



COVID-19: Travel Industry Impact Briefing

Seattle and King County; Updated May 29, 2020

Top Industry Updates and Observations

1. Memorial Day weekend, traditionally signaling the start of summer travel season, largely unrecognizable this year. The Harris Poll indicated 95% of Americans stayed home and the TSA screened just 350,000 air passengers across the nation, just 12.4% of the volume in 2019 (2.8 million). *More national travel and tourism industry insights on page 2.*
2. It can only go up from here. With restrictions in place globally, overseas arrivals to the U.S. in April down 99.6% as compared to April 2019, per the U.S. Department of Commerce's National Travel and Tourism Office. *More on industry impact on page 2.*
3. Modest increase in travel at SEA Airport continues. A daily average of 6,900 passengers were screened by TSA the week of May 17 (6,300 passengers/day the week prior). Volumes still historically low, down 88% as compared to 2019. *More on SEA Airport impact on page 5.*
4. Steady climb in national hotel occupancy continues for the sixth consecutive week. Seattle performance remains flat, hovering around 10%. *More on hotel revenue, rates and occupancy on pages 4-5.*
5. A total of 32 future citywide conventions previously booked at the Washington State Convention Center have now cancelled, representing 215,984 contracted hotel room nights and \$221.7 million in lost economic impact. *Full overview on page 4.*

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National Travel and Tourism Industry Impact

Travel Employment Impact (U.S. Department of Labor and U.S. Travel Association; May 19)

- More than 40 million Americans have sought unemployment benefits in the last 10 weeks.
- Overall travel industry unemployment now stands at 51% – twice the rate of the worst year of the Great Depression.
- Travel-related job losses represented 38% of all job losses through April.

Projected Economic Impact (U.S. Travel Association; April 15)

- COVID-19 will be nine-times more impactful to the travel industry than 9/11.
- Travel industry losses will result in a GDP impact of \$1.2 trillion in 2020.
- Travel declines in 2020 will result in a loss of \$80 billion in taxes this year.

National Travel Spending (U.S. Travel Association; May 28)

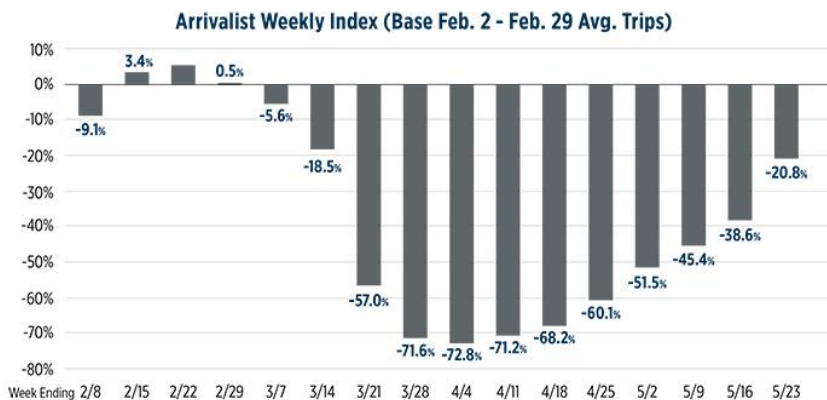
- National weekly travel spending rose slightly to \$3.4 billion last week (its highest level since March), aided by Memorial Day weekend as well as the continued easing of lockdown measures.
- In the week ending May 23, the travel economy witnessed its fourth-consecutive week of expansion since the start of the pandemic but still registered 84% below last year’s levels (a \$18.5 billion loss).
- Since March 1st COVID-19 has resulted in \$195 billion in losses for the U.S. travel economy.
- Travel declines have caused a loss of \$25.1 billion in federal, state and local tax revenue since March 1.

Industry Observations and Insights

Arrivalist (May 28)

This Daily Travel Index measures consumer road trips of 50 miles or more in all 50 U.S. states:

- Road travel over the last seven days (through May 25) was 24% higher than the previous seven days.
- Road travel last week (which included Memorial Day weekend) continued to recover and registered “only” 21% lower than it was right before the crisis (in Feb. 2020).
 - In comparison, road travel was 73% lower than its pre-crisis (Feb. 2020) average in the first week of April.



Consumer Sentiment

Longwoods International (May 27)

Nearly half (46%) of American travelers are planning to take some type of trip in the next six weeks (between Memorial Day and July 4th):

- 24% expect to travel by car to visit friends and relatives (of which 15% only within 200 miles).
- 11% expect to travel by car for a vacation/getaway (of which 7% only within 200 miles).

- 6% expect to travel by plane to visit friends and relatives.
- 4% expect to travel by plane for a vacation/getaway in the U.S.
- 1% expect to travel internationally.

Destination Analysts (May 25)

A weekly survey by Destinations Analysts tracks key consumer perceptions, attitudes and behaviors of American business and leisure travelers. Key findings from May 25:

- The proportion of leisure travelers who report that they will *decrease* the total number of trips they will take this year and the amount of money they will spend (compared to previous 12 months) has skyrocketed in the past four months:
 - 45% now say they will travel less this year, compared to 9% in January.
 - 47% now say they will reduce their travel spending, compared to 11% in January.
- Four months ago, 60% of travelers said that leisure travel would be at least somewhat of a budget priority this year—now only 27% say so.
- Approximately 7-in-10 American travelers who have postponed a trip due to the pandemic have not yet rescheduled it.
- Opinions are split regarding traveling without a COVID-19 vaccine being available:
 - 37% agree they will not travel until a vaccine is developed.
 - 33% disagree.
 - 30% are neutral.

Visit Seattle Social Media Sentiment (May 21)

There were no significant signs of conversation volume growth or shifts in social sentiment this month. The conversation is highly political given the constantly changing COVID-19 situation and the quickness of decision making. Seattle continues to be the catalyst for COVID-19 innovations as well, which brings both the city and state attention. Contact tracing became the biggest news story at the tail end of the reporting period with concerns about usability. Information security and invasiveness have made this an unlikable procedure.

- Between April 18 and May 17, the total volume of travel and hospitality conversation in 2020 is down 52% when compared with the same time period in 2019. Positive conversations have decreased by 7% and negative conversations have increased by 8% as people are forced to cancel their summer vacations. According to ADARA, travel searches and bookings for Washington State are down by more than 50% across both domestic and international geographies.
- People who are exploring the possibility of travel this year are evaluating:
 - Cleanliness: Is it safe and will this community have the resources to care for me if I get sick?
 - Hospitality: Do the locals want us to visit or will there be conflict upon my arrival?
 - Convenience: Will there be anything to do and is anything even open when I get there?
 - Value: Will it be worth all the hassle and the risk or should I have just stayed home?
- Even as restaurants are slated to open, many locals are still afraid to visit them. In the coming weeks, this fear will lead to mounting division between those who are focused on the health of the economy or those who are focused on the health of the person.
- Among those planning to visit, most are return visitors who have already experienced Seattle at its finest. Newcomers seem less inclined to visit; it appears that Seattle's status as a hotspot makes new visitors less likely to feel safe in a city they have never been to before.
- Toward potential visitors, the reception from locals is less than welcoming. Many are requesting that travelers stay home even in late summer out of fear that cases will resurface. It's becoming apparent that to encourage tourism, safely reopening the city is only the first step. Before Seattle can welcome back visitors, Seattleites need to stand behind this messaging.

National Meetings and Conventions (Washington State Convention Center)

A total of 32 citywide conventions previously booked at the Washington State Conventions Center have cancelled or postponed due to COVID-19 or related restrictions. Cancellations represent a definite loss to the region because of Seattle's lack of available future dates and relatively small convention center.

Summary of 2020 Cancellations				
	# of Conventions	Attendance	Room Nights	Economic Impact
Q1	2	3,200	7,704	\$7.0 M
Q2	15	76,150	90,827	\$111.0 M
Q3	9	18,650	46,862	\$45.0 M
Q4	4	12,850	18,409	\$25.8 M
2020 Total	30	110,850	163,802	\$188.8 M

Summary of 2021 Cancellations				
	# of Conventions	Attendance	Room Nights	Economic Impact
Q1	1	7,500	35,454	\$20.9 M
Q2	1	9,000	16,728	\$12.0 M
2021 Total	2	16,500	52,182	\$32.9 M

Hotel Revenue, Rates and Occupancy (Source: STR: May 17-23)

Revenue declines continued to exceed 90% in much of Seattle, results were relatively flat to last week's comparisons. Following are revenue changes by subsegment:

- Seattle Downtown (58 hotels/14,408 rooms): Revenue down 95.4%
- Convention Center Core (14 hotels/7,108 rooms): Revenue down 97.3%
- Bellevue/Eastside (27 hotels/5,644 rooms): Revenue down 93.0%
- Seattle Center/SLU (23 hotels/3,319 rooms): Revenue down 86.9%
- SEA Airport (20 hotels/4,355 rooms): Revenue down 76.1%
- King County (299 hotels/43,036 rooms): Revenue down 86.9%

Average Daily Rate

Average Daily Rate (ADR) for hotels in downtown Seattle declined 48.9% (\$111.61 vs. \$218.40 last year).

Occupancy Rates

Many of the hotels that are closed in some capacity are now reflected in the following detail by subsegment – and please note that these can change in either direction with hotels now making decisions whether to re-open or remain temporarily closed:

- Downtown hotels ran 10.7% occupancy last week compared with 10.5% the previous week
 - 19 hotels (3,741 rooms) not reporting as available
- Convention Core hotels ran 5.0% – last week was 5.1%
 - 4 hotels (1,346 rooms) not reporting as available
- Bellevue hotels ran 11.1% for the week – the previous week was 10.5%
 - 3 hotels (665 rooms) not reporting as available
- Seattle Center/South Lake Union ran 29.6% for the week – up from 29.5% the previous week
 - 6 hotels (893 rooms) not reporting as available
- SeaTac hotels ran 42.1% occupancy for the week – down from 48.6% the previous week
 - 2 hotels (959 rooms) not reporting as available
- King County hotels (including Seattle) ran 25.5% compared with 25.6% the previous week

- 39 hotels (7,307 rooms) not reporting as available

National Hotel Performance

The Seattle metro hotel occupancy was flat at 27.6% this week (27.6% last week). The lowest occupancy of the Top-25 U.S. markets was Oahu Island again - which ran 12.7% - compared to 11.7% the previous week. Hawaii continues to aggressively discourage travel through mandatory quarantine for all arrivals. NYC remained the market with the highest occupancy at 44.9% - last week was 43.6%. This trend seems to be related to healthcare workers from out of the area as well as the need for isolation and quarantining in the city.

Overall U.S. occupancy was 35.4% (this was 32.4% last week and 30.1% the week prior). Noteworthy that this was the sixth consecutive week of week-over-week gains in occupancy.

Seattle's RevPAR was flat and declined 82.4% YOY (same as last week); the U.S. was down 69.9% (compared to a previous weekly decline of 73.6%).

Impacted Hotel Operations

While hotels are deemed "essential" in Governor Inslee's Stay Home, Stay Safe proclamation, the operations of many Seattle/King County hotels have been severely impacted:

- Seattle Downtown: 28 hotels with 6,056 guest rooms currently unavailable.
- Eastside: 5 hotels with 659 guest rooms currently unavailable.
- South King County: 2 hotels with 996 guest rooms currently unavailable.

Cruise Industry

- On April 15, the CDC announced an extension of a No Sail Order for all cruise ships. It is expected to remain in effect for at least 100 days (July 24) from the date of publication in the Federal Register.
- Holland America Line, Princess Cruises and Carnival Cruise Line have publicly announced they will not operate any of their previously planned Alaska sailings for the remainder of the 2020 season.
- With the CDC order – and the recent cruise line announcements – estimates now suggest a maximum of 71 sailings could occur in 2020 (less than 1/3 of the original schedule), with 50 being a more reasonable estimate. An originally forecasted economic impact of well over \$900 million for the season would cascade to around \$200 million in that scenario.
- The Port of Seattle announced it is delaying its \$200 million cruise ship terminal project (Terminal 46), which was slated to open for the 2023 cruise season. Port officials will assess the COVID-19 impact on future cruise business before continuing the project, which requires a \$100 million investment from a private partner(s).

Airline Industry

- For the week of May 17, SEA Airport served 6,900 daily departing passengers compared to over 60,000 normally this time of year (down 88% as compared to 2019).
- Access [SEA Airport's weekly dashboard](#) of airport activity for more information.
- Globally, airline bookings have been severely impacted by COVID-19 with a projected 2020 passenger revenue reduction of \$314 billion (55%).
- TSA checkpoint volumes at U.S. airports declined 95% in April 2020 compared to April 2019.
- Detailed air service impact and updates available upon request.

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