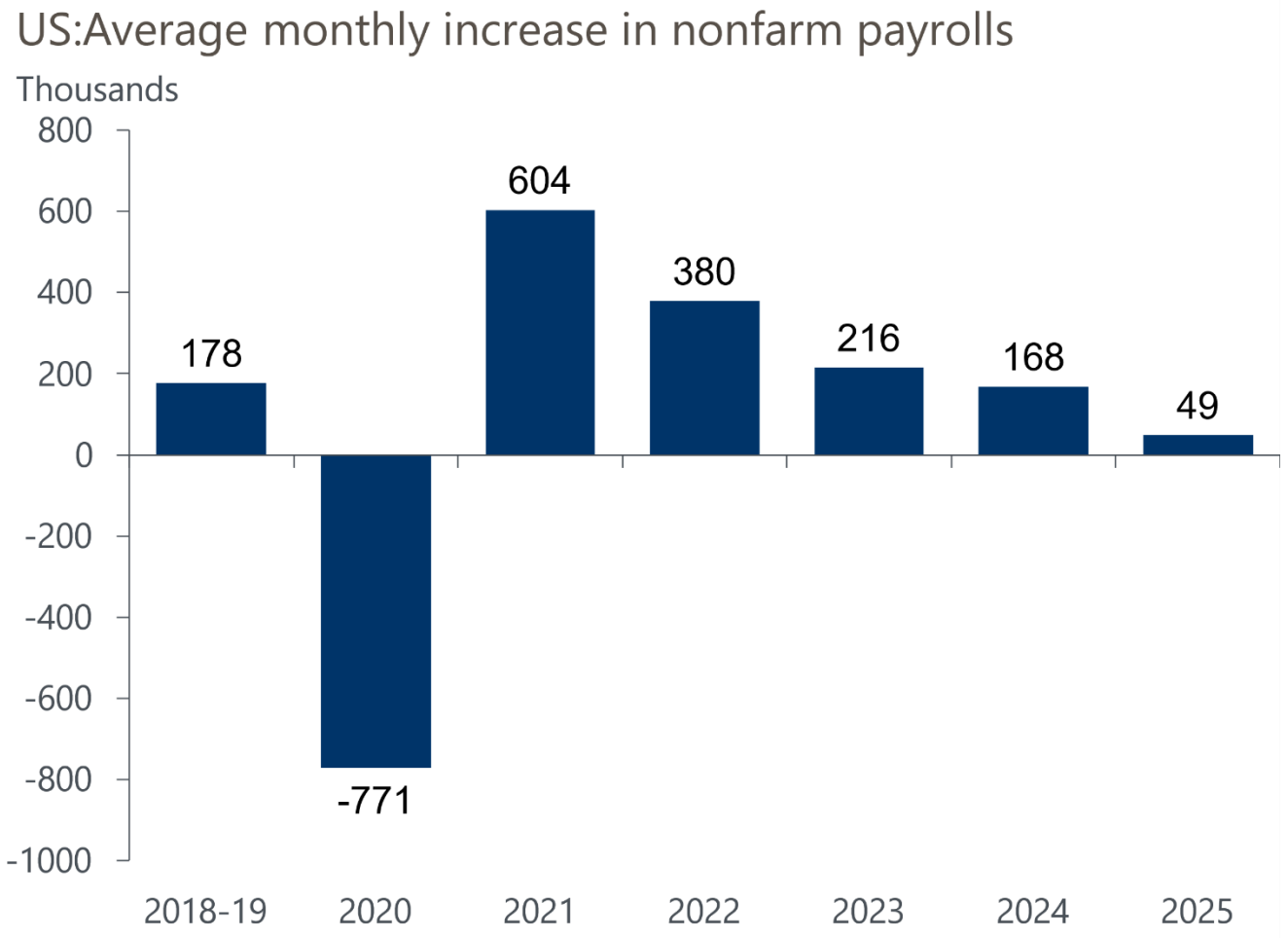
US: Share of adults aged 22-28 living with their parents



Hey, great job millennials!



A new reality



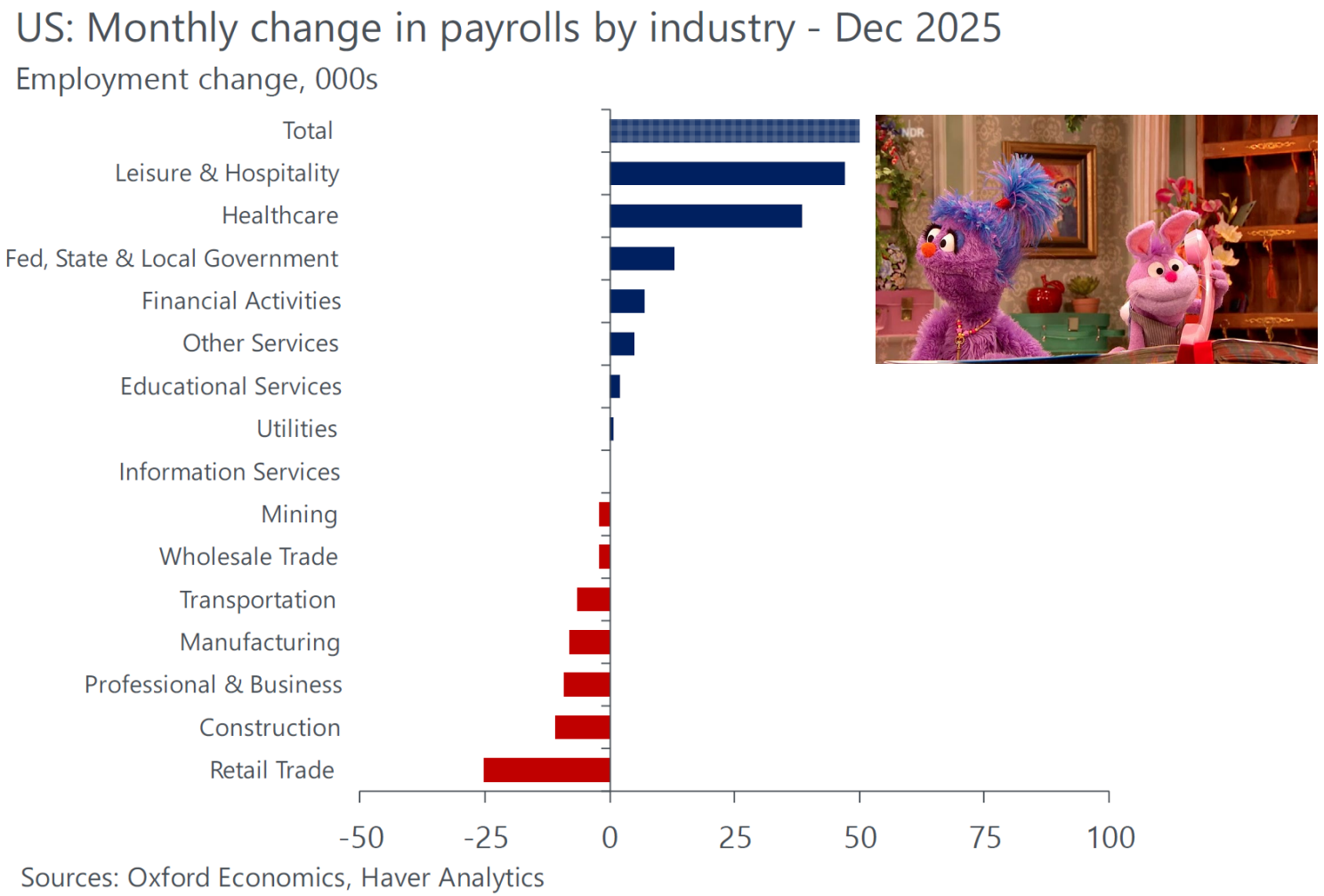
2026 = 40,000 per month

Why so low?

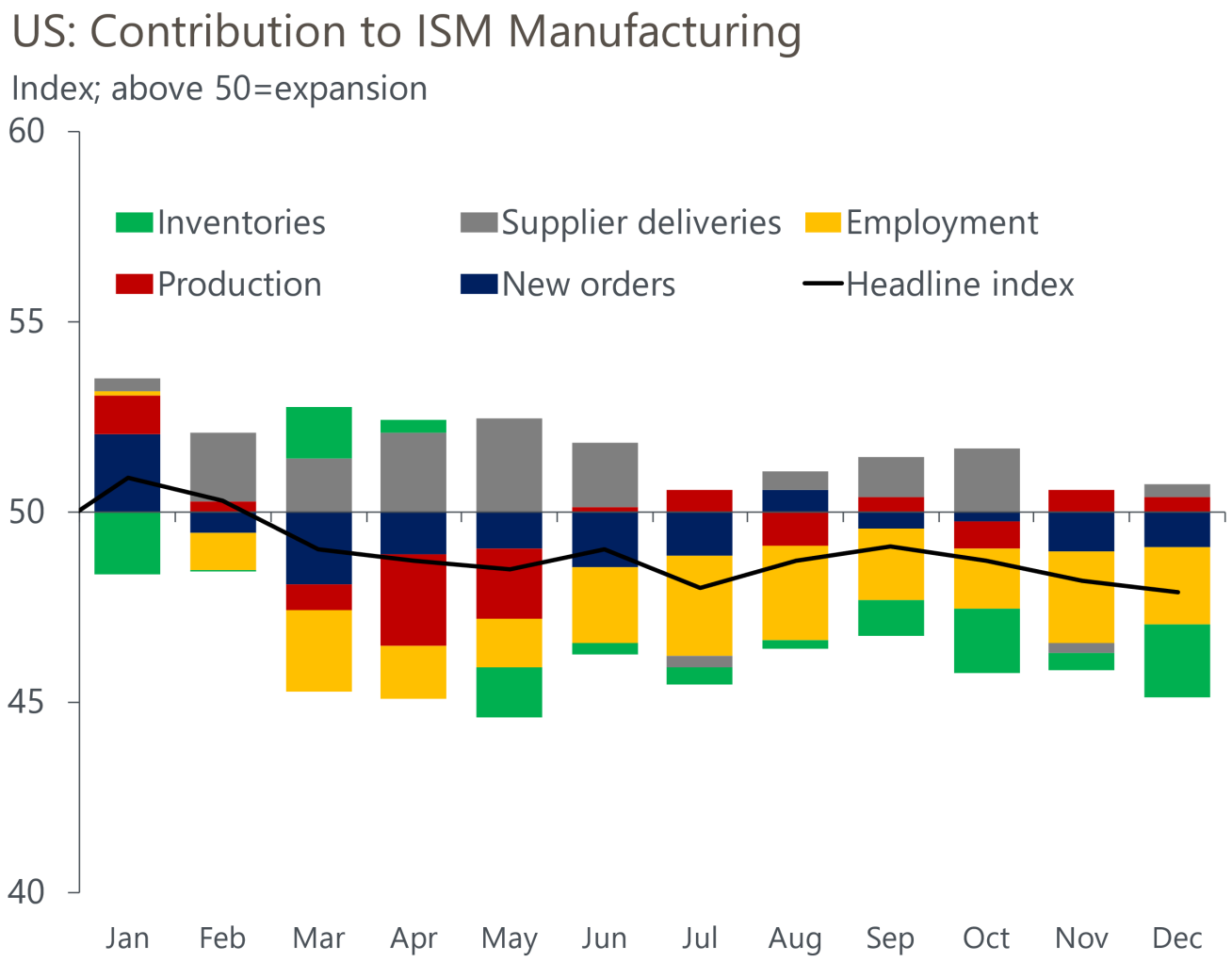
- legacy of over-hiring
- strong productivity growth
- slowdown in net migration

Source: Oxford Economics/Haver Analytics

Industries getting in on the “K” experience



Manufacturing is in a 10-month slide



Source: ISM / Oxford Economics

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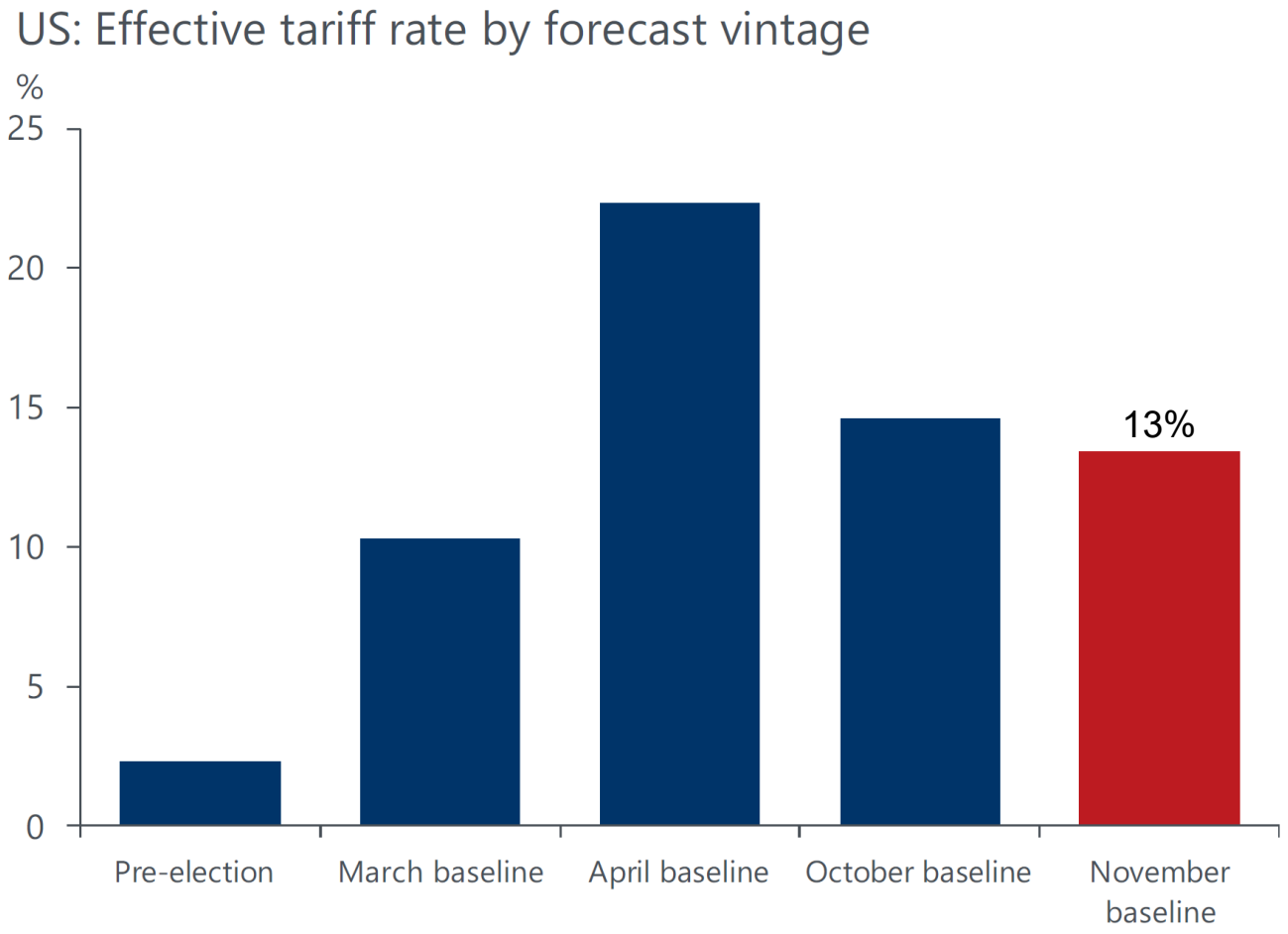
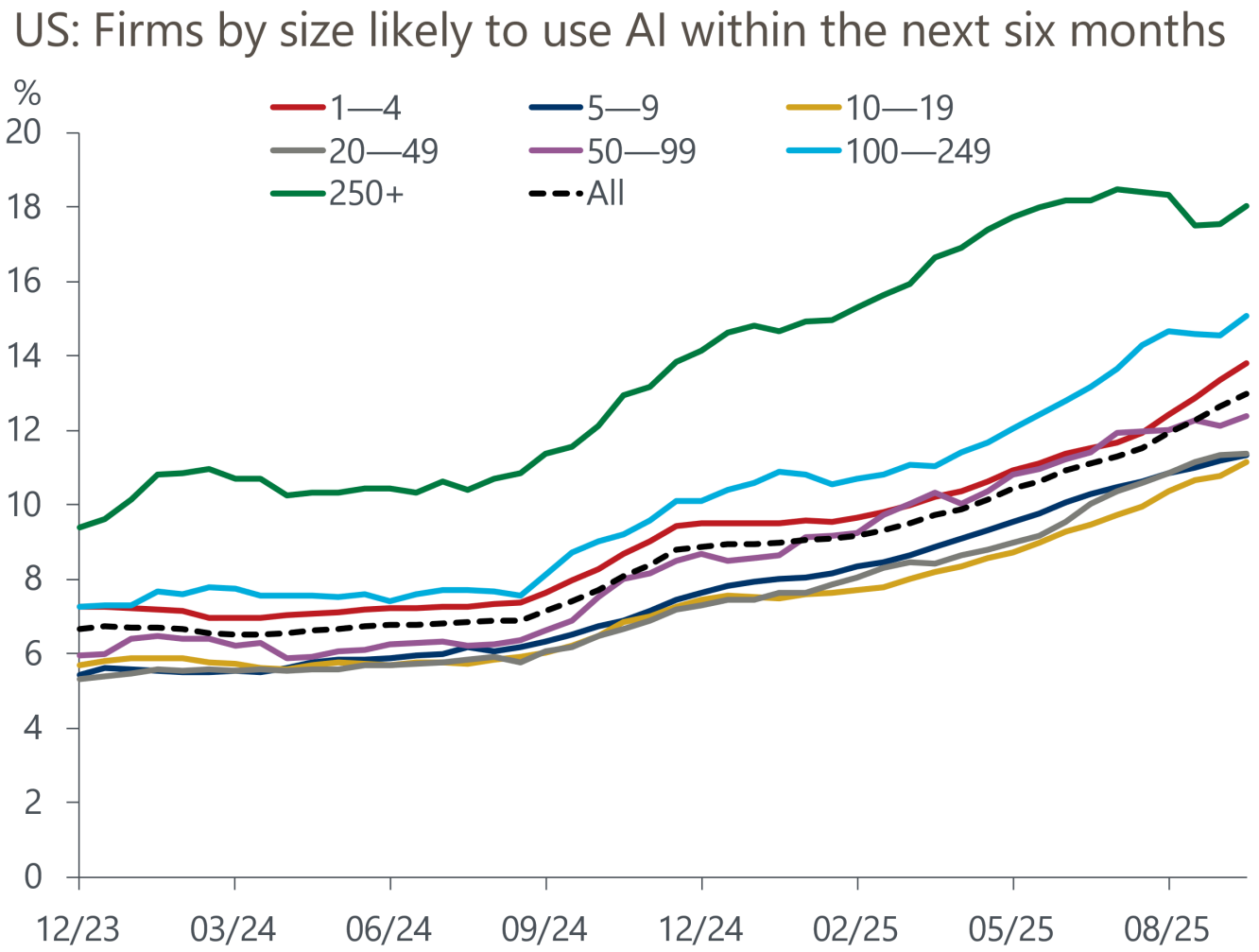
Why are things so… K?

Trade-weighted tariff rate highest since 1930s

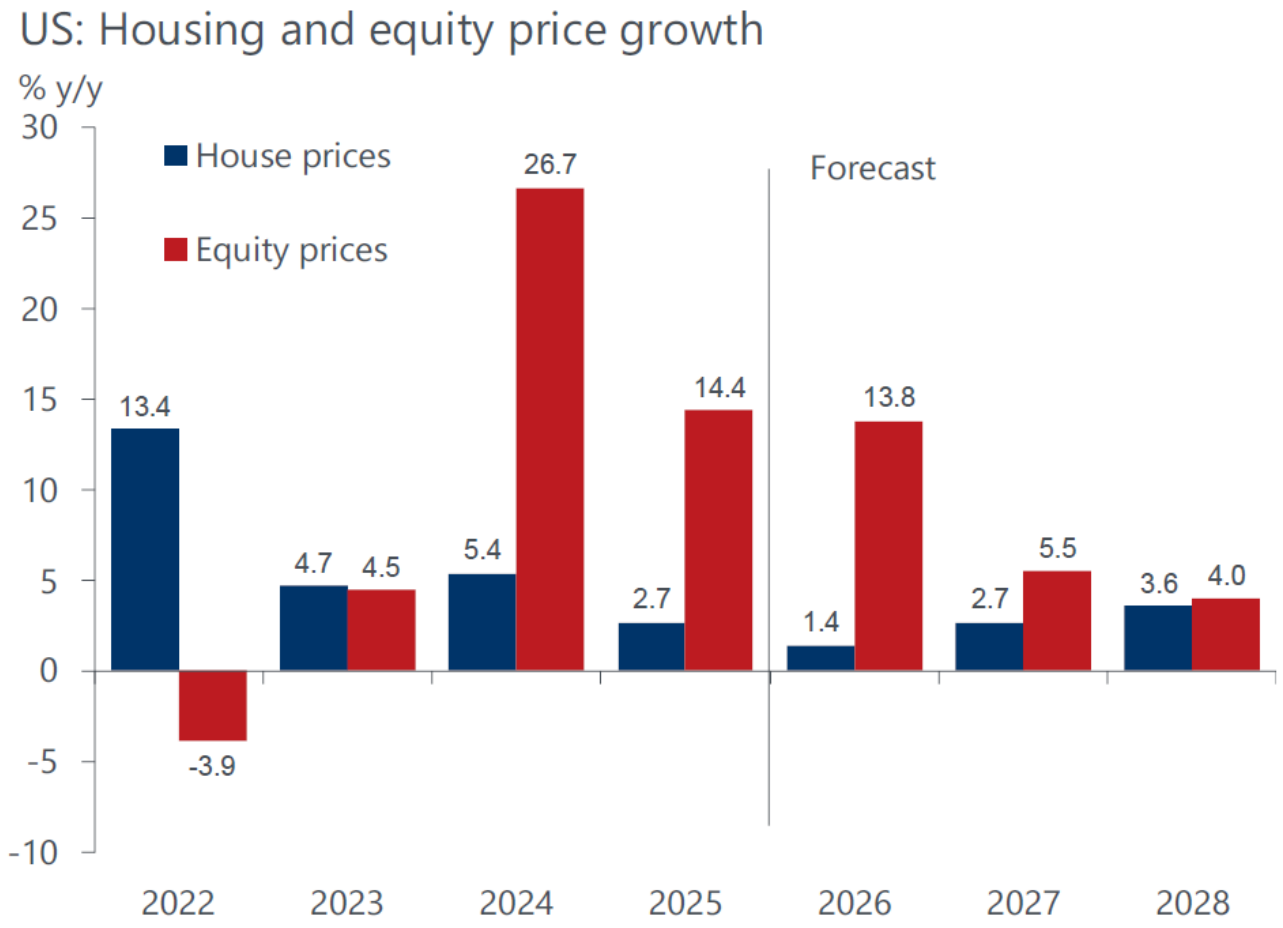


Sources: Oxford Economics, Haver Analytics

Large firms are ahead on AI adoption (and job creation)

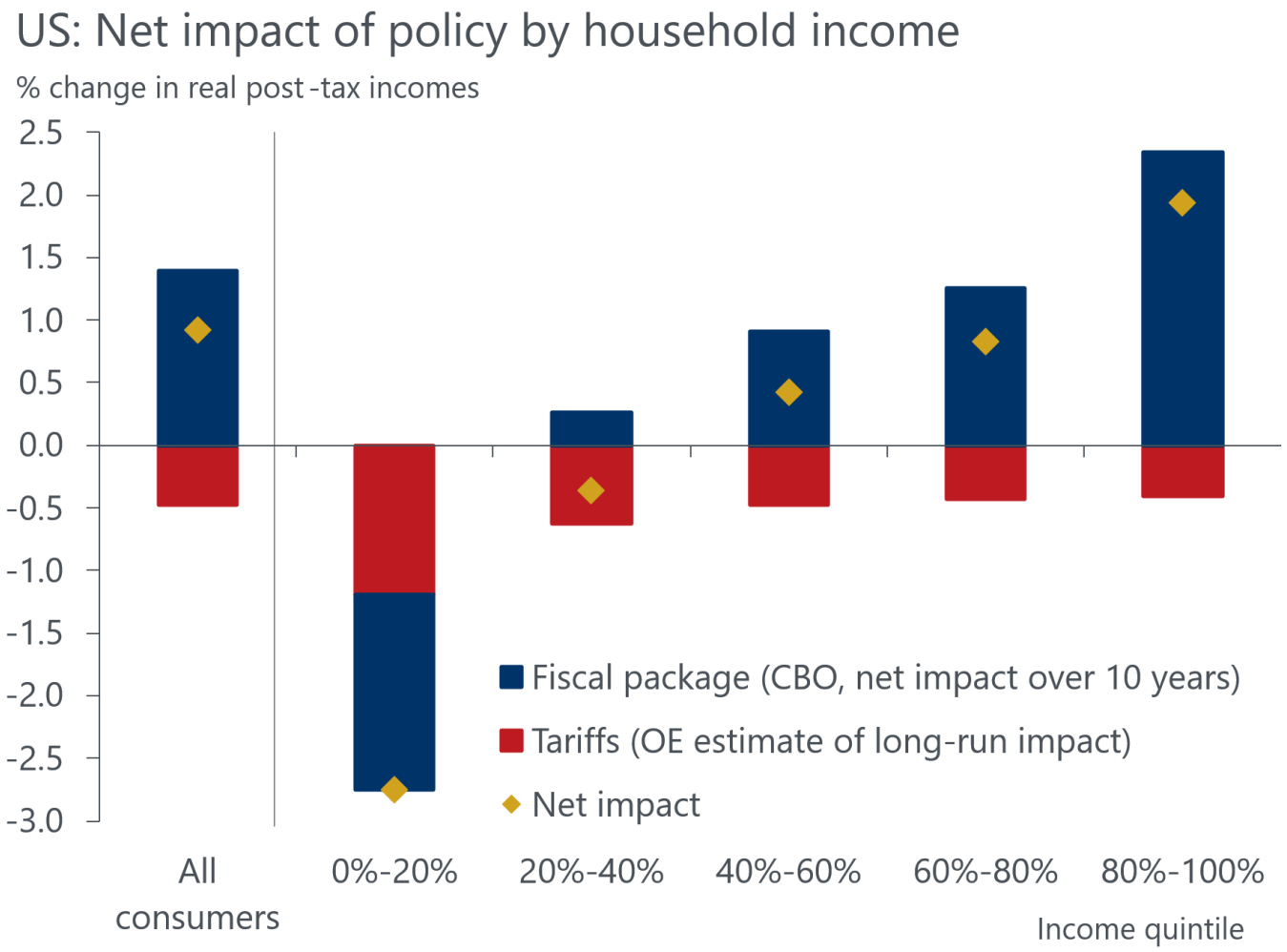


Equity gains have boosted balance sheets



Source: Oxford Economics/Haver Analytics

Policies favor higher income households



"For the year, premium revenues increased approximately 11%, while standard and Basic Economy revenues were down approximately 5%."

(United, Jan 21, 2026)

Source: Oxford Economics/Haver Analytics

Is Travel Still Kicking?

TOURISM ECONOMICS

Travel has not been immune to the K-pademic

(2025 Tourism Economics Full-Year Forecasts)

K

Domestic trips
+1.8%

ST Rentals
+5%

Cruise Pax
+9%

Int'l Inbound
-6.0%

Hotel Demand
-0.5%

=

Travel Spending
+1.0%

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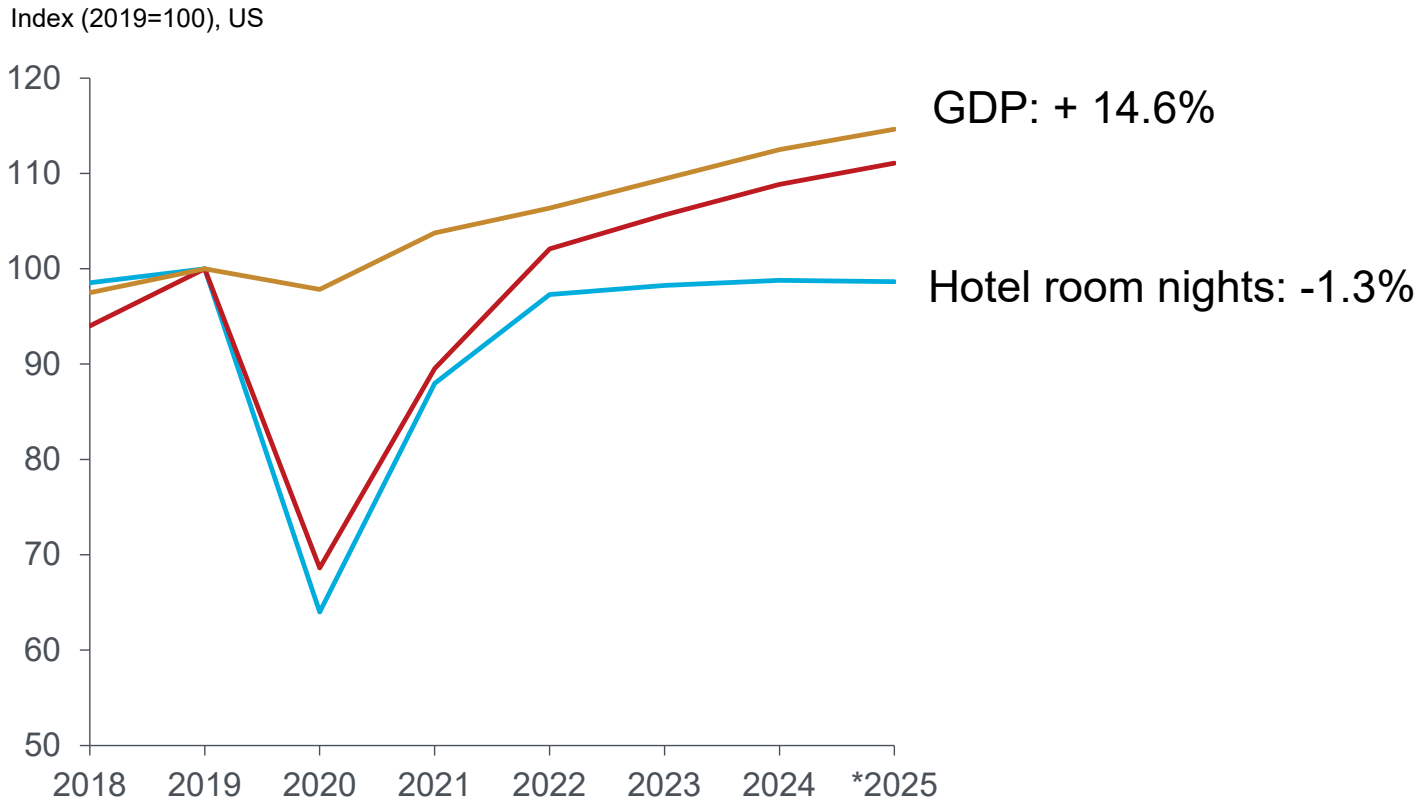
How lodging performance adds up

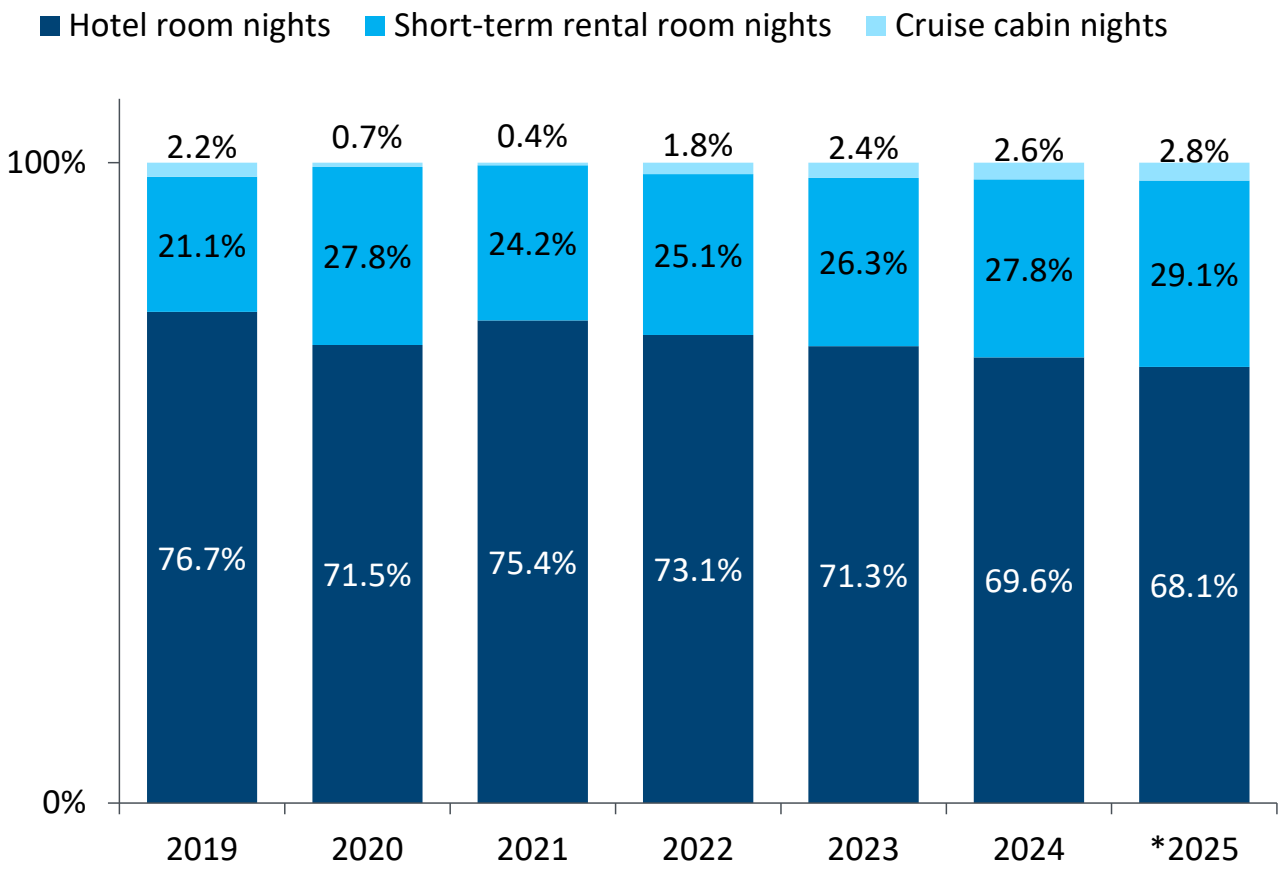
GDP and lodging demand



Note: Total lodging is based on hotel room nights, cruise cabin nights, and short-term vacation rental room nights. *Full-year forecast as of Aug 2025
Source: CoStar-STR, AirDNA, CLIA/Tourism Economics, Oxford Economics.

Divergent post-pandemic paths (K-ish)

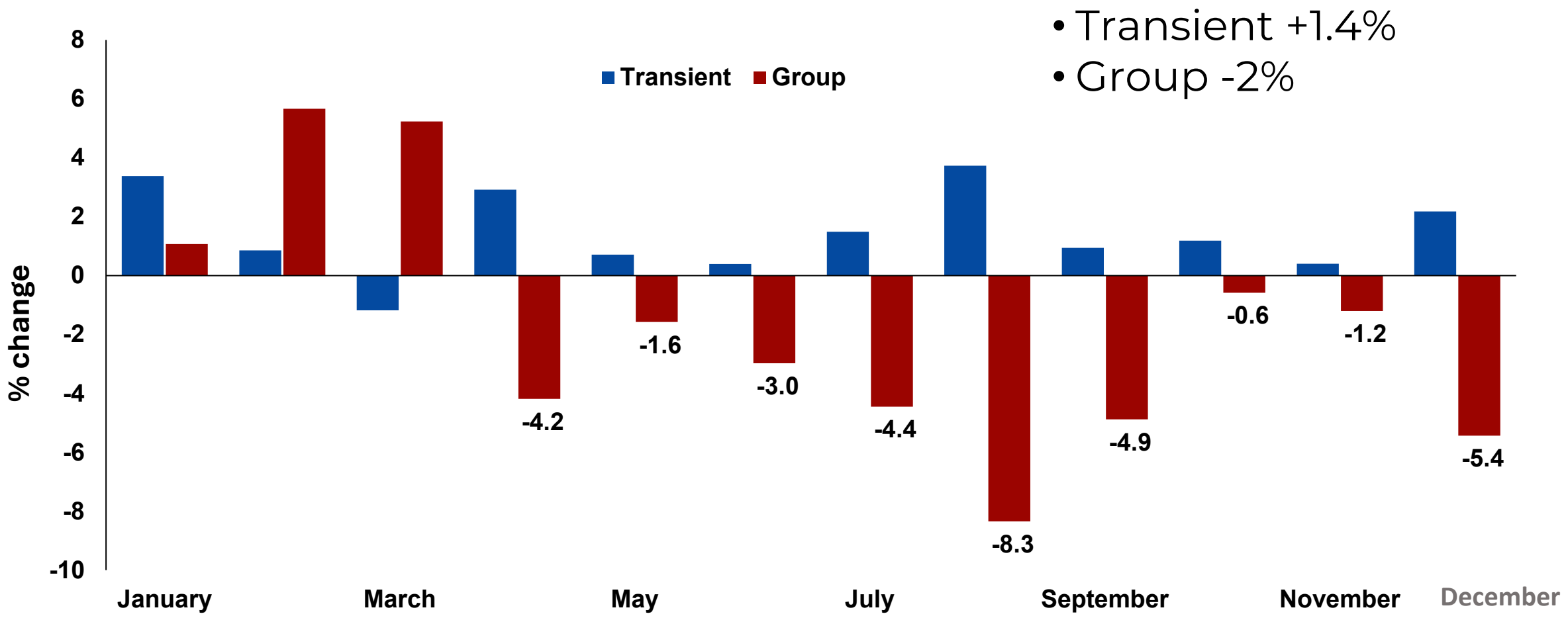
US lodging demand share



Source: STR, AirDNA, CLIA/Tourism Economics, *Full-year forecast as of Aug 2025

TOURISM ECONOMICS

Transient vs. Group hotel demand: K again



Source: STR

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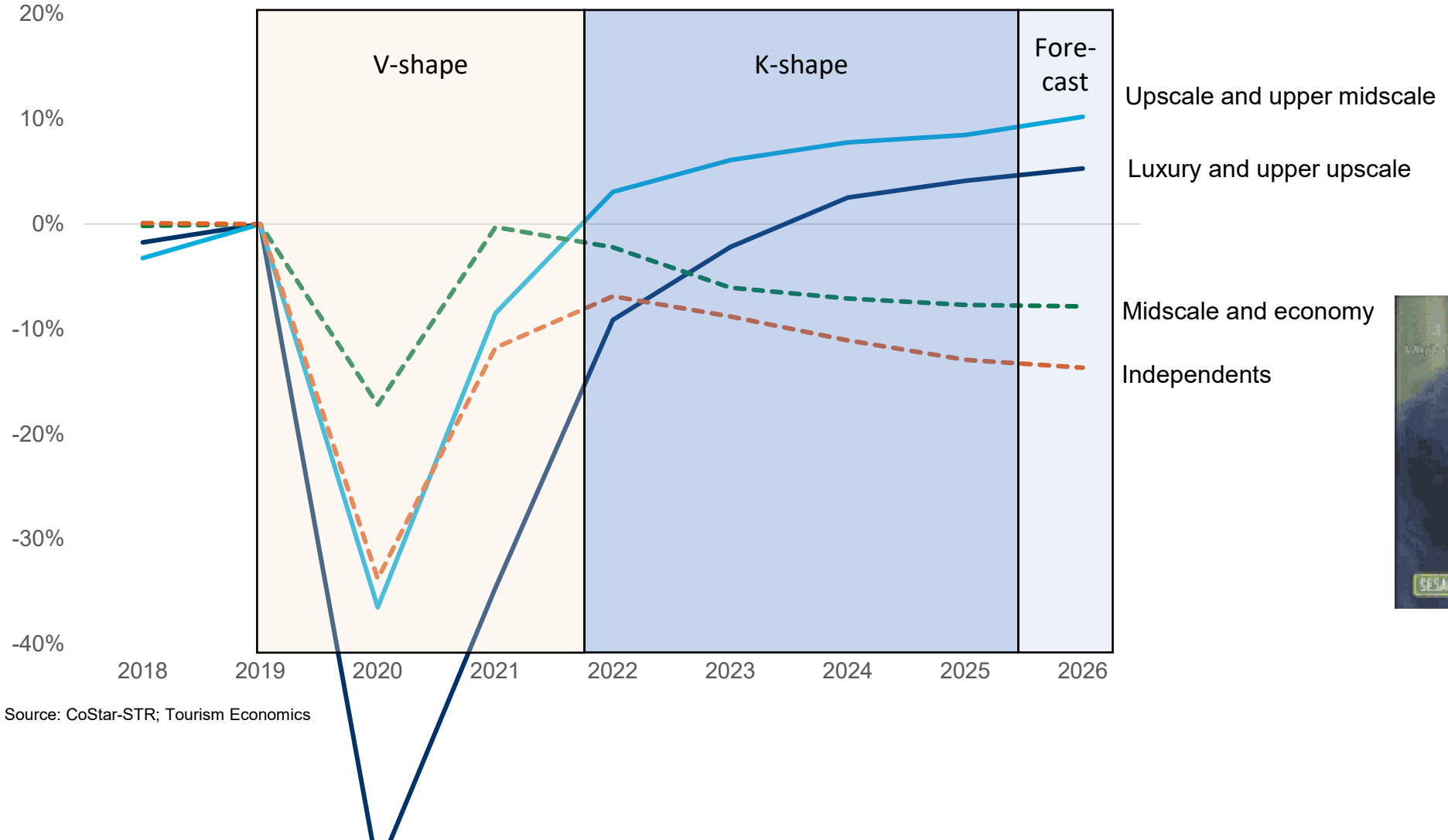
US chain scales went from “V” to “K”

Demand relative to 2019

By chain scale groups



Source: CoStar-STR; Tourism Economics

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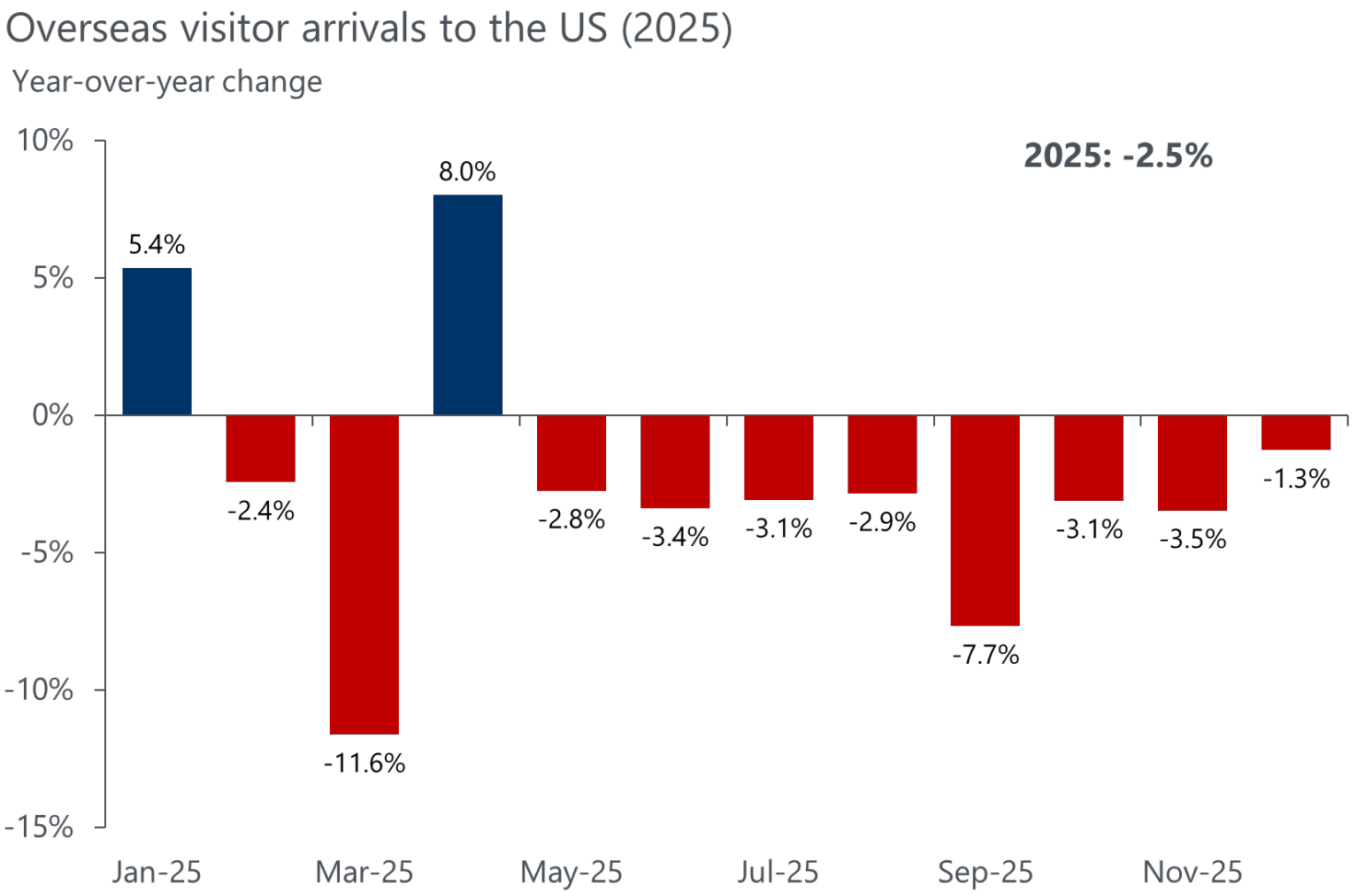
A global Kerfuffle



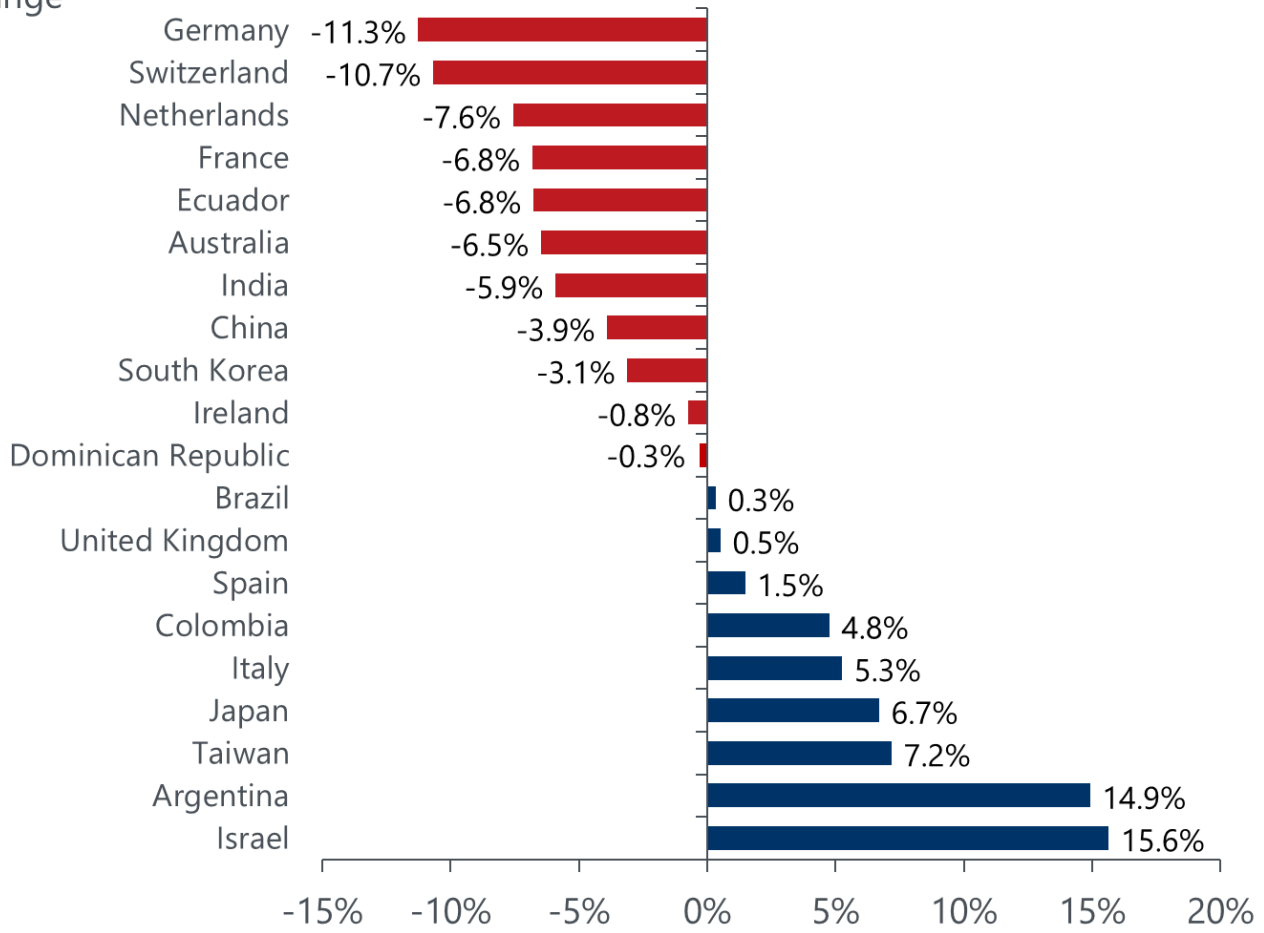
Note: Overseas excludes Canada and Mexico
Source: National Travel and Tourism Office

TOURISM ECONOMICS

Yet some overseas markets still grew last year

Overseas visitor arrivals to the US by top 20 markets (2025)

Year-over-year change

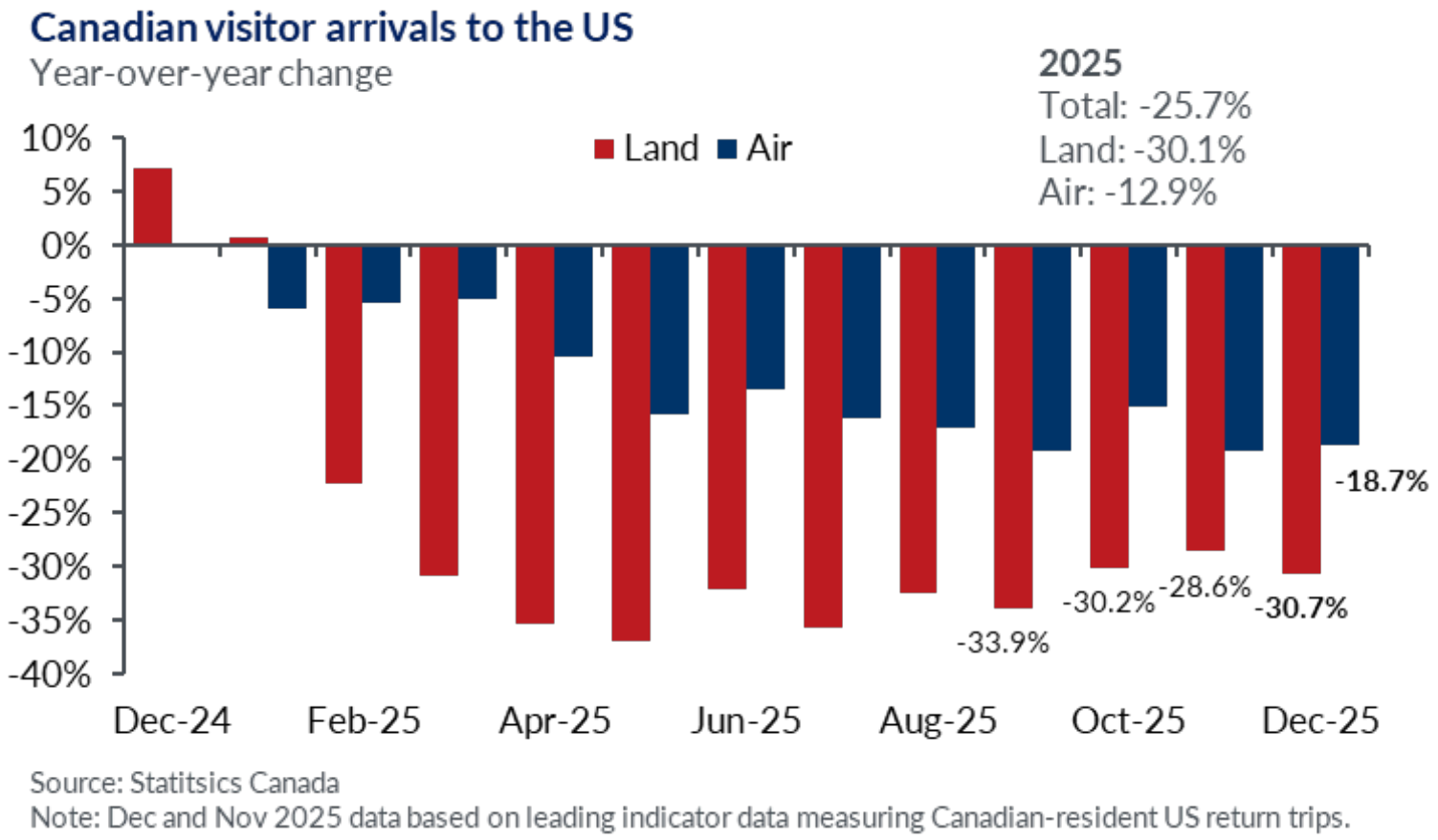


Of the 20 largest overseas origins, nearly half experienced increased visits in 2025.

Source: National Travel and Tourism Office

TOURISM ECONOMICS

Canadians: tell us how you *really* feel



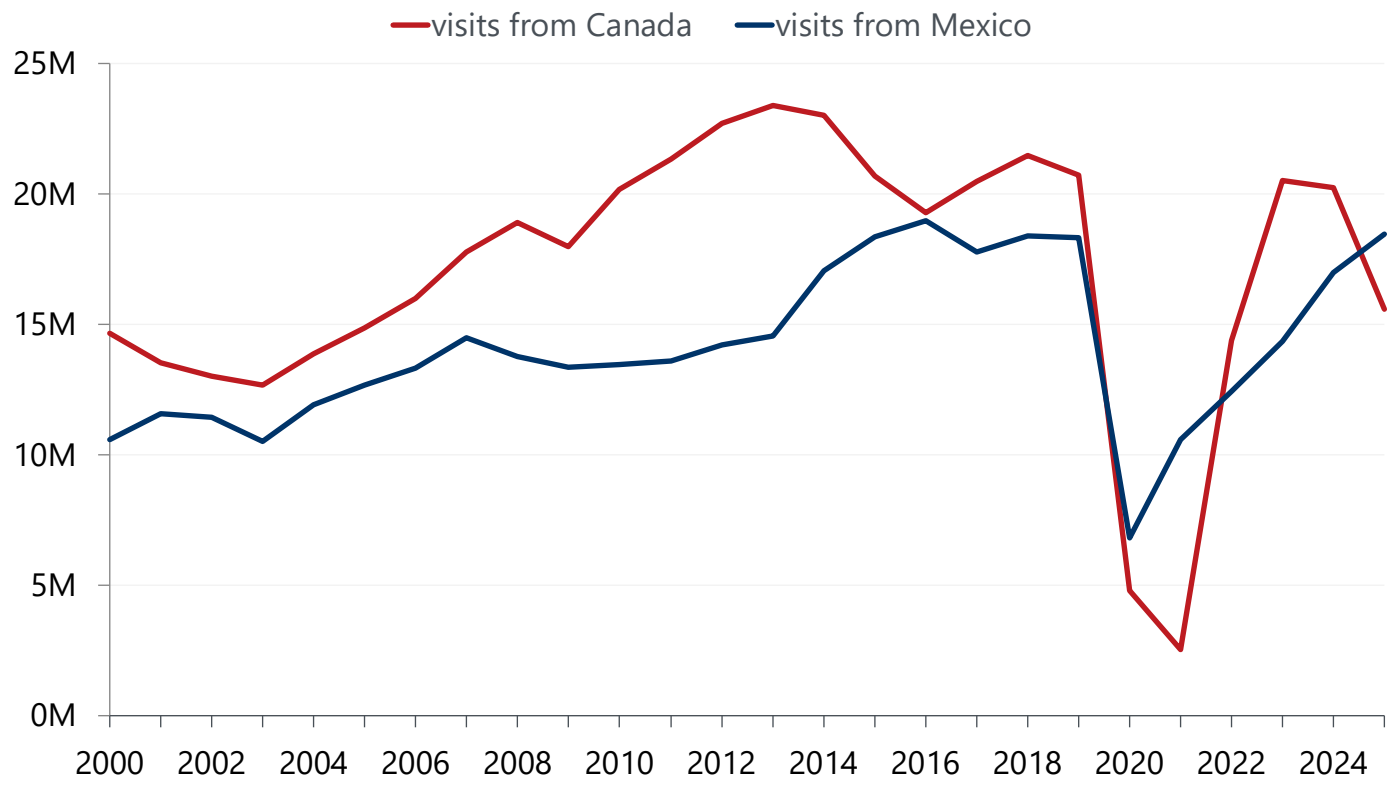
Source: Statitsics Canada
Note: Dec and Nov 2025 data based on leading indicator data measuring Canadian-resident US return trips.

Canadian travel to other world destinations **increased 8%.**

Hotel demand within Canada increased 1.2% last year.

Mexico surpassed Canada as the leading origin market for US

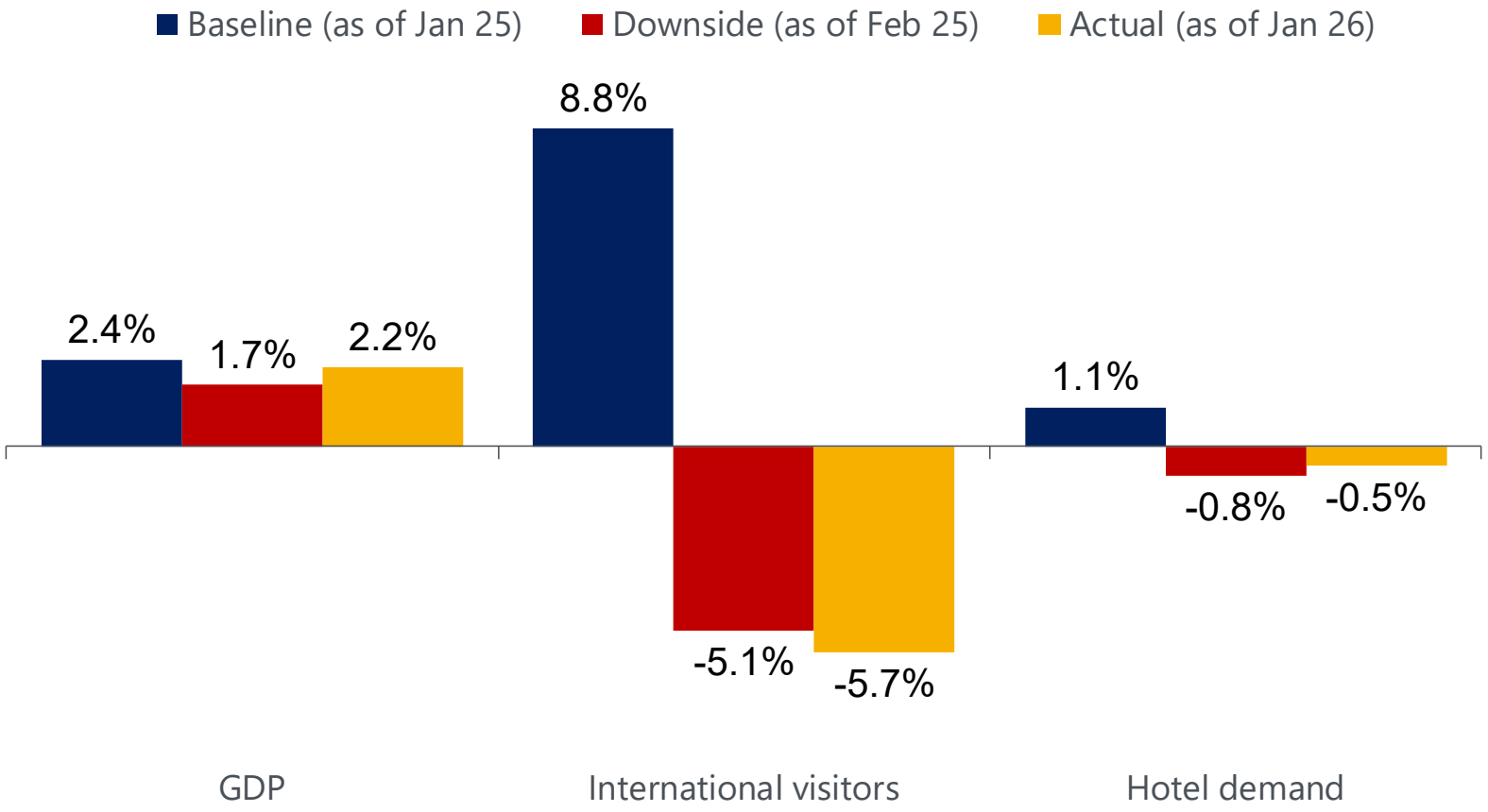
North American inbound visitation to the US



Arrivals from Mexico to the US increased an estimated **8.5%** in 2025.

Declines in 2025 were consistent with our warnings

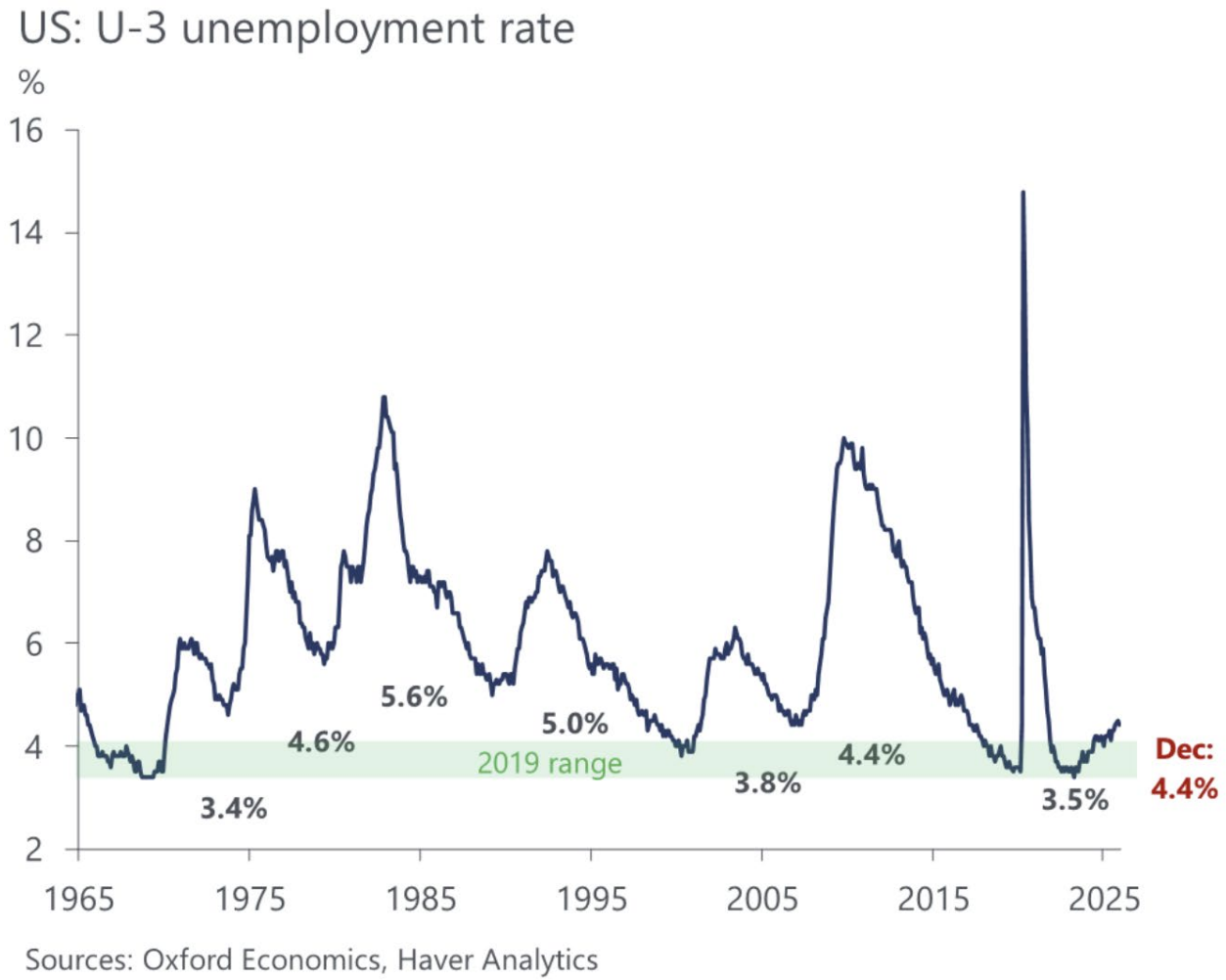
US travel forecast: 2025 growth



Source: Oxford Economics/Haver Analytics, Tourism Economics, National Travel and Tourism Office, CoStar-STR

Are we going to be O... K?

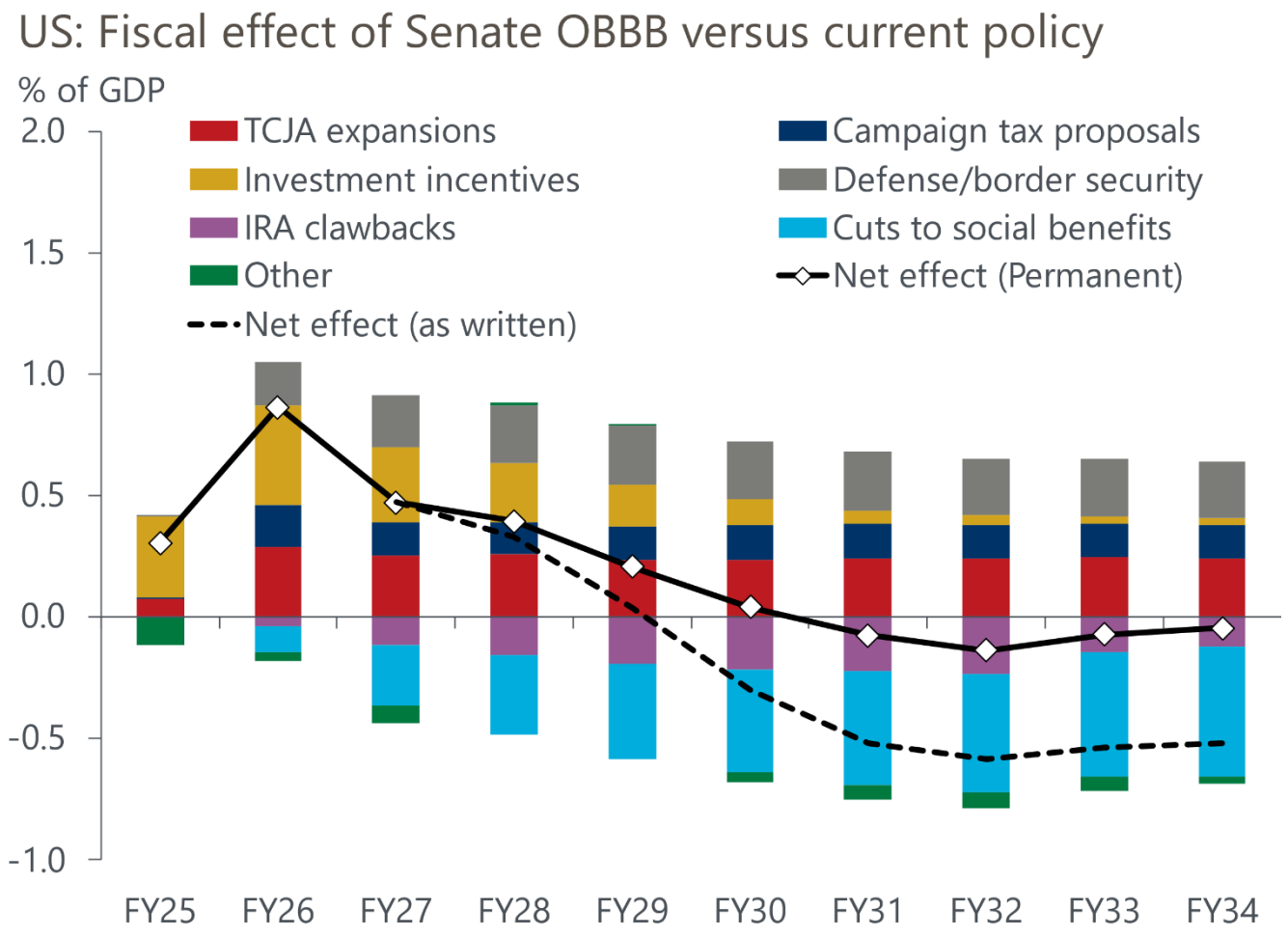
Labor market is cooling, not collapsing



Sources: Oxford Economics, Haver Analytics

- Federal job cuts played a role (-275k).
- Slow job creation and slow labor force growth should limit unemployment.

Fiscal policy to boost growth this year

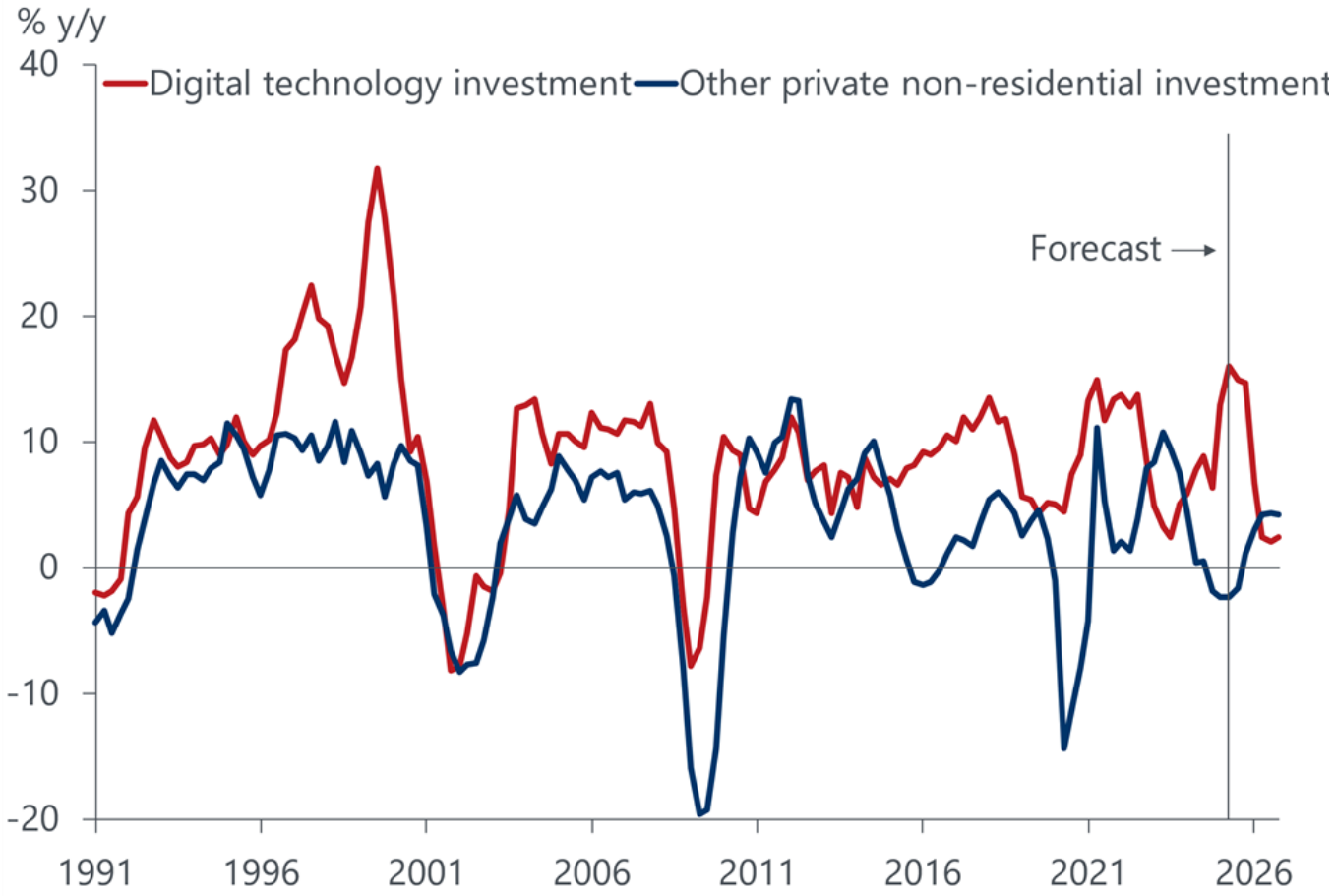


"Managed corporate revenue was up 12% in 2025 and has strengthened further in 2026."

(American Airlines, Jan 27, 2026)

Source: Oxford Economics/Haver Analytics

Business investment spending to broaden beyond AI



Source: Oxford Economics/Haver Analytics

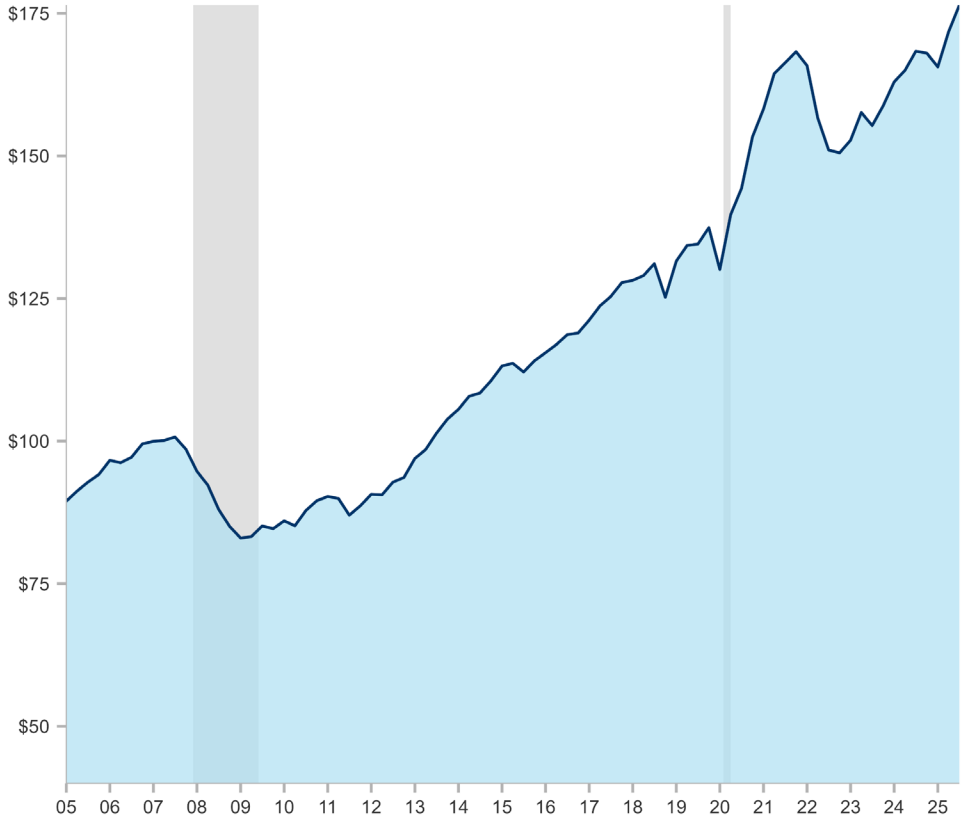
Support for capex:

- Less policy uncertainty
- OBBB tax incentives (e.g., expensing new equipment)
- Lower borrowing costs

Household balance sheets are strong (in aggregate)

Household net worth

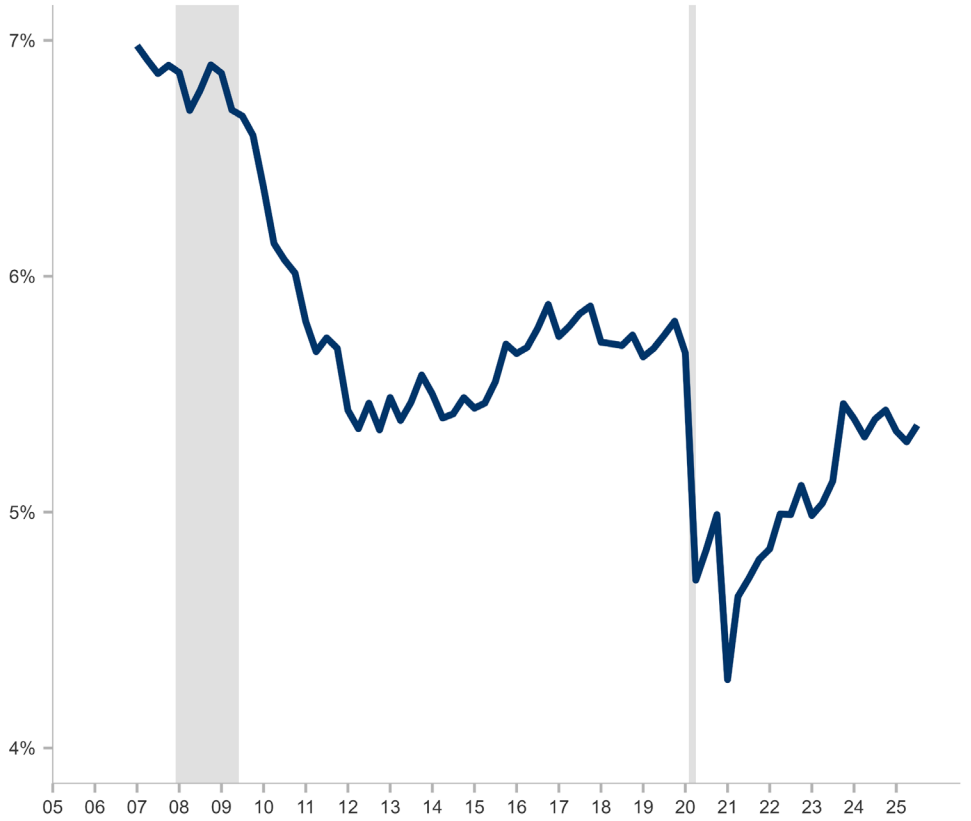
In trillions, real



Note: 2024 dollars. Quarterly data through 2025Q3. Net worth of households and nonprofit organizations. Measures housing and financial assets, minus liabilities. Source: Federal Reserve, NBER

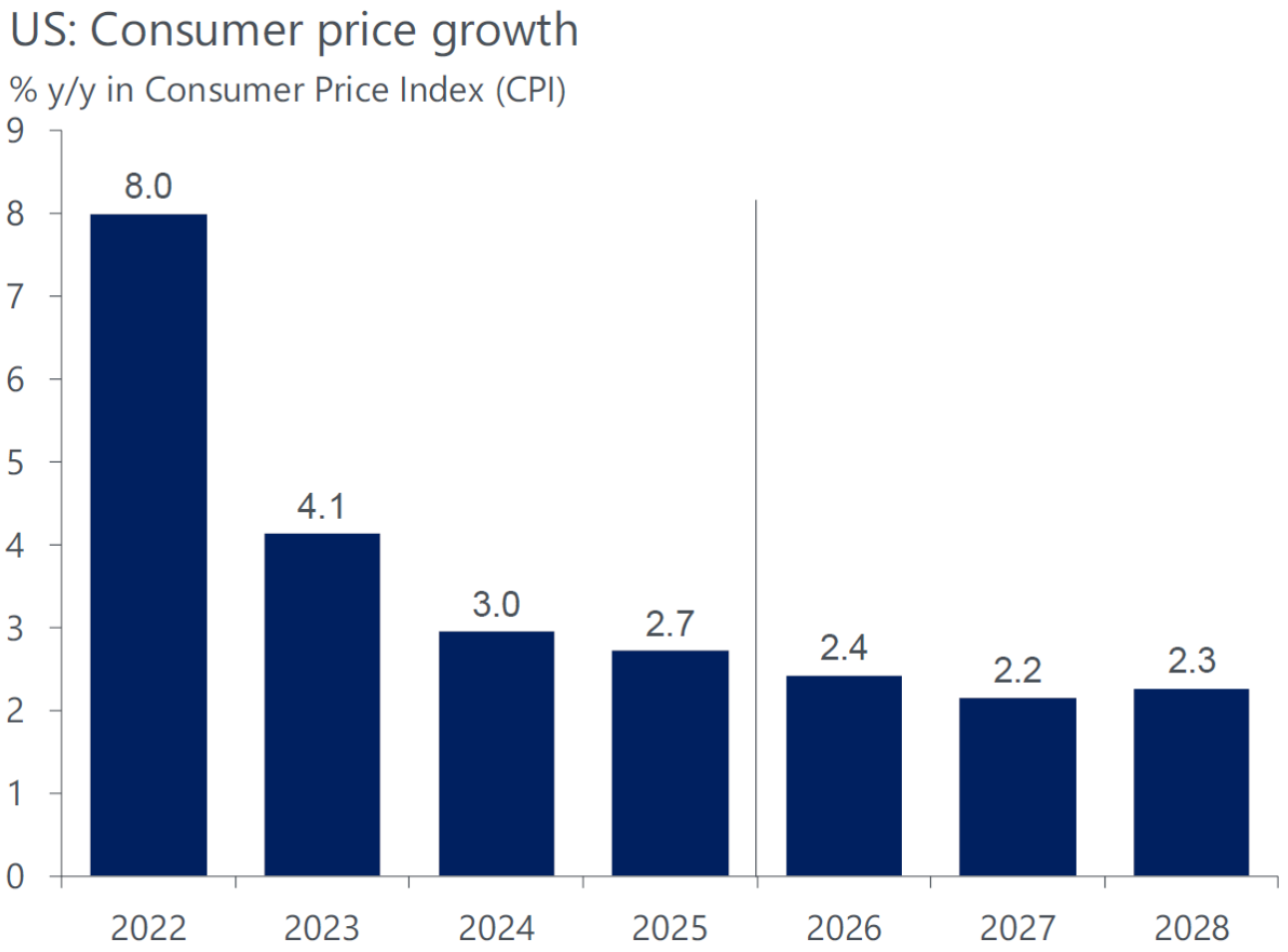
Consumer debt service payments

As percent of disposable personal income



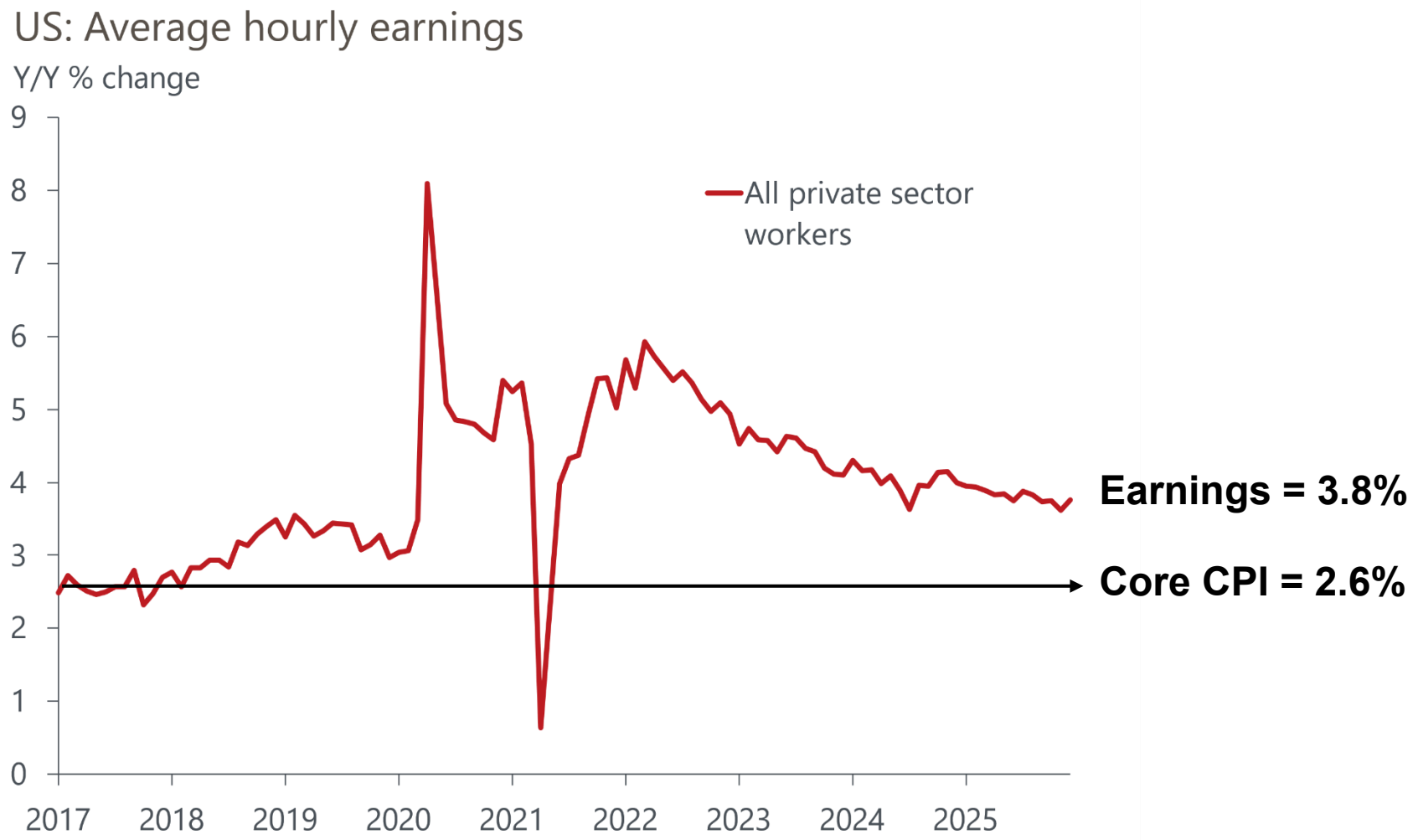
Note: Quarterly data through 2025Q3. Consumer debt service payments ratio is ratio of total required household debt payment to disposable income. Source: Federal Reserve, NBER

Expect price increases to moderate



Source: Oxford Economics/Haver Analytics

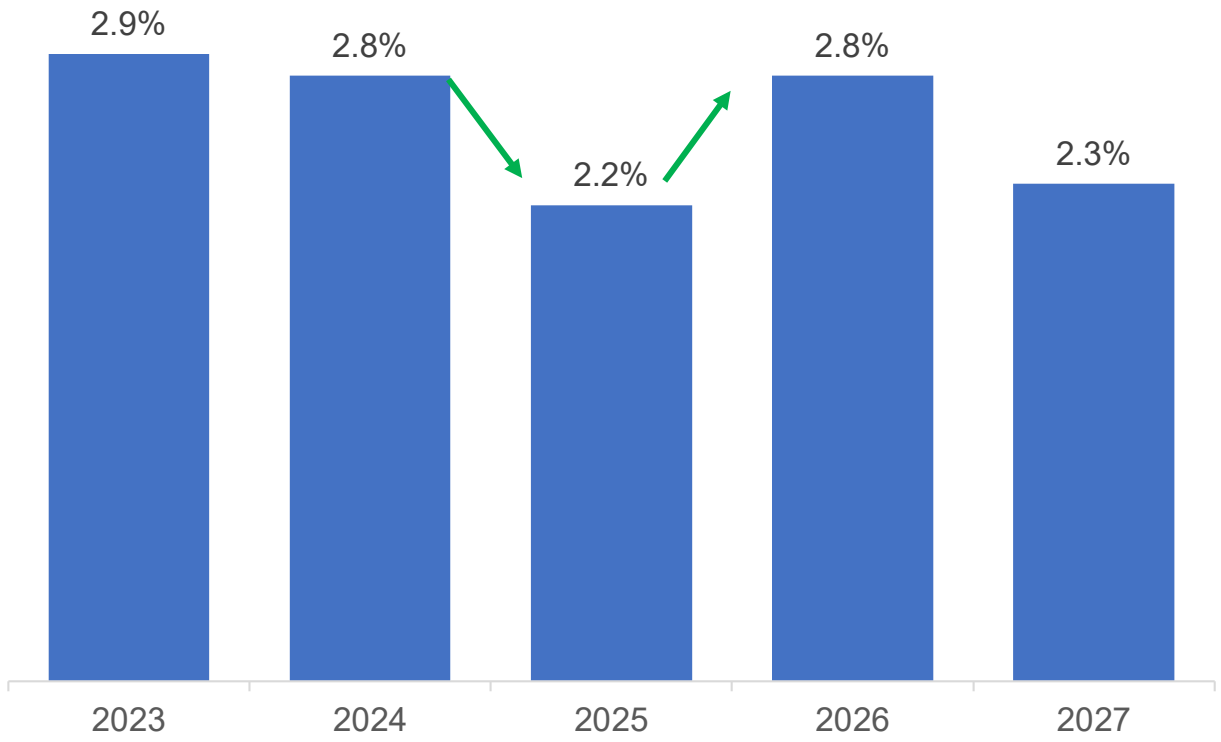
Wages are outpacing inflation



Source: Oxford Economics/Haver Analytics

Economy should pick up in 2026

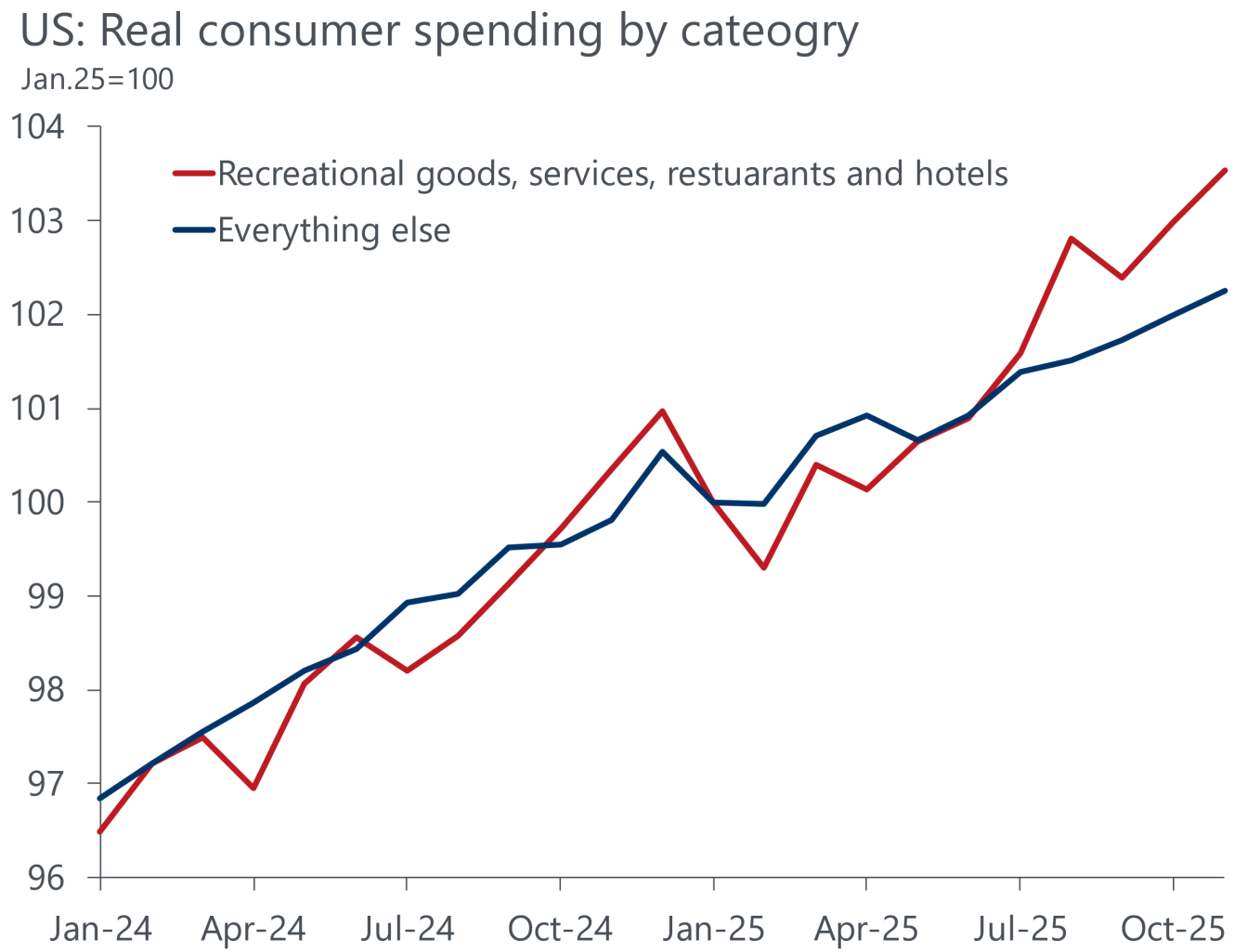
US Real GDP
$ annualized



Source: Oxford Economics

- Fiscal stimulus from OBBB
  - Personal tax refunds
  - Business investment incentives
- Lower borrowing costs
- Consumer spending supported by wealth gains

Experiences > stuff



Source: Oxford Economics/Haver Analytics

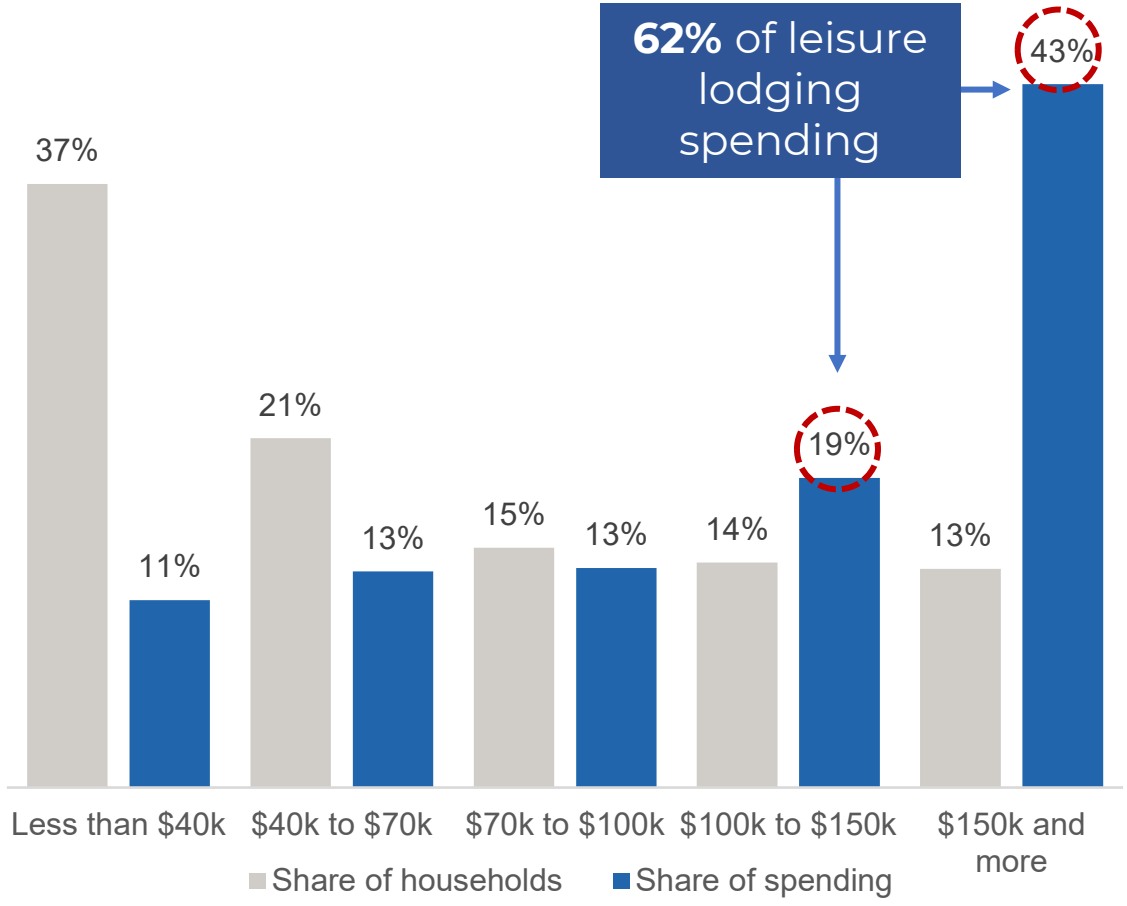
"The U.S. economy remains on firm footing and consumers continue to prioritize experiences *with travel among the top spending categories."*

(Delta, Jan 13, 2026)

High-incomes are foundational to lodging spend

Lodging spending by household income

Leisure travel



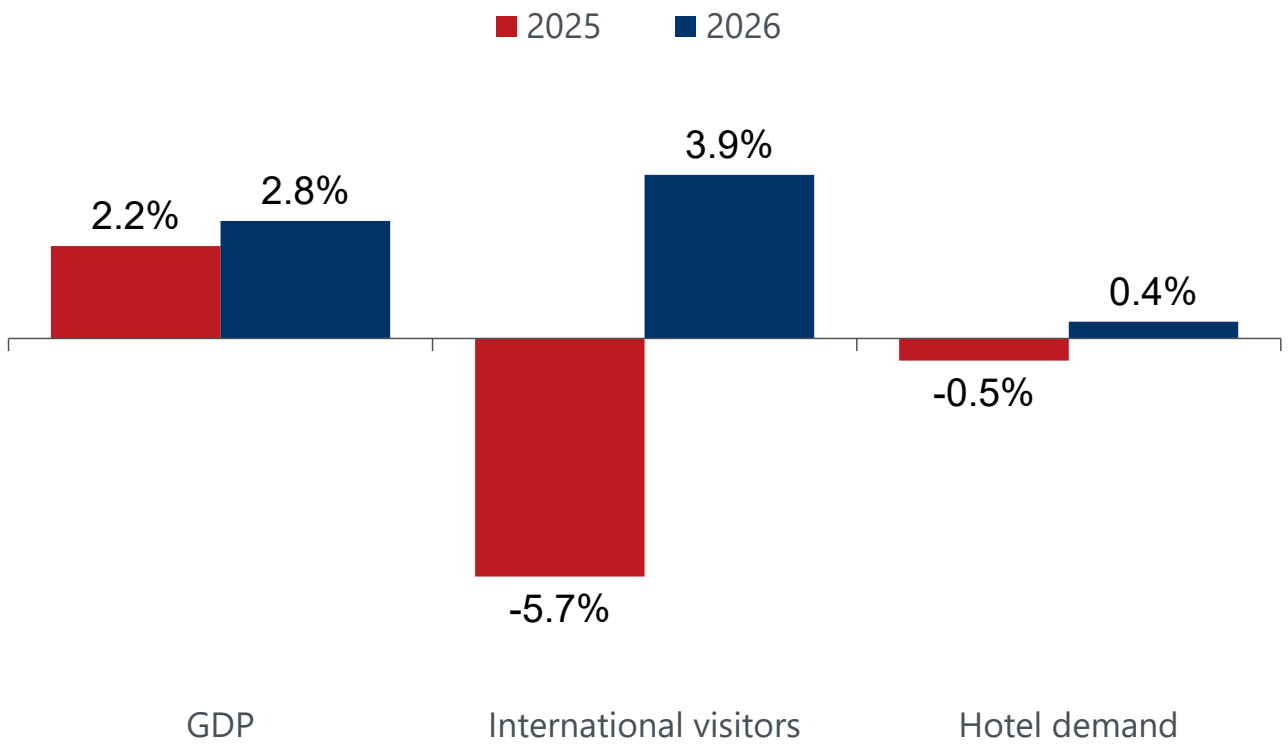
"Premium revenues continue to lead the way, while standard main cabin seats continue to show some weakness."

(United Airlines 01/21/26)

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

US travel positioned to grow modestly… and broadly

US travel growth, by year



Source: Oxford Economics/Haver Analytics, Tourism Economics, National Travel and Tourism Office, CoStar-STR

"Business travel is showing signs of improvement as corporate confidence grows."

(Delta, Jan 13, 2026)

"Based on what we've seen so far this year, bookings and yields are outpacing the strong start from last year, and we're hopeful that the momentum will continue."

(United, Jan 21, 2026)

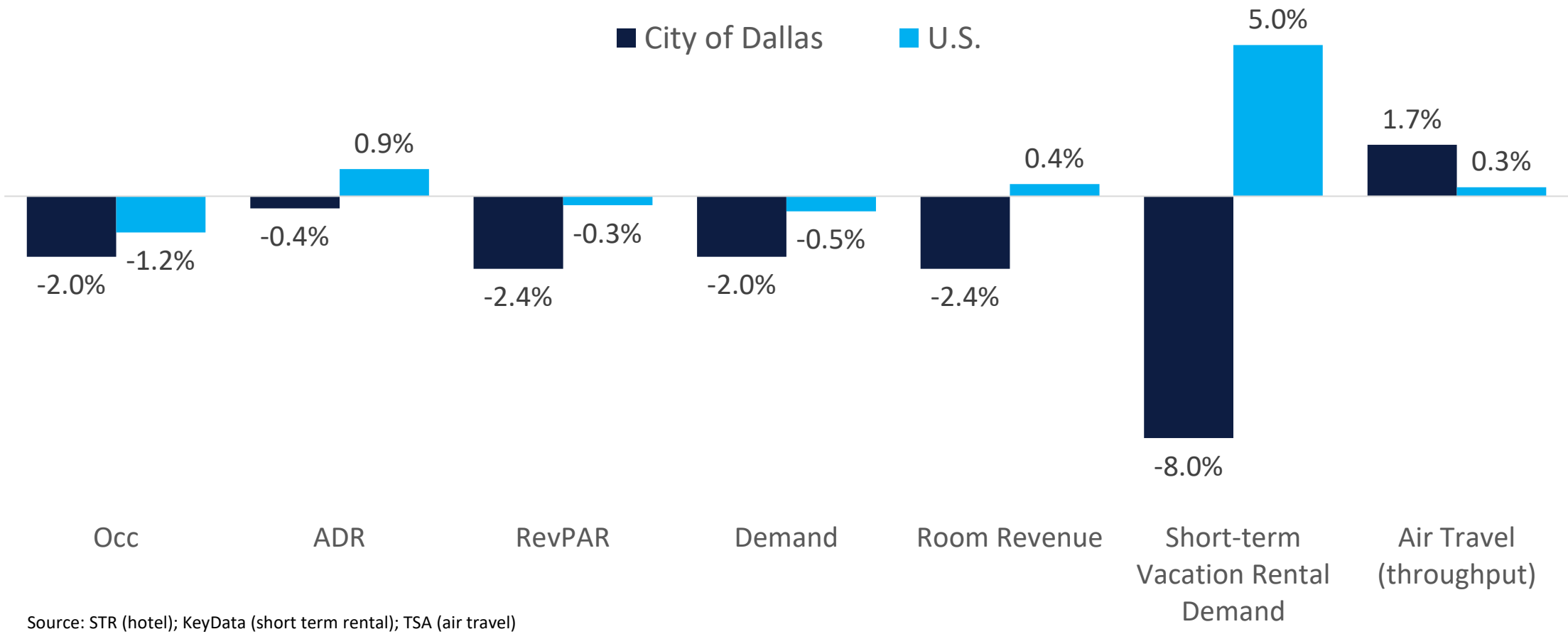
Local Travel Trends & Outlook

TOURISM ECONOMICS

2025 trends consistent with national performance

2025 Travel Trends

% Change YOY, City of Dallas vs the U.S.

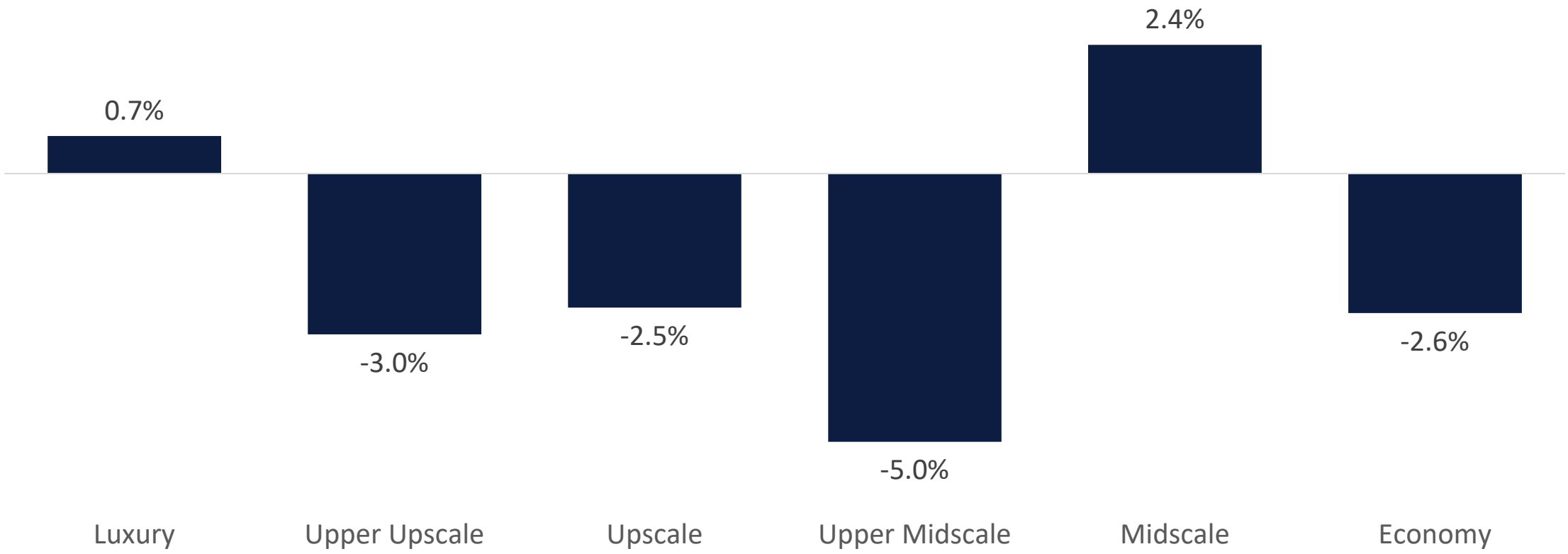


Source: STR (hotel); KeyData (short term rental); TSA (air travel)

Luxury and Midscale Hotels with positive growth

2025 Hotel RevPAR by Chain Scale

% Change YOY, City of Dallas

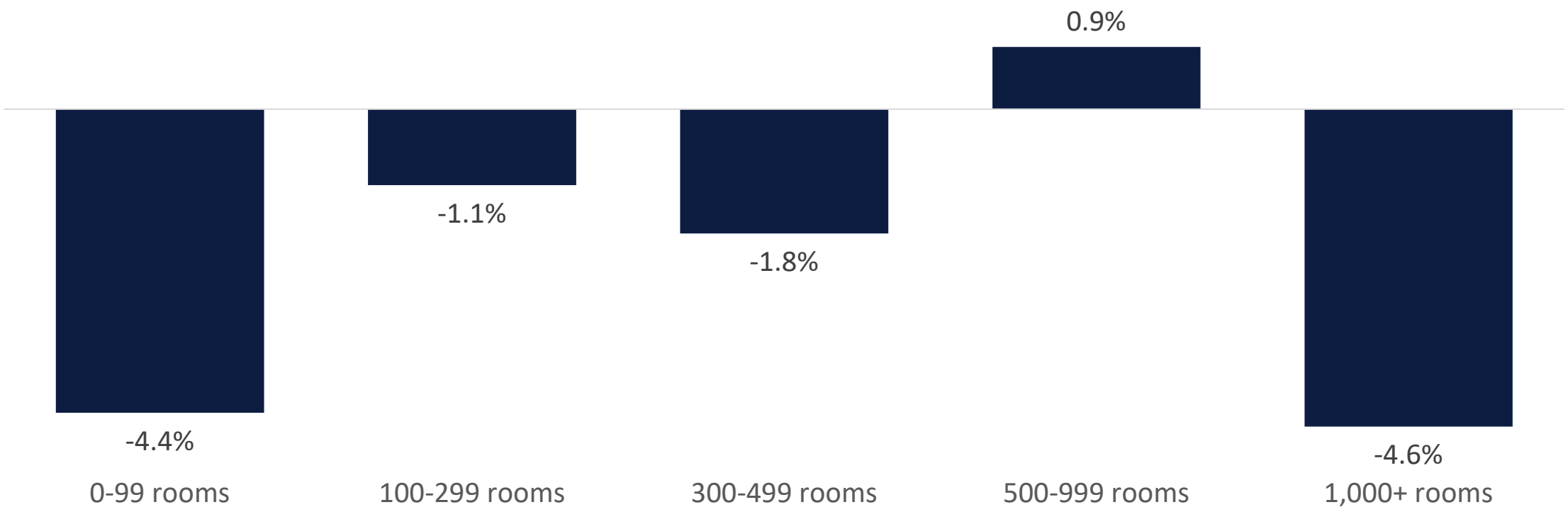


Source: STR

Big Box hotels with the largest drop in RevPAR

2025 Hotel RevPAR by Room Size

% Change YOY, City of Dallas

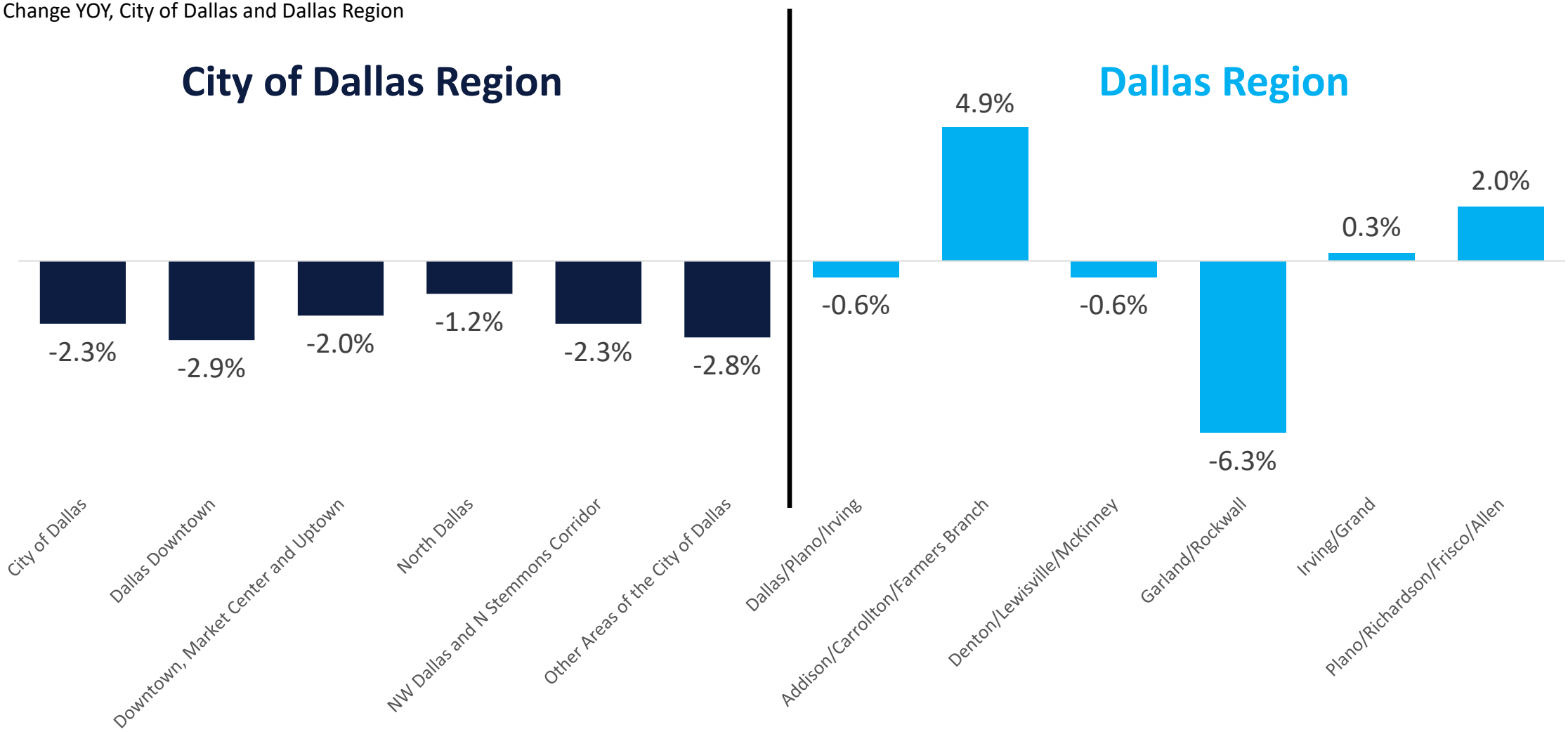


Source: STR

Regional hotels outperformed City of Dallas in 2025

2025 Hotel RevPAR by Submarket

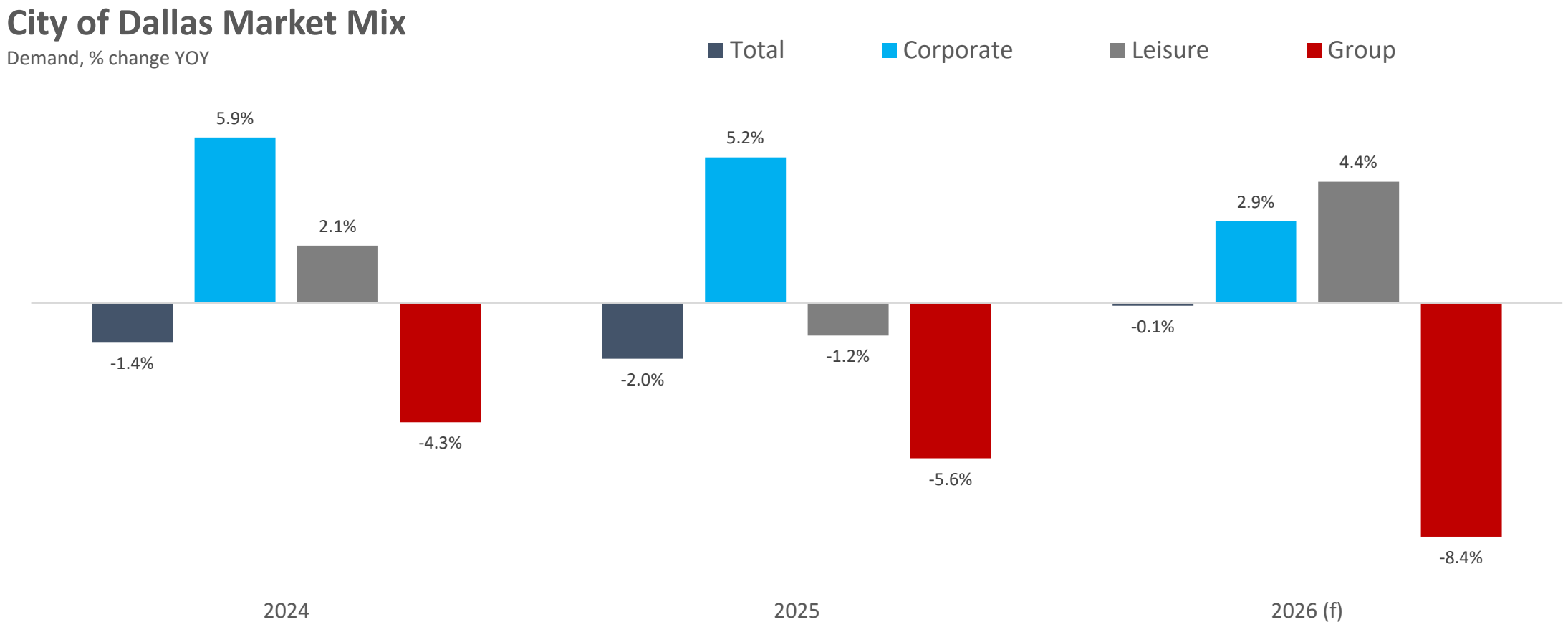
% Change YOY, City of Dallas and Dallas Region



Source: STR

TOURISM ECONOMICS

Convention Center renovation hampering demand

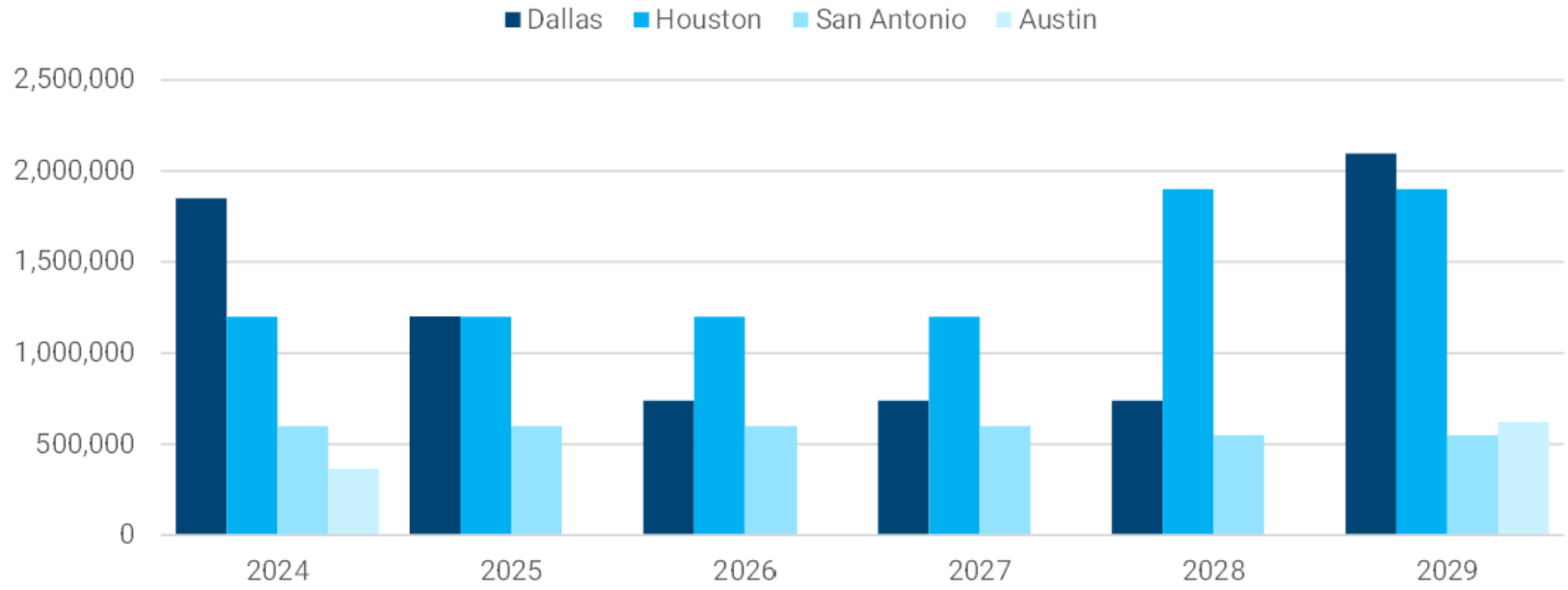


Source: Tourism Economics (forecast as of July 2025)

Convention Center closure to impact demand through 2028/29

Convention center space estimates

Major Texas markets, as of Dec of each year, primary convention centers only



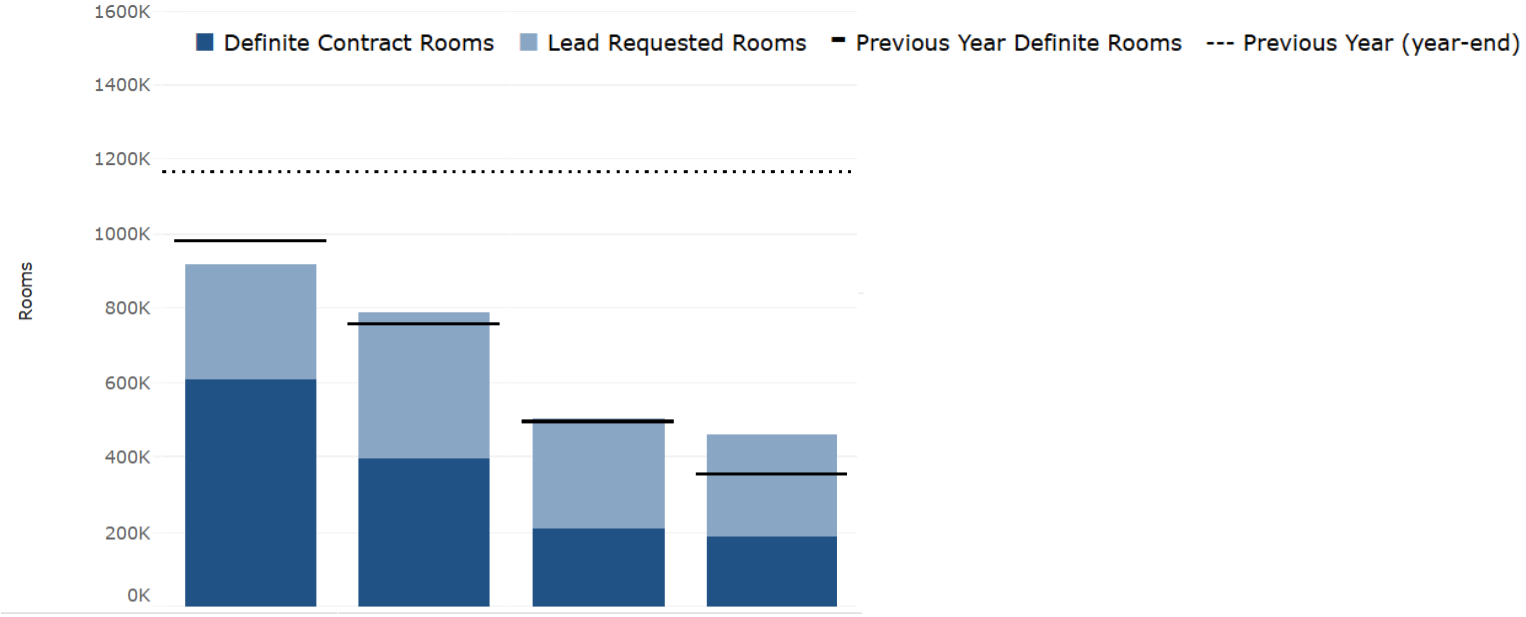
Dallas CC: planned partial closures thru 2028, fully opens (with new expansion) in 2029
Houston CC: expansion (GRB South) opens in 2028
San Antonio: studying feasibility, construction could begin in 2028
Austin CC: fully opens (with new expansion) in 2029

Source: Tourism Economics

Impacts are evident through 2029

Visit Dallas Booking Pace

All Visit Dallas-related group business compared to 2019, as of 2/9/2026

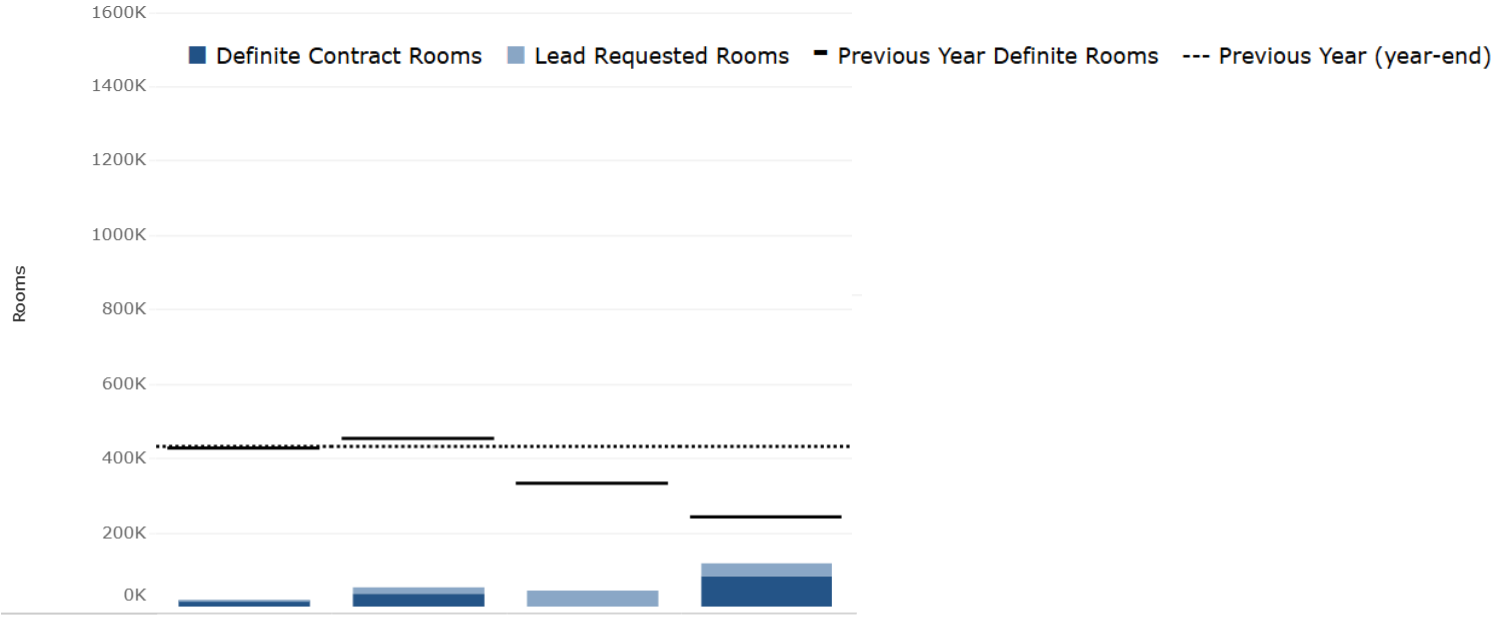


	2026	2027	2028	2029
Definite Rooms	607,848	396,131	210,234	190,420
Pace	986,310	764,410	500,786	357,487
% to Pace	-38.4%	-48.2%	-58.0%	-46.7%
Diff. to Pace	-378,462	-368,279	-290,552	-167,067
Open Lead Rooms	311,127	390,357	292,453	271,688
Lost Rooms	2,494,710	1,624,150	938,177	969,921
Total Demand	3,620,587	2,646,636	1,528,503	1,483,553
Conversion Rate	19.6%	19.6%	18.3%	16.4%

Citywide Conventions subdued through 2029

Visit Dallas Citywide Booking Pace

Visit Dallas-related citywide group business compared to 2019, as of 2/9/2026



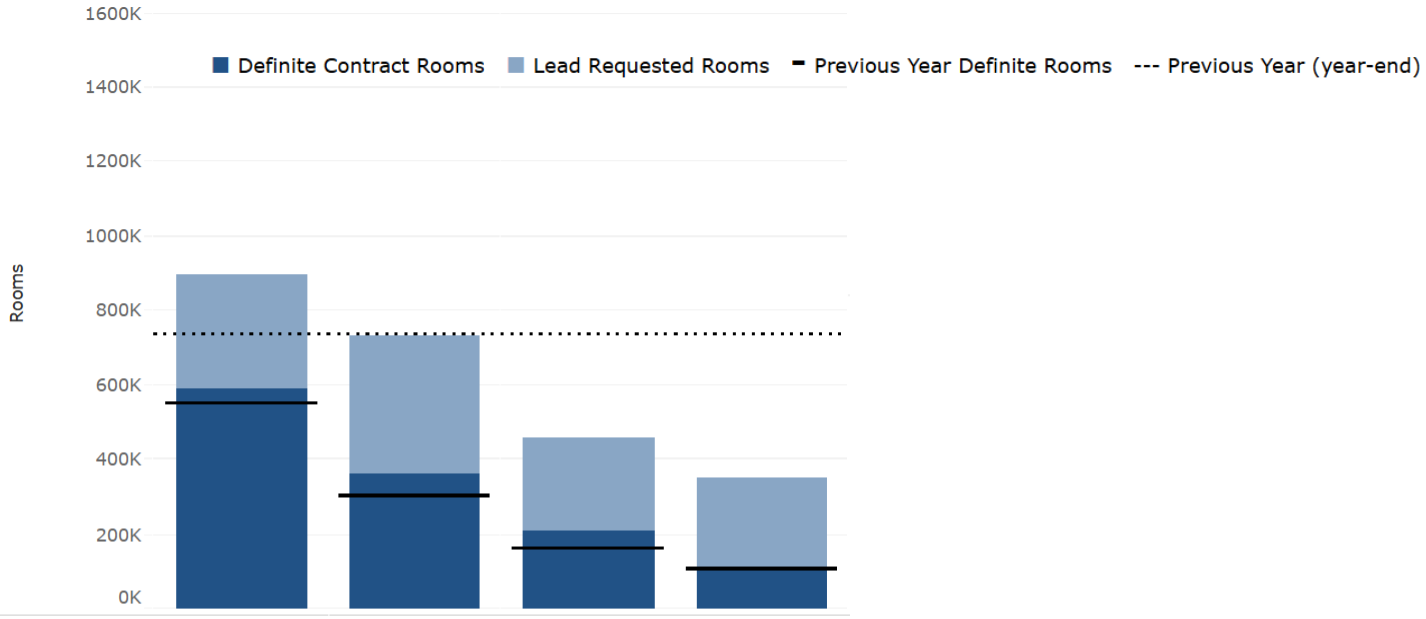
	2026	2027	2028	2029
Definite Rooms	18,232	36,387		81,497
Pace	428,824	457,714	334,736	245,603
% to Pace	-95.7%	-92.1%		-66.8%
Diff. to Pace	-410,592	-421,327		-164,106
Open Lead Rooms	0	13,520	43,078	33,328
Lost Rooms	814,076	670,639	480,997	662,097
Total Demand	1,037,125	948,623	601,591	776,922
Conversion Rate	2.2%	5.1%		11.0%

TOURISM ECONOMICS

Non-Citywide Bookings ahead of historical patterns

Visit Dallas non-citywide Booking Pace

Visit Dallas-related non-citywide group business compared to 2019, as of 8/11/2025



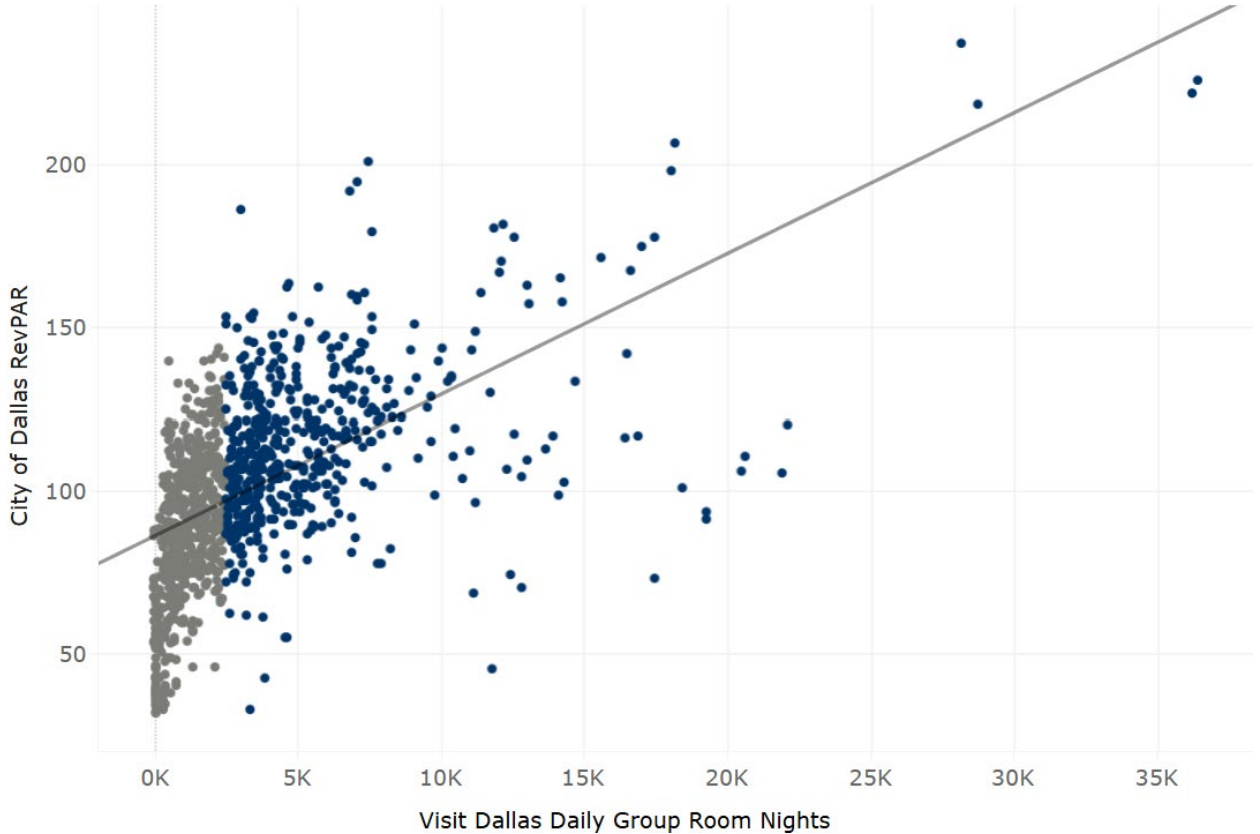
	2026	2027	2028	2029
Definite Rooms	589,616	359,744	210,234	108,923
Pace	557,486	306,696	166,050	111,884
% to Pace	+5.8%	+17.3%	+26.6%	-2.6%
Diff. to Pace	+32,130	+53,048	+44,184	-2,961
Open Lead Rooms	307,202	372,873	244,768	238,360
Lost Rooms	1,679,114	953,511	457,180	307,824
Total Demand	2,578,017	1,694,049	922,305	706,631
Conversion Rate	26.0%	27.4%	31.5%	26.1%

Citywide events, on average, increase RevPAR by 26.4%

Compression Impact from Citywide Events

City of Dallas, 8/2024-8/1/2025

	Occupancy	Average Daily Rate	Revenue Per Available Room
2.5K Daily DMO Group RN or More	**68.7%**	**$160**	**$110**
Less than 2.5K Daily DMO Group RN	**60.0%**	**$145**	**$87**

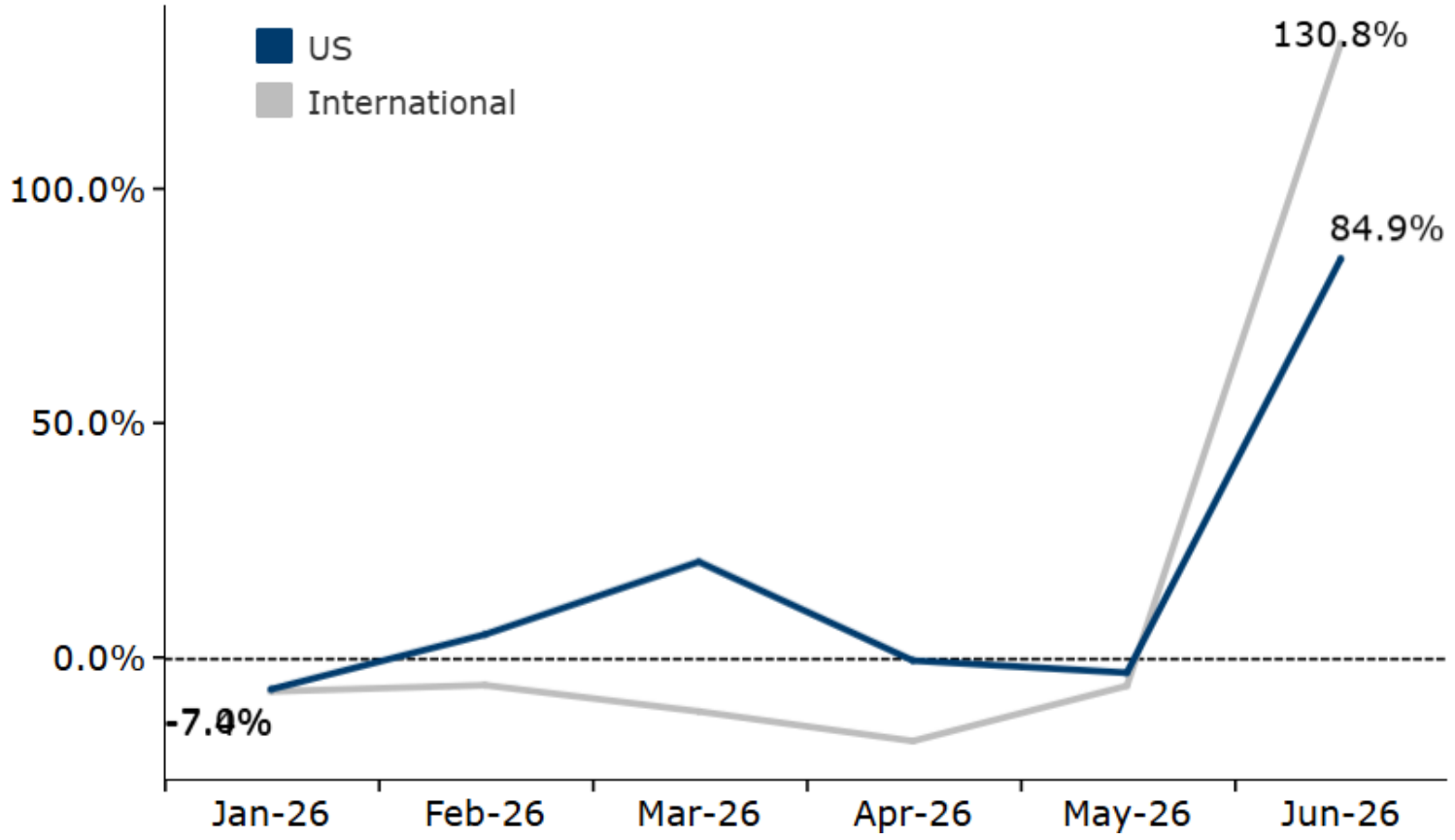


TOURISM ECONOMICS

Air Travel Future Bookings

Air Bookings to Dallas the Next 6-Months

% change vs STLY, Love Field and DFW as of January 2026



Source: As reported by Tourism Economics

Air Travel Bookings for Dallas pacing well ahead of other World Cup markets in June

Air Bookings to Dallas the Next 6-Months

% change vs STLY, Dallas vs other World Cup host cities as of January 2026

	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
ATL	-11.9%	1.5%	4.4%	-1.4%	-8.2%	6.7%
BOS	-4.6%	0.6%	-4.6%	-7.9%	-8.6%	48.0%
DFW	-11.1%	-0.9%	5.8%	-13.4%	-10.3%	97.5%
EWR	-7.2%	-6.8%	-4.8%	-24.3%	-19.8%	-5.3%
IAH	-10.1%	-5.6%	-1.4%	1.1%	-19.0%	39.6%
JFK	-6.5%	-3.3%	1.6%	-22.6%	-14.3%	-12.1%
LAX	3.7%	8.4%	3.5%	-5.8%	-4.6%	0.3%
MCI	-1.1%	13.6%	35.4%	41.4%	17.2%	131.7%
MIA	-0.4%	-4.3%	3.0%	-17.3%	-14.5%	10.0%
PHL	-9.7%	-10.6%	-1.0%	-1.8%	2.1%	10.9%
SEA	-8.1%	-3.2%	-9.8%	-22.4%	-15.3%	-16.7%
SFO	-2.4%	7.1%	4.6%	-10.0%	-10.1%	-10.3%

International air demand having a big impact on air booking pace vs same-time-last-year (a year ago, everything was fine)

Source: As reported by Tourism Economics

Domestic travel off the charts in June

Domestic Air Bookings to Dallas the Next 6-Months

% change vs STLY, Dallas vs other World Cup host cities as of January 2026

	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
ATL	-12.9%	1.7%	3.3%	4.8%	-2.0%	13.1%
BOS	-3.8%	4.0%	-1.1%	-0.8%	-0.3%	34.8%
DFW	-11.7%	0.1%	12.7%	-10.4%	-13.5%	65.9%
EWR	-5.2%	-3.0%	-3.0%	3.9%	-6.0%	17.2%
IAH	-8.7%	-2.1%	-0.5%	9.8%	-21.4%	44.4%
JFK	-5.4%	-1.4%	0.1%	6.6%	-3.7%	-4.7%
LAX	11.1%	10.9%	8.8%	9.9%	5.4%	22.6%
MCI	0.6%	15.4%	41.6%	48.8%	18.7%	114.0%
MIA	0.7%	-3.6%	-3.0%	1.1%	-7.1%	14.9%
PHL	-11.0%	-10.9%	2.6%	-3.4%	-2.8%	10.6%
SEA	-8.3%	-5.4%	-12.6%	-25.3%	-18.5%	-16.5%
SFO	-0.6%	8.8%	8.1%	6.5%	2.5%	18.3%

	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
US	-0.4%	3.5%	10.3%	9.5%	4.5%	10.5%

Source: As reported by Tourism Economics

Int'l travel more muted, but positive for most WC markets

International Air Bookings to Dallas the Next 6-Months

% change vs STLY, Dallas vs other World Cup host cities as of January 2026

	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
ATL	-6.9%	0.7%	8.2%	-12.4%	-16.3%	0.6%
BOS	-6.9%	-9.3%	-11.7%	-18.3%	-19.3%	60.8%
DFW	-7.9%	-6.4%	-12.0%	-18.2%	-6.1%	127.5%
EWR	-10.6%	-11.9%	-6.5%	-36.7%	-27.2%	-16.1%
IAH	-13.6%	-14.1%	-2.8%	-7.3%	-17.0%	36.4%
JFK	-7.4%	-4.6%	2.5%	-30.7%	-17.3%	-13.8%
LAX	-6.3%	4.9%	-1.5%	-15.2%	-9.1%	-8.4%
MCI	-12.9%	-1.6%	8.9%	15.0%	13.3%	174.7%
MIA	-1.4%	-5.0%	7.3%	-24.0%	-17.5%	8.5%
PHL	-1.0%	-8.2%	-15.0%	2.4%	11.9%	11.3%
SEA	-7.2%	6.4%	-0.7%	-14.5%	-3.8%	-17.6%
SFO	-5.6%	4.0%	0.6%	-22.5%	-17.6%	-23.6%

	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
US	-5.8%	-5.0%	-1.3%	-21.3%	-13.0%	-5.4%

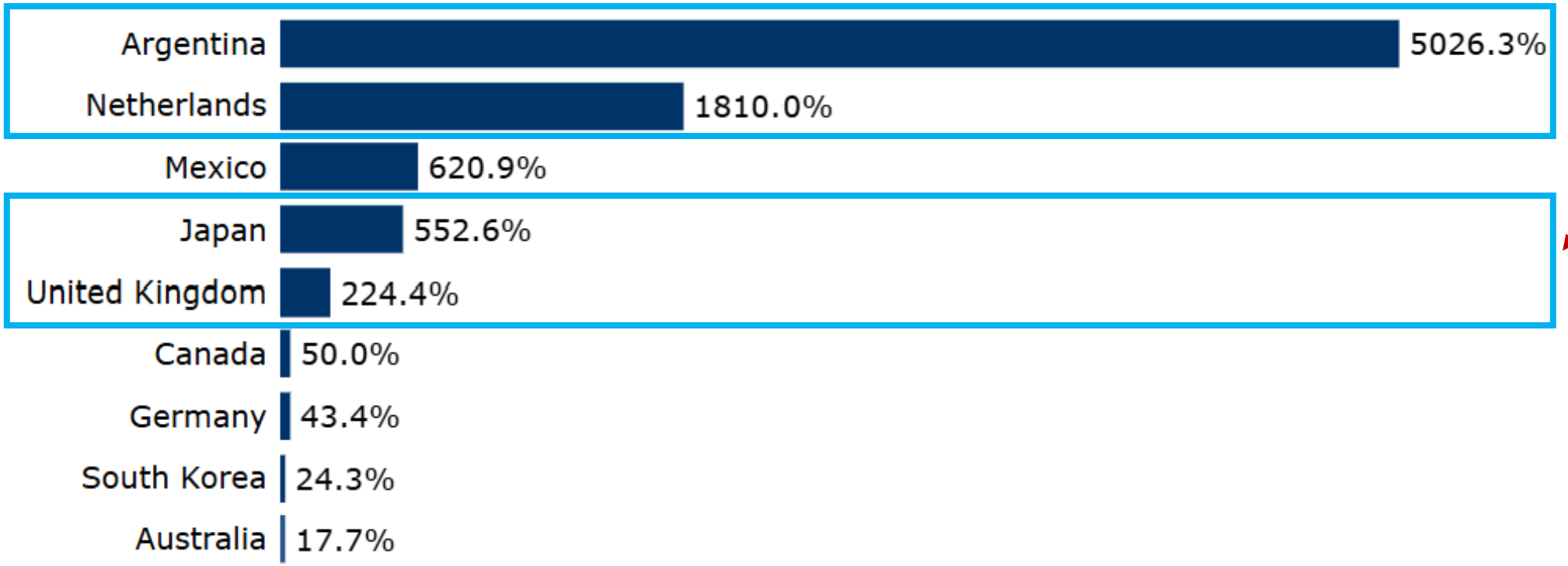
Source: As reported by Tourism Economics

International air demand having a big impact on air booking pace vs same-time-last-year (a year ago, everything was fine)

Strong international demand boosted by WC

June 2026 Air Booking Pace to Dallas by Origin Market

Bookings and % change vs STLY, Love Field and DFW as of January 2026

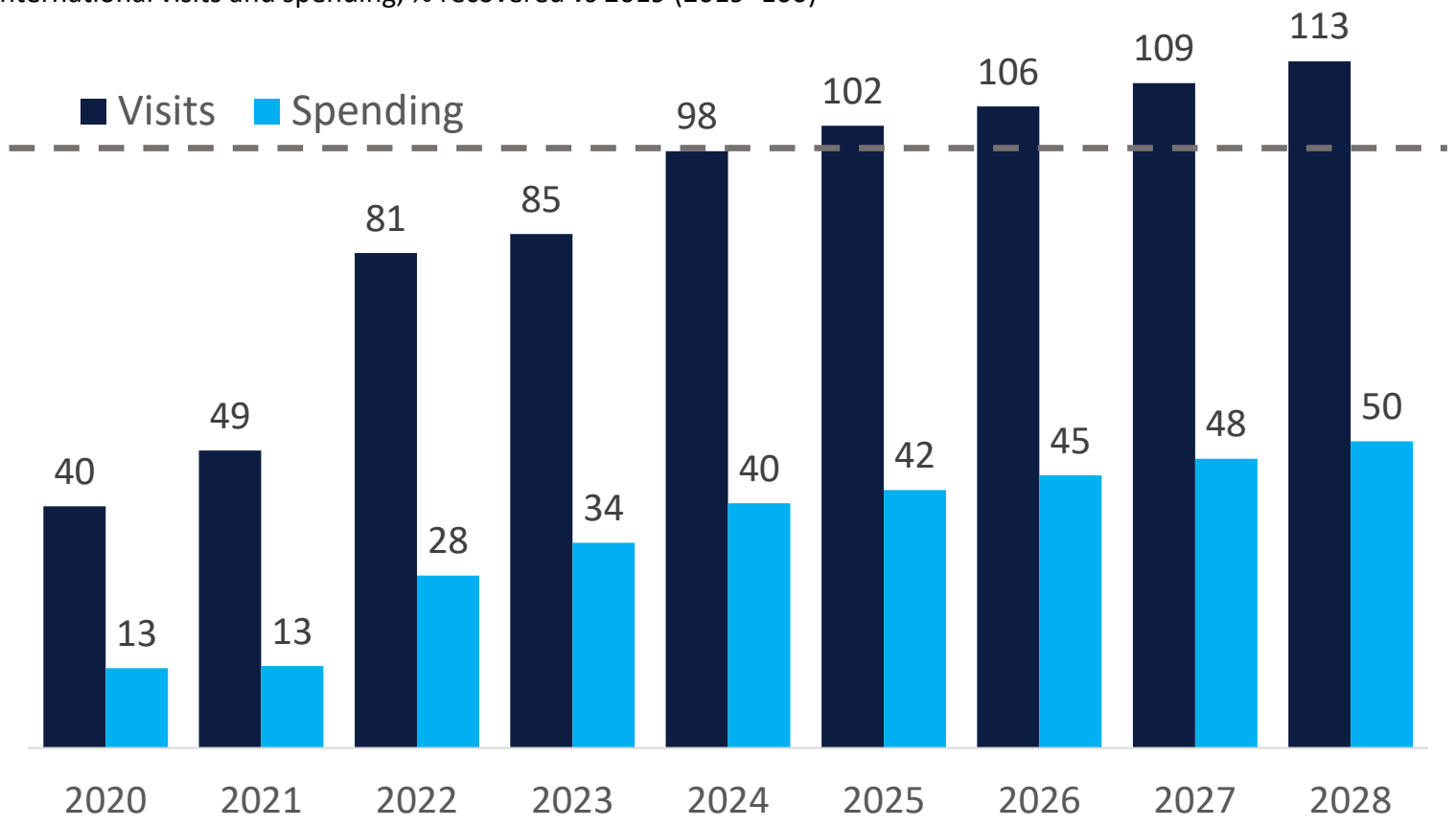


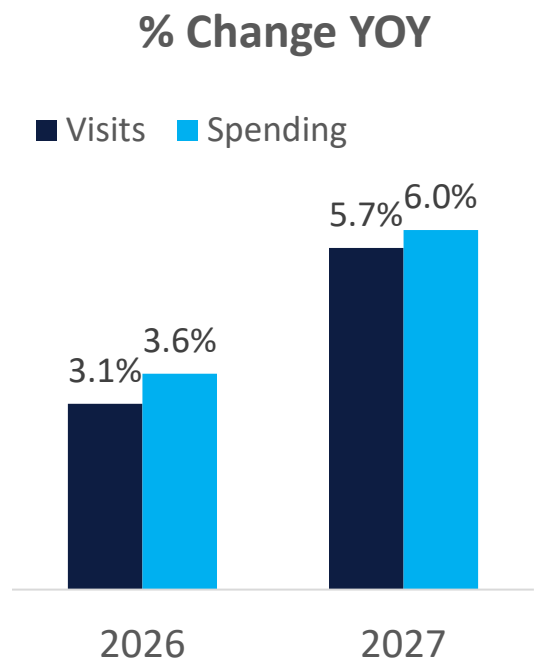
Source: As reported by Tourism Economics

International Travel Forecast

International Travel Forecast for Dallas

International visits and spending, % recovered vs 2019 (2019=100)





Source: Tourism Economics

TOURISM ECONOMICS

2026 RevPAR growth to come from a boost in ADR

Forecast summary: Annual

City of Dallas

		Hotel room supply	Hotel room demand	Occupancy	ADR	RevPAR	Room revenue (STR)
Levels							
	2025	13,095,501	8,105,707	61.9%	153.28	94.88	1,242,471,646
	2026	13,142,021	8,099,324	61.6%	161.06	99.26	1,304,498,519
Growth							
	2025	0.0%	-2.0%	-2.0%	-0.4%	-2.4%	-2.4%
	2026	0.4%	-0.1%	-0.4%	5.1%	4.6%	5.0%
Relative to 2019							
	2025	6.1%	-3.6%	-9.1%	21.0%	9.9%	16.6%
	2026	6.5%	-3.7%	-9.5%	27.1%	15.0%	22.4%

Source: As reported by Tourism Economics