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State of Tourism

Celebrating our Industry




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Opposing Invisible Forces

The outlook for the economy and travel

Tariq Khan

Senior Economist | Tourism Economics

November 2026

A lot has changed since last time …


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AI is changing the way we do things

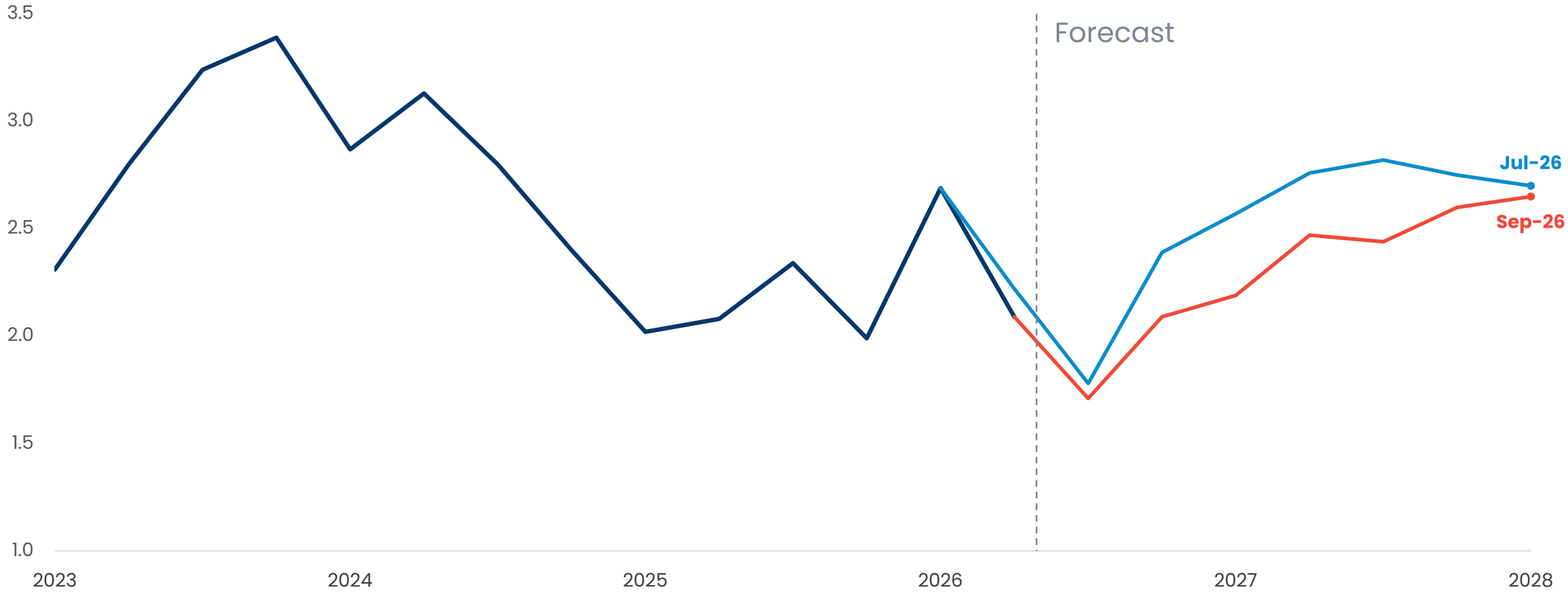




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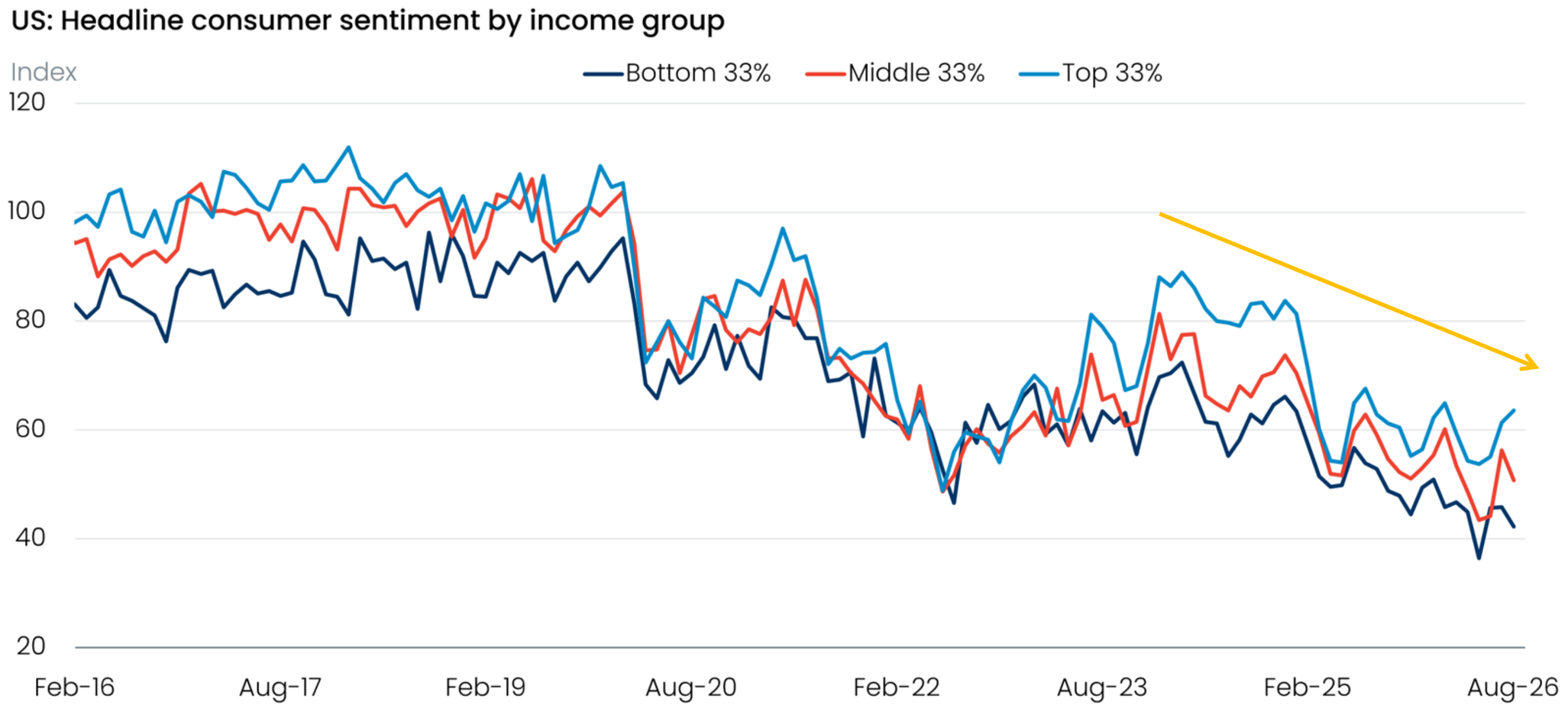
The economy is evolving too, and the near-term outlook is weaker

US: Oxford Economics' baseline forecasts
Real GDP growth, % y/y



Sources: Oxford Economics, Haver Analytics

Consumer sentiment has fallen further



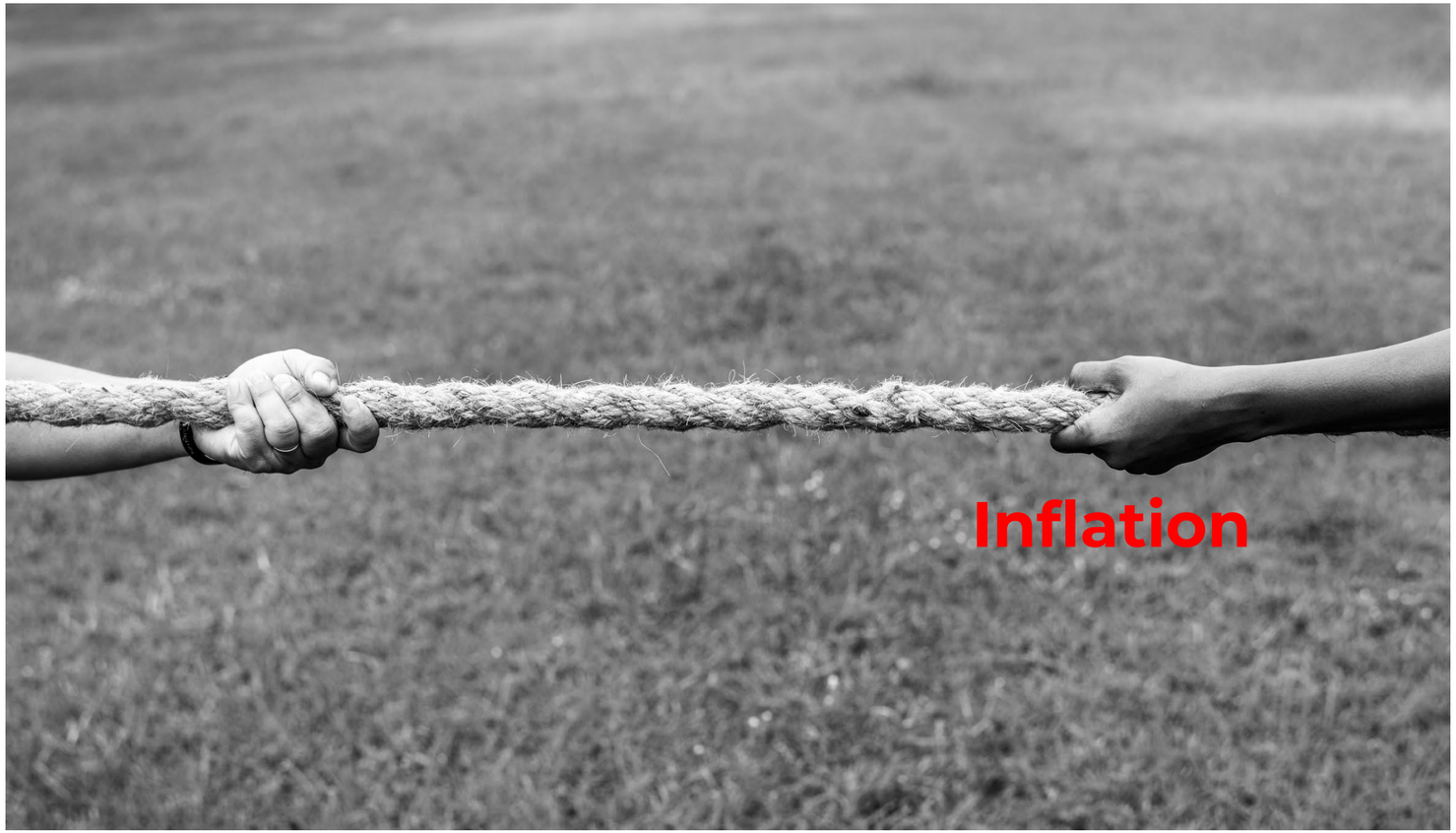
Source: University of Michigan

Adam Smith in The Wealth of Nations (1776) said:

"Every individual… intends only his own gain, and he is in this… ***led by an invisible hand*** to promote an end which was no part of his intention."

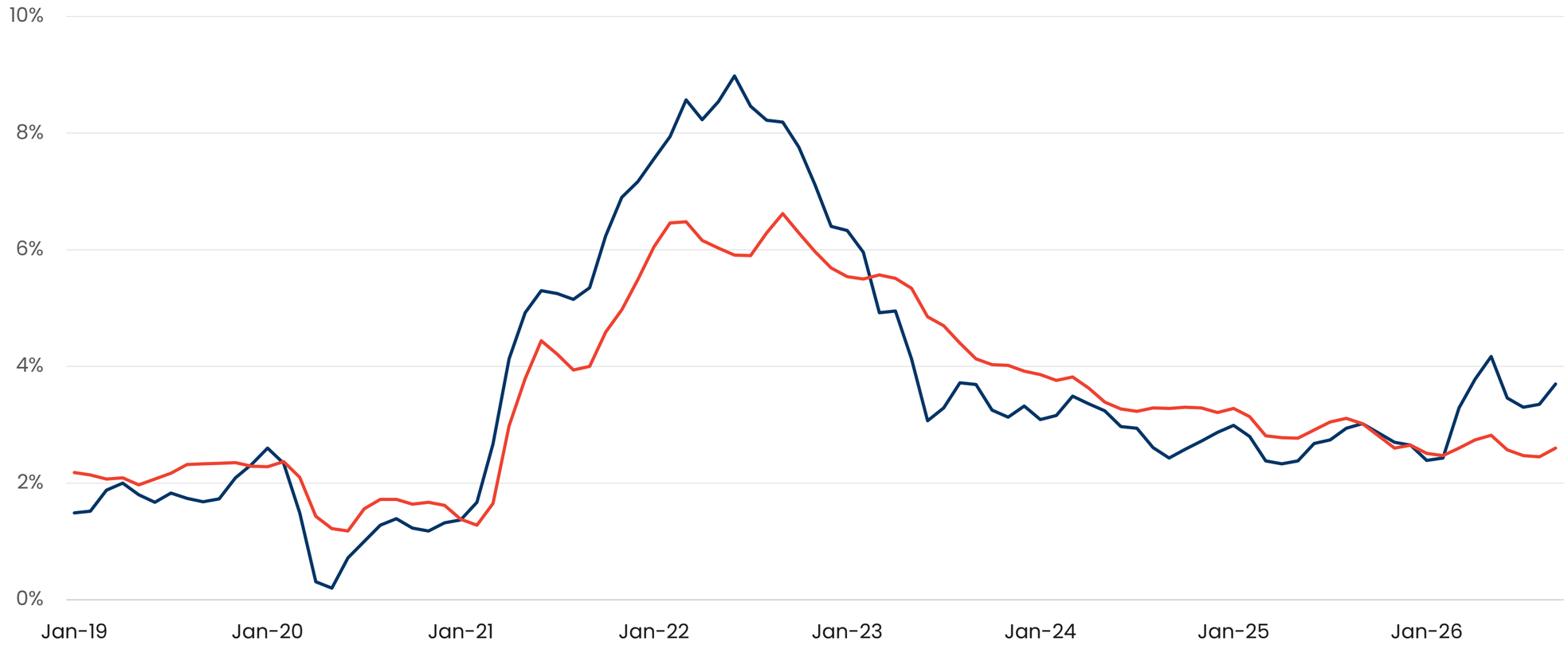


Opposing forces are shaping the industry



Inflation remains uncomfortable

US: consumer price index
Year-over-year growth



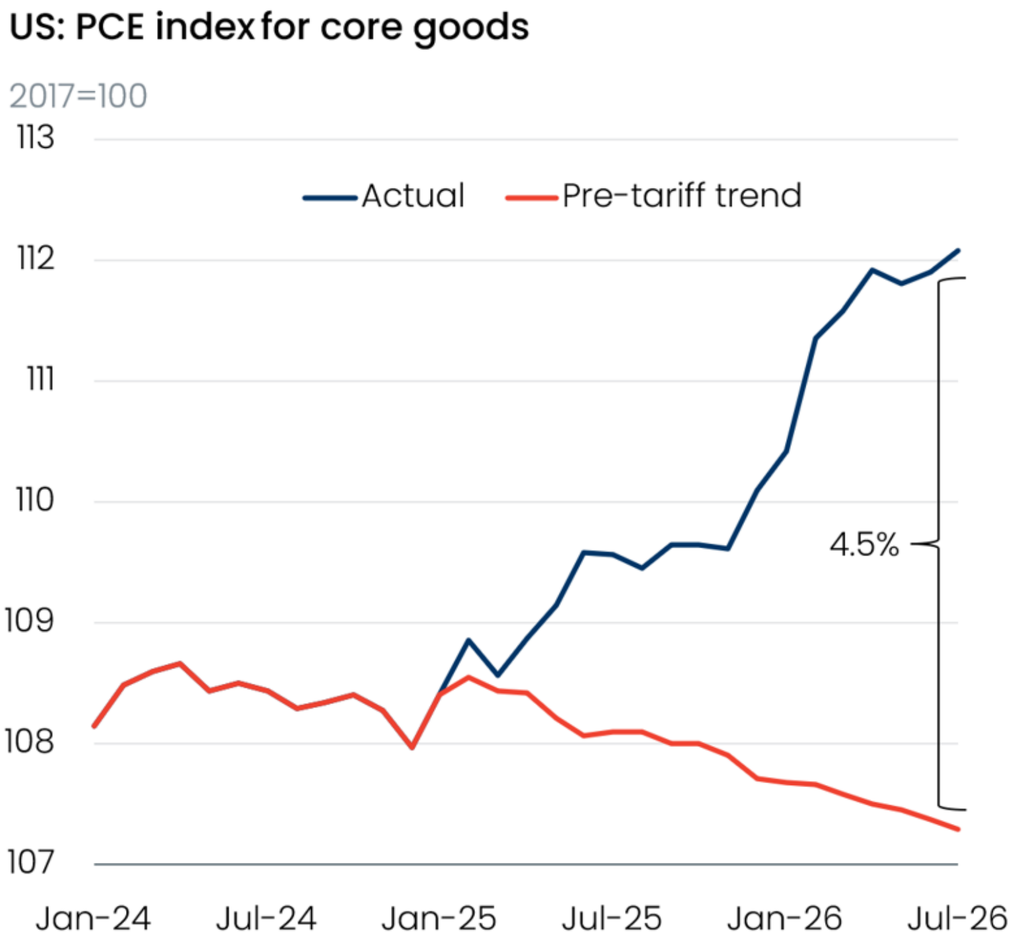
Sept. 2026, y/y

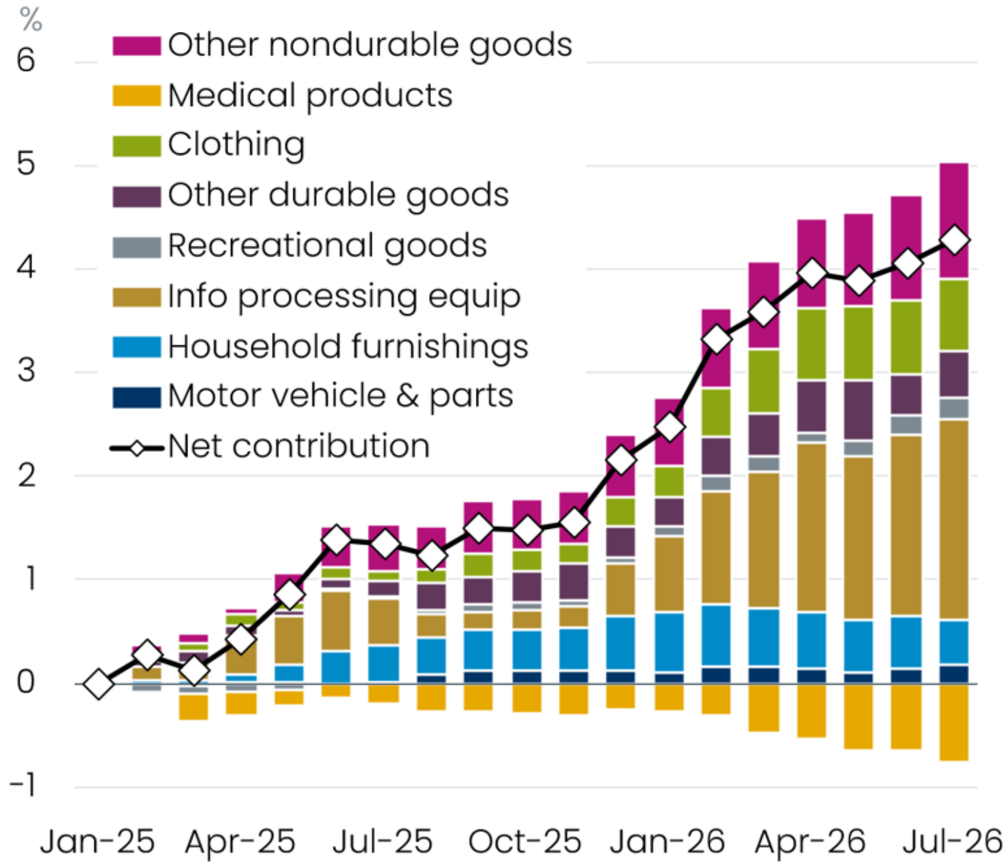
Headline 3.7%

Core 2.6%

Source: Oxford Economics, Haver Analytics, Bureau of Labor Statistics

Tariffs have caused goods prices to soar

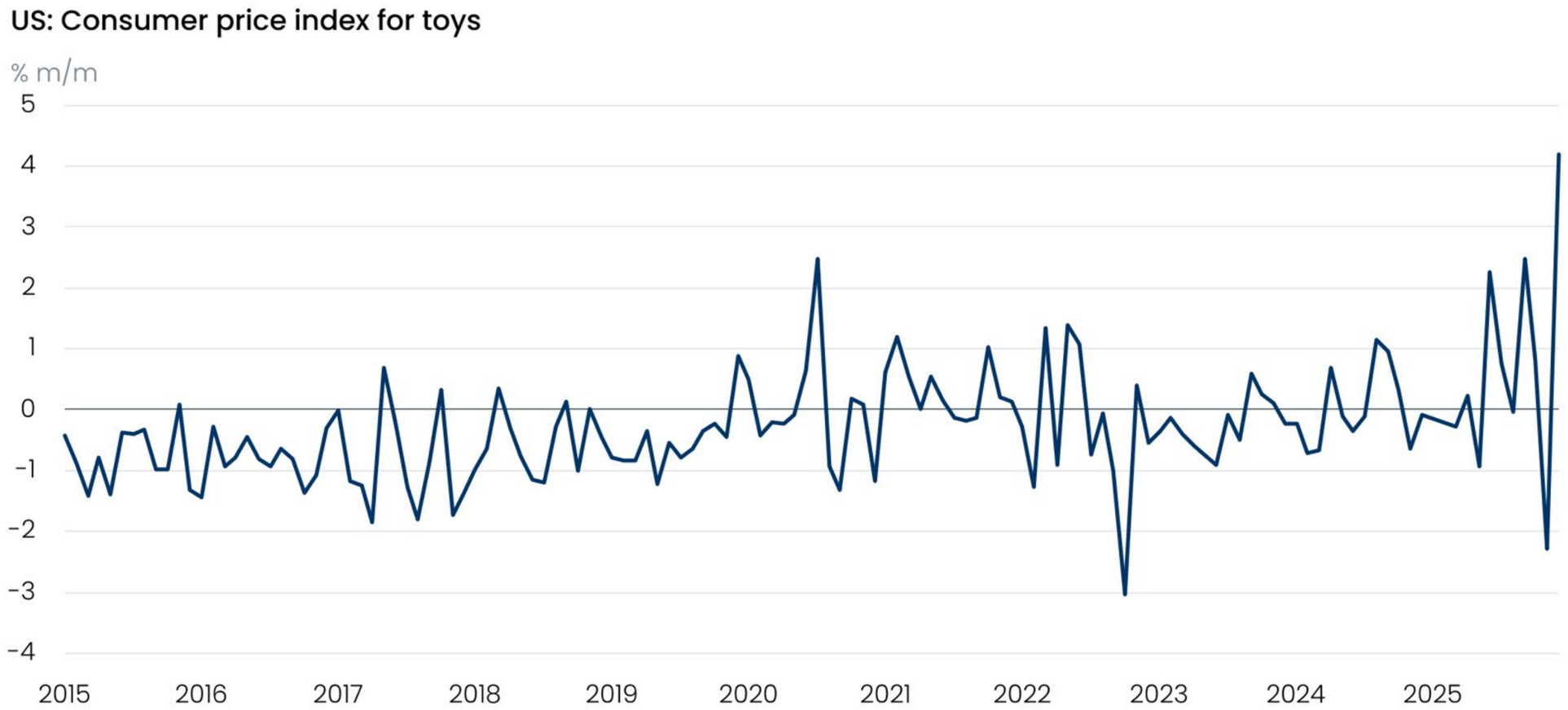




Source: Oxford Economics

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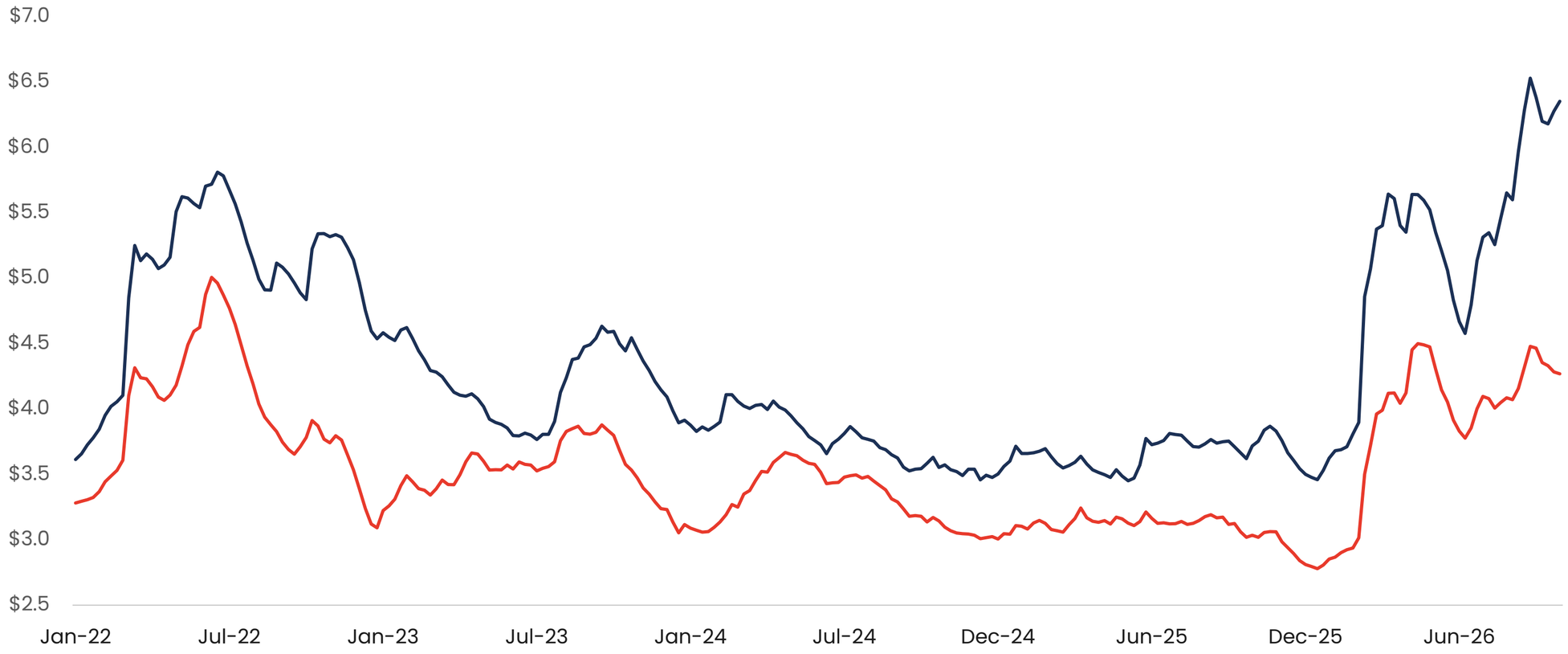
Sorry kids, expect fewer presents under the tree



Source: BLS

Gas and diesel prices have surged due to the Iran conflict

US: diesel and gasoline prices
$ per gallon, weekly

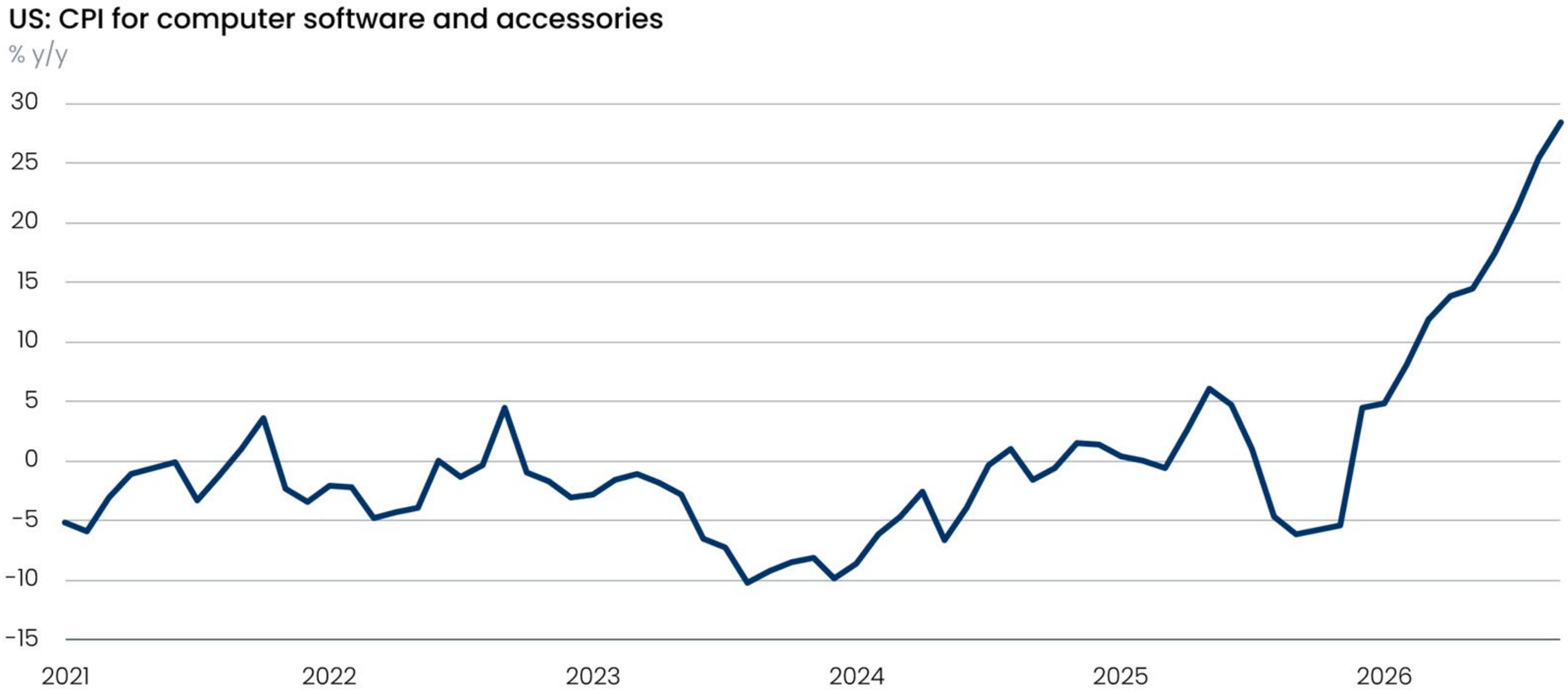


Diesel +83%
Since start of 2026

Gas +53%
Since start of 2026

Note: Percent change from the week of 5 January 2026 to the week of 26 October 2026, the last week shown. Source: Oxford Economics; EIA weekly retail prices

More AI comes at a cost to consumers

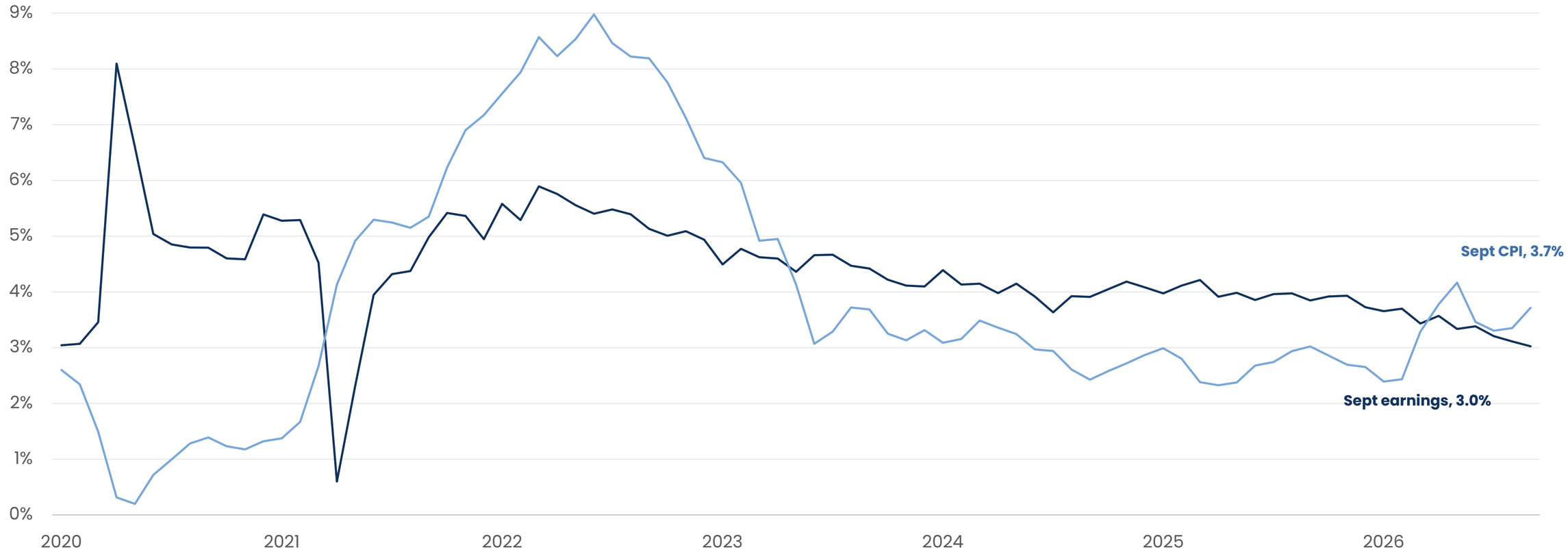


Source: BLS

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Inflation is eating into earnings

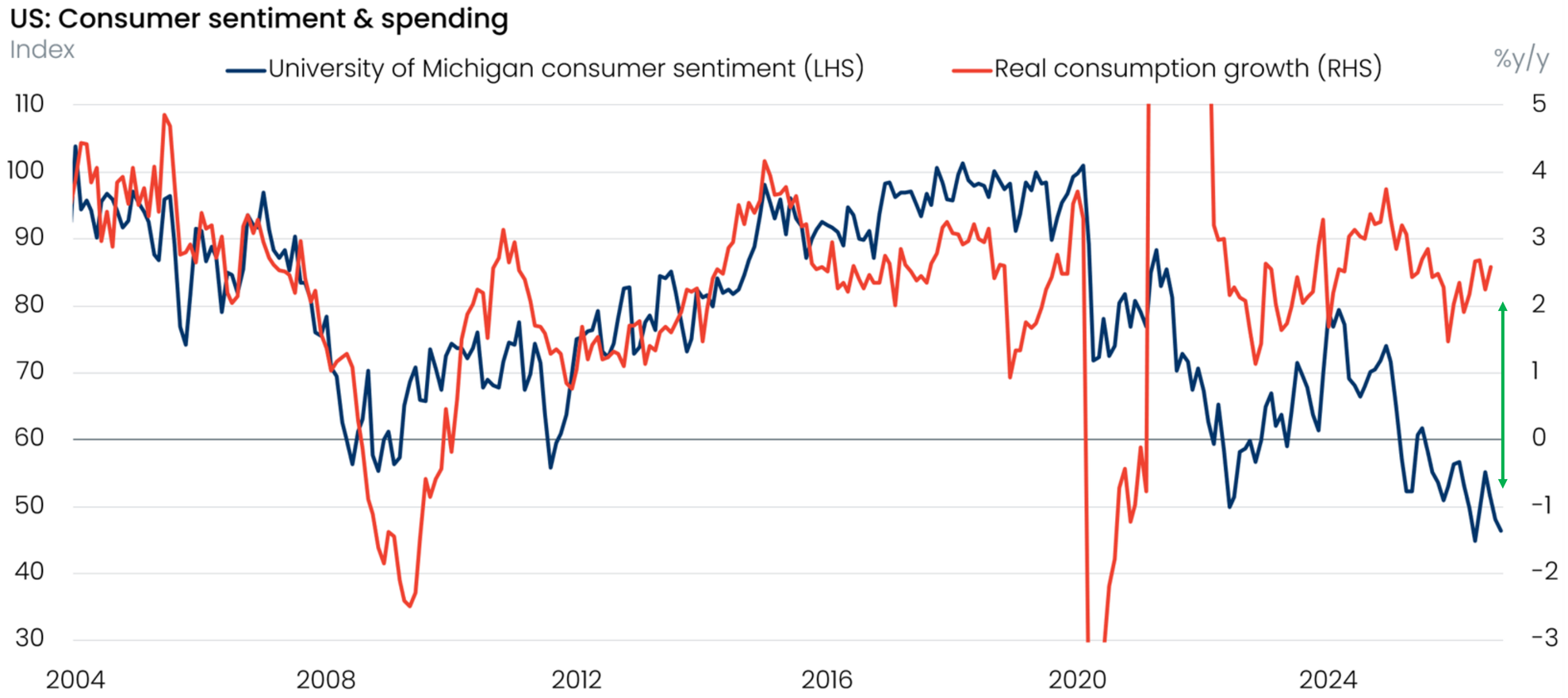
US: Inflation vs wage growth
% change year over year



Source: BLS

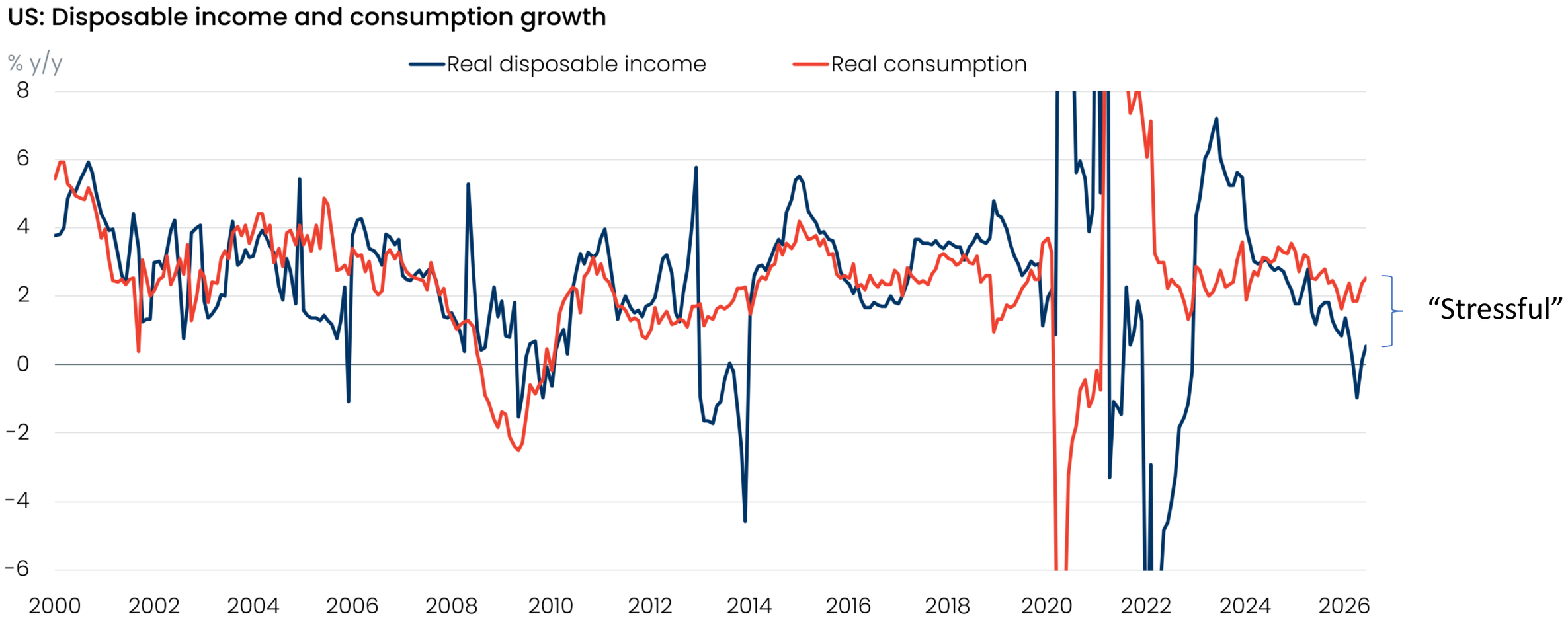
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How we feel doesn’t translate to how we behave



Source: University of Michigan

Spending is outpacing income

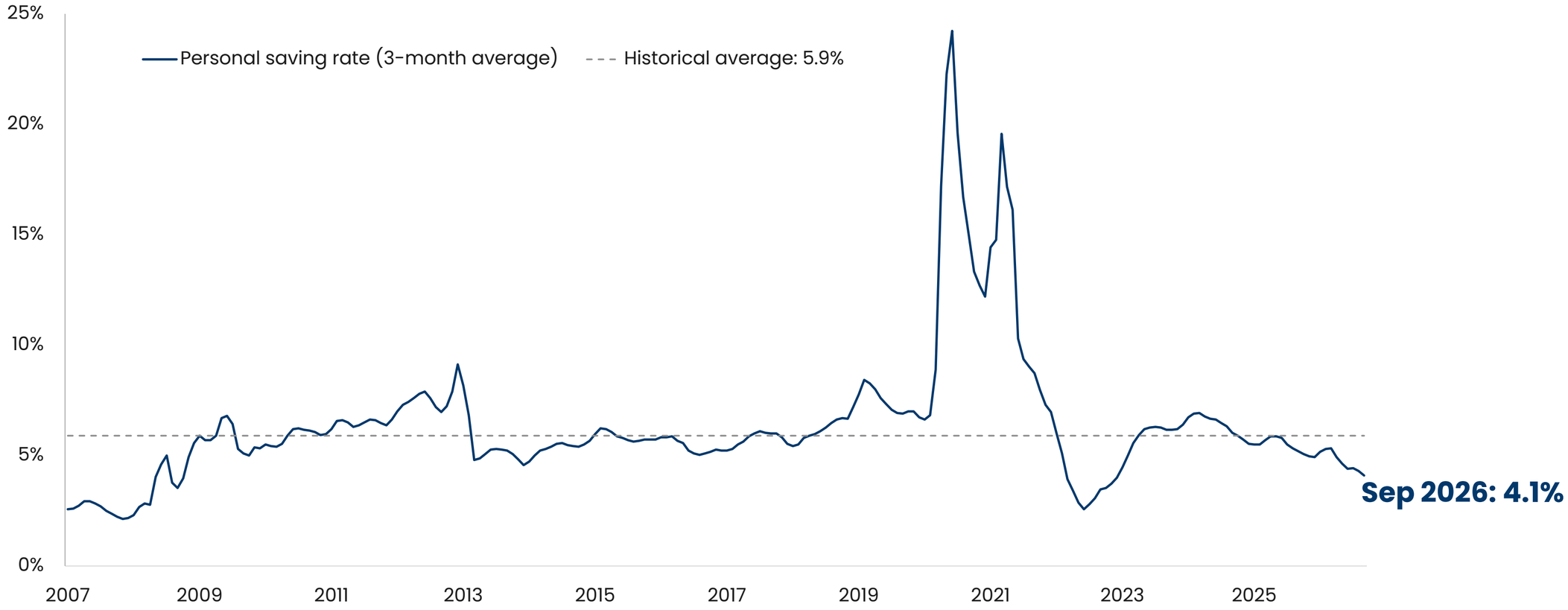


Source: Oxford Economics

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Savings are taking a hit to compensate

Personal savings rate
% of income

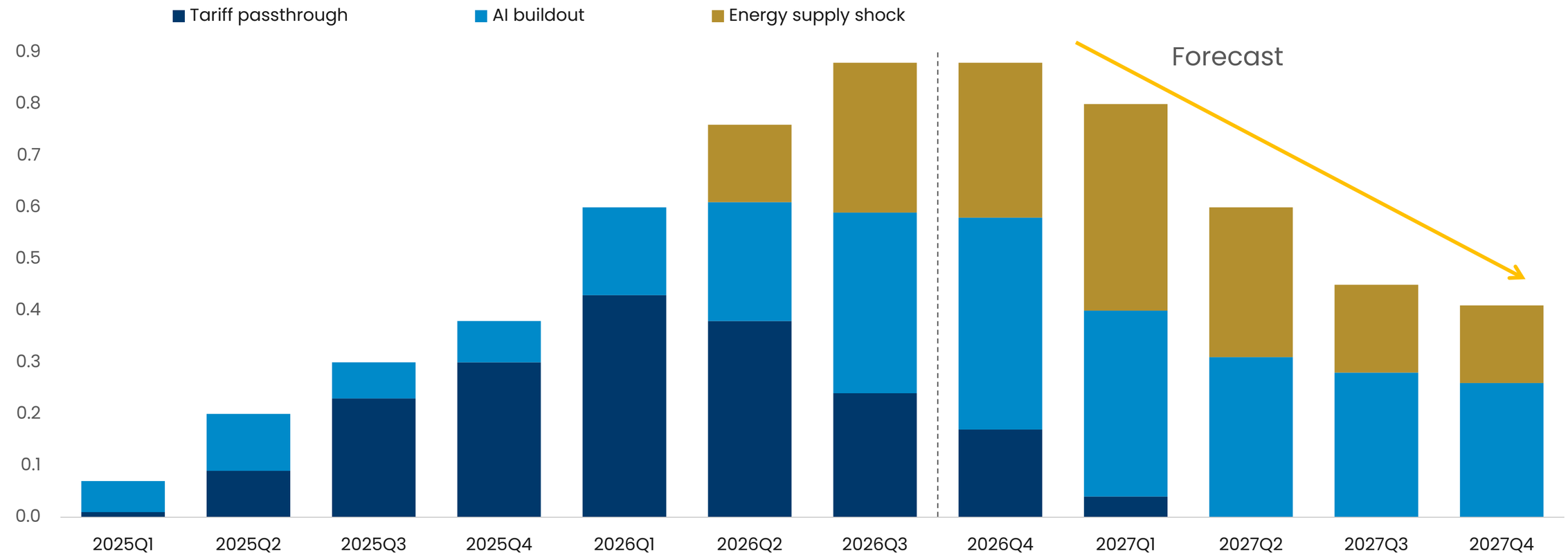


Note: Data is seasonally adjusted, three-month average. Source: Bureau of Economic Analysis

Inflation will subside next year

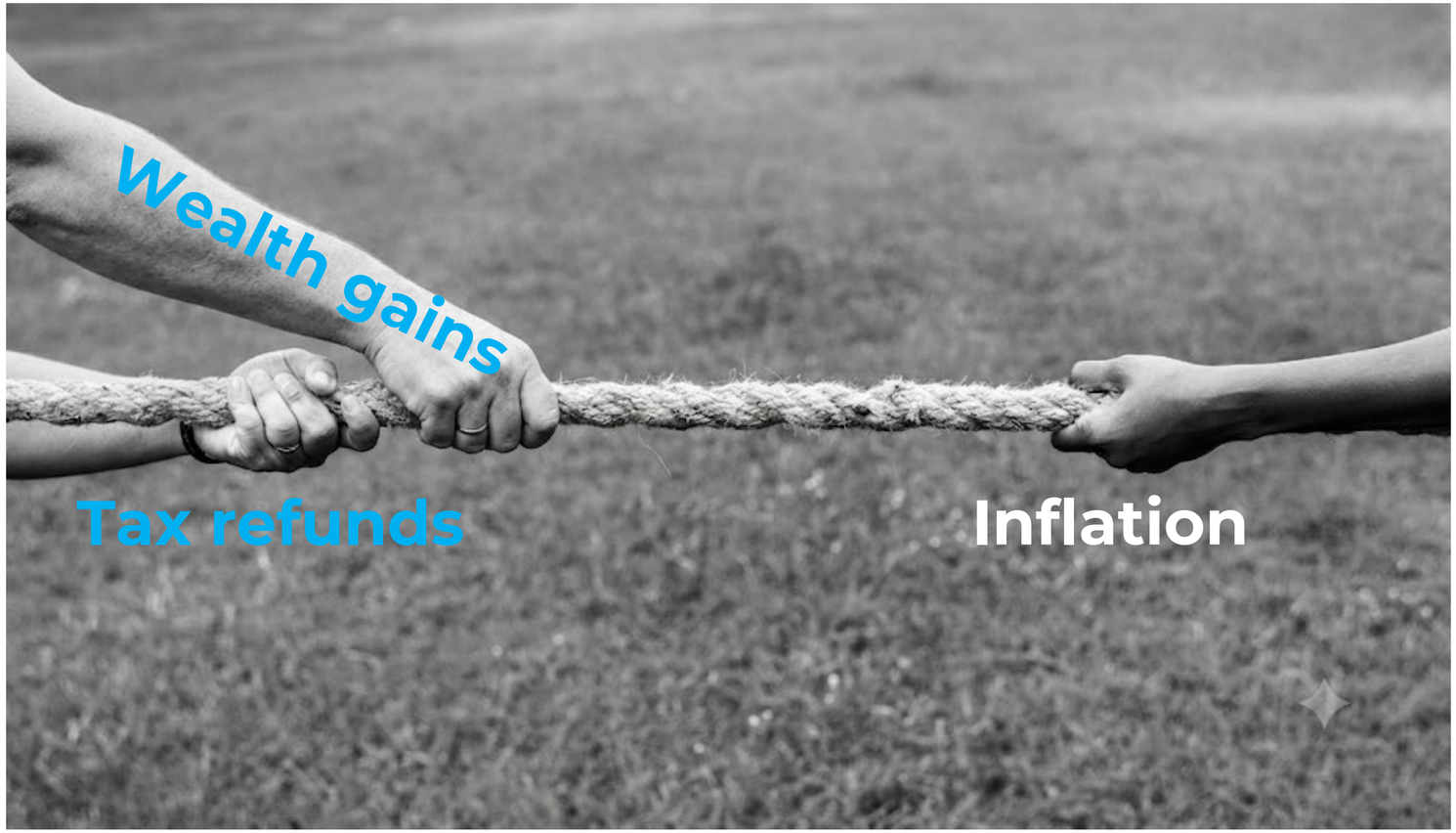
US: contributions to annual core PCE inflation

Percentage points



Source: Oxford Economics

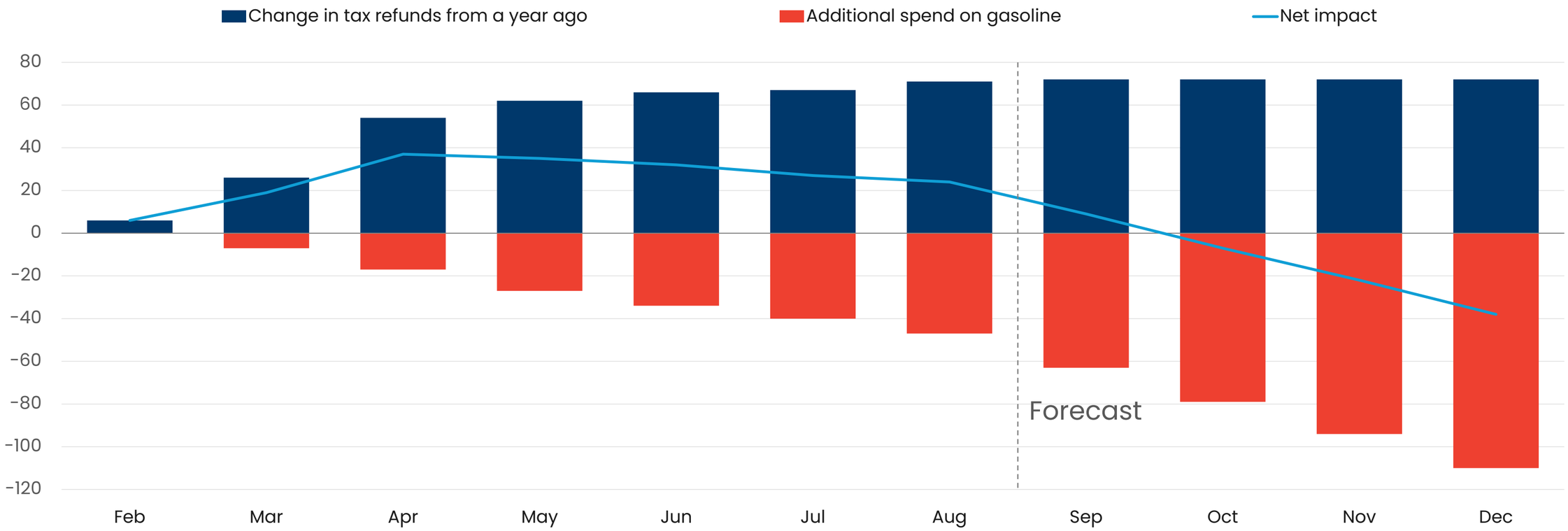
On the other hand



Greater tax refunds helped buffer the initial gas price shock

Impact of tax refunds and gas prices on consumers in 2026

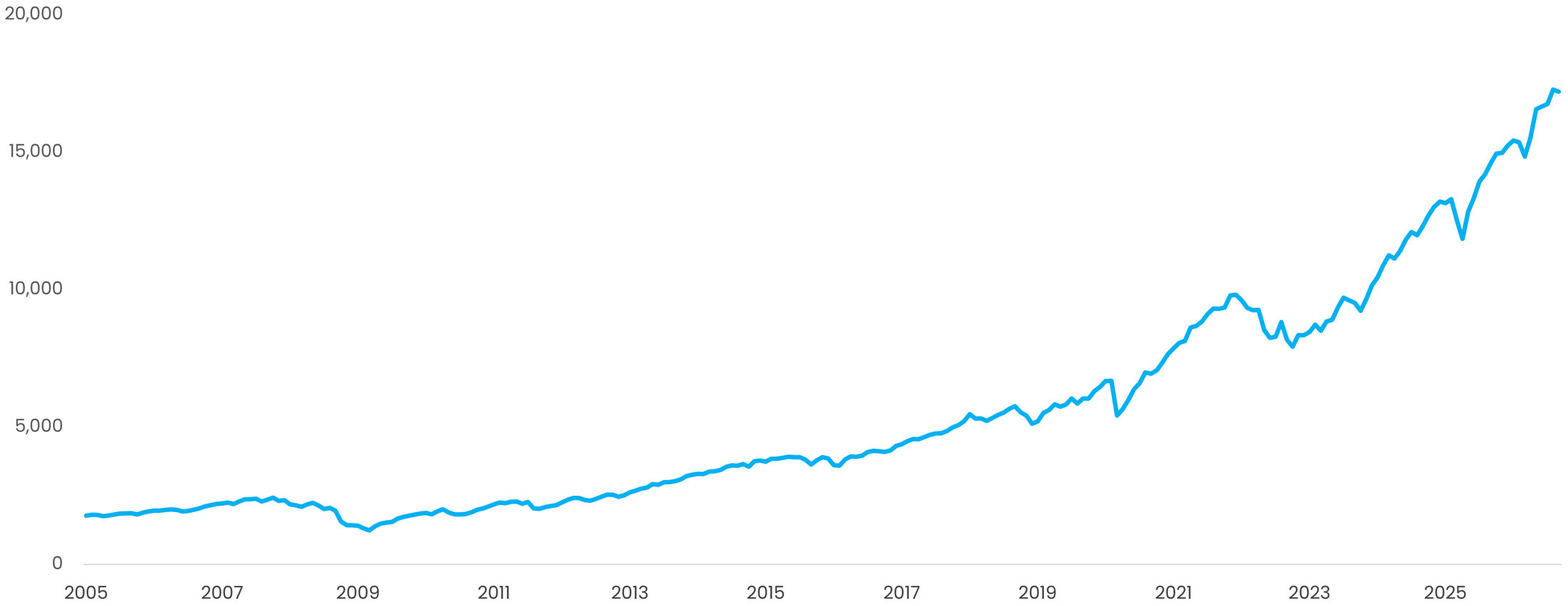
Billions, cumulative



Source: Oxford Economics/Haver Analytics

Equities are providing a war chest

US: S&P 500 total return index
Index level, dividends reinvested

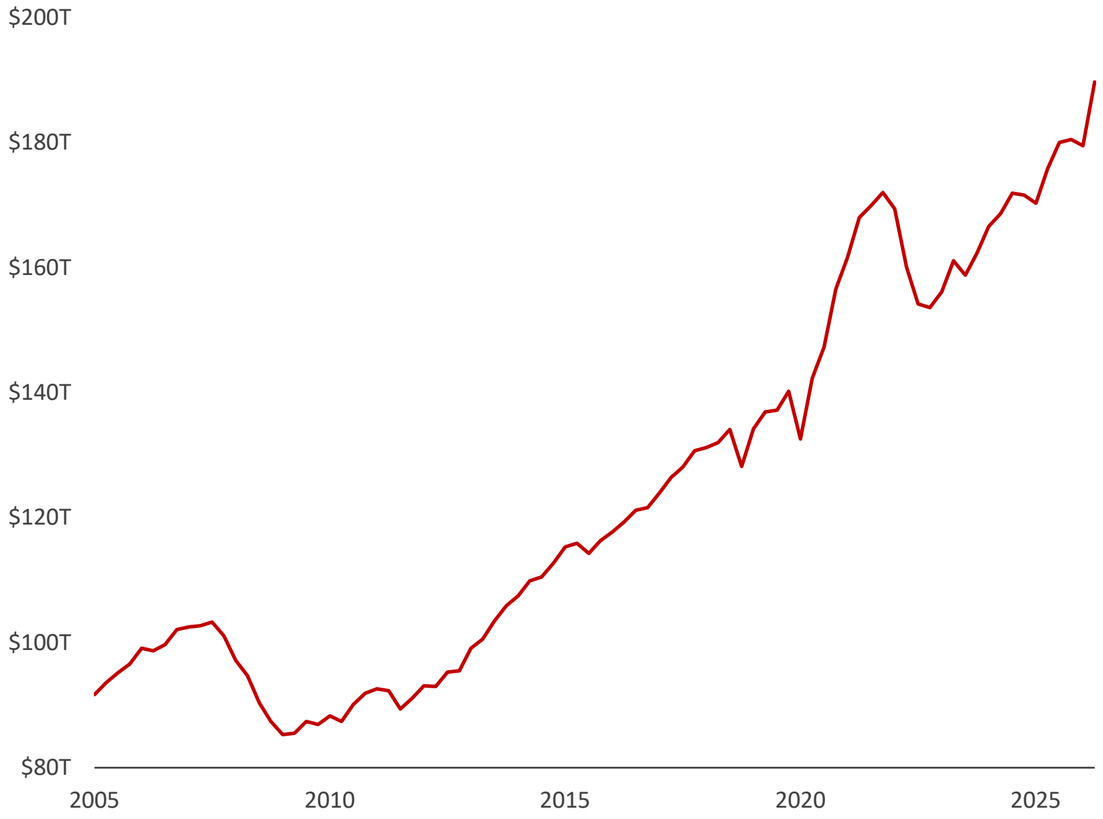


Note: Monthly data through September 2026, scaled to the S&P 500 Total Return index level. Monthly values are averages of daily closes, so drawdowns are smaller than on daily closes. Source: Robert Shiller (Yale), S&P Dow Jones Indices

Household balance sheets are strong

Household net worth

Trillions of 2025 dollars



Consumer debt service payments

Percent of disposable personal income

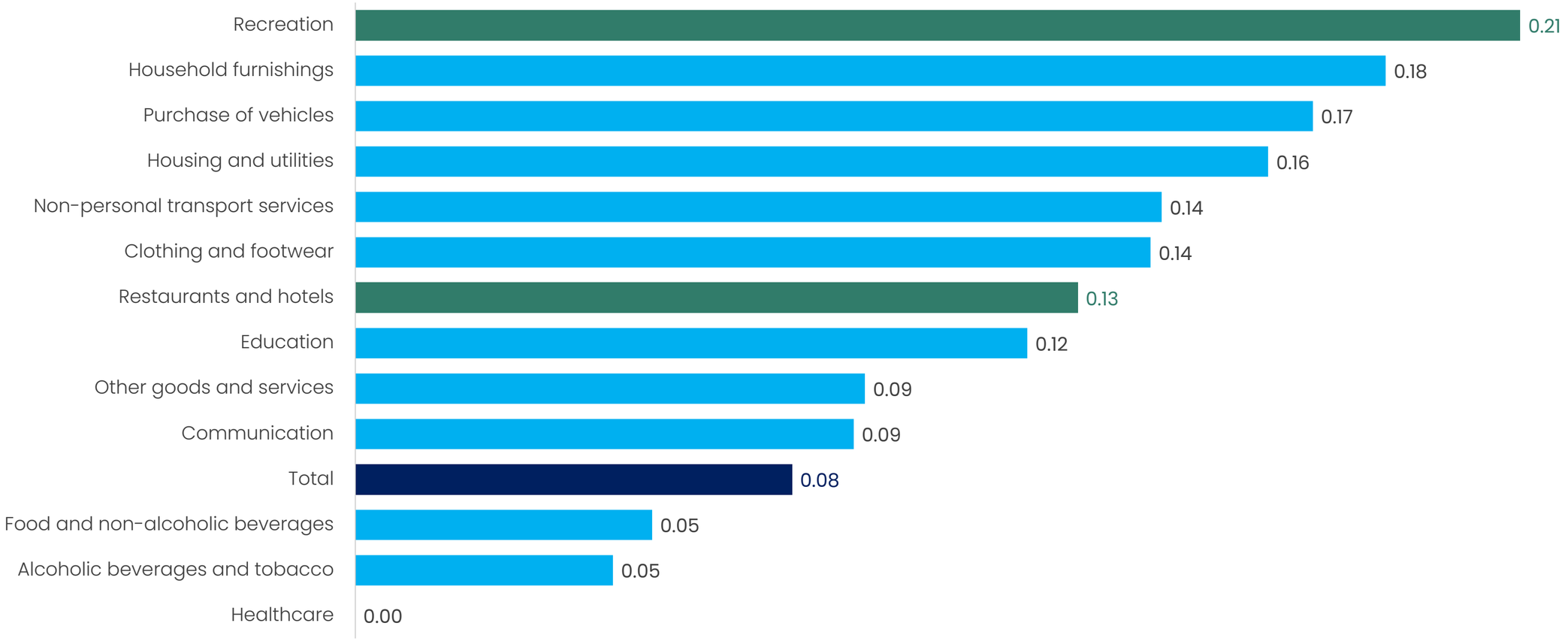


Note: Quarterly data through 2026Q2. Net worth of households and nonprofits, deflated with the PCE price index. Consumer debt service is required non-mortgage debt payments as a share of disposable income. Source: Federal Reserve, BEA

Discretionary spending is most responsive to wealth fluctuations

US: Wealth effects by consumer spending category

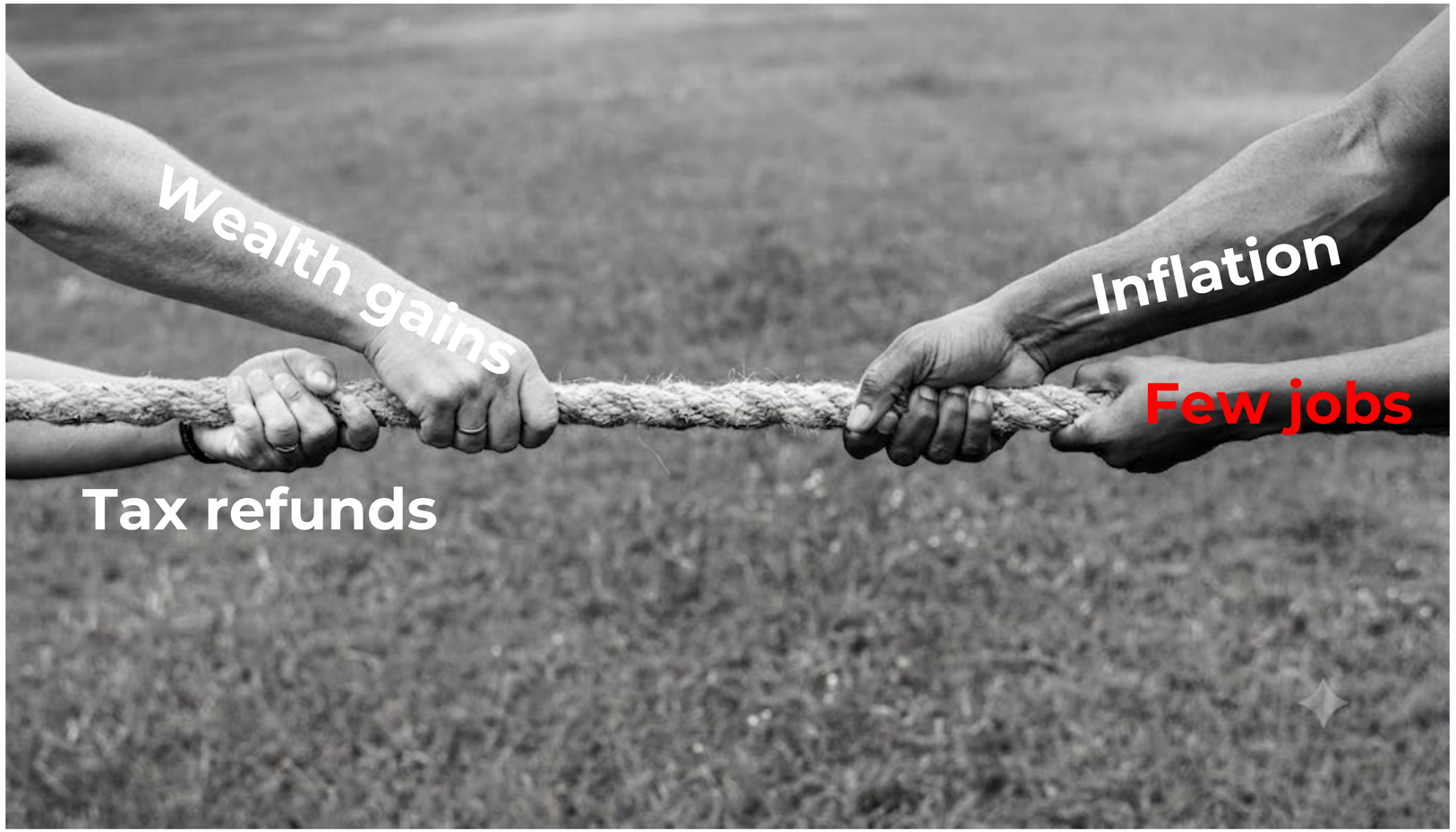
Pct change in consumer spending for a 1% change in wealth



Source: Oxford Economics/Haver Analytics

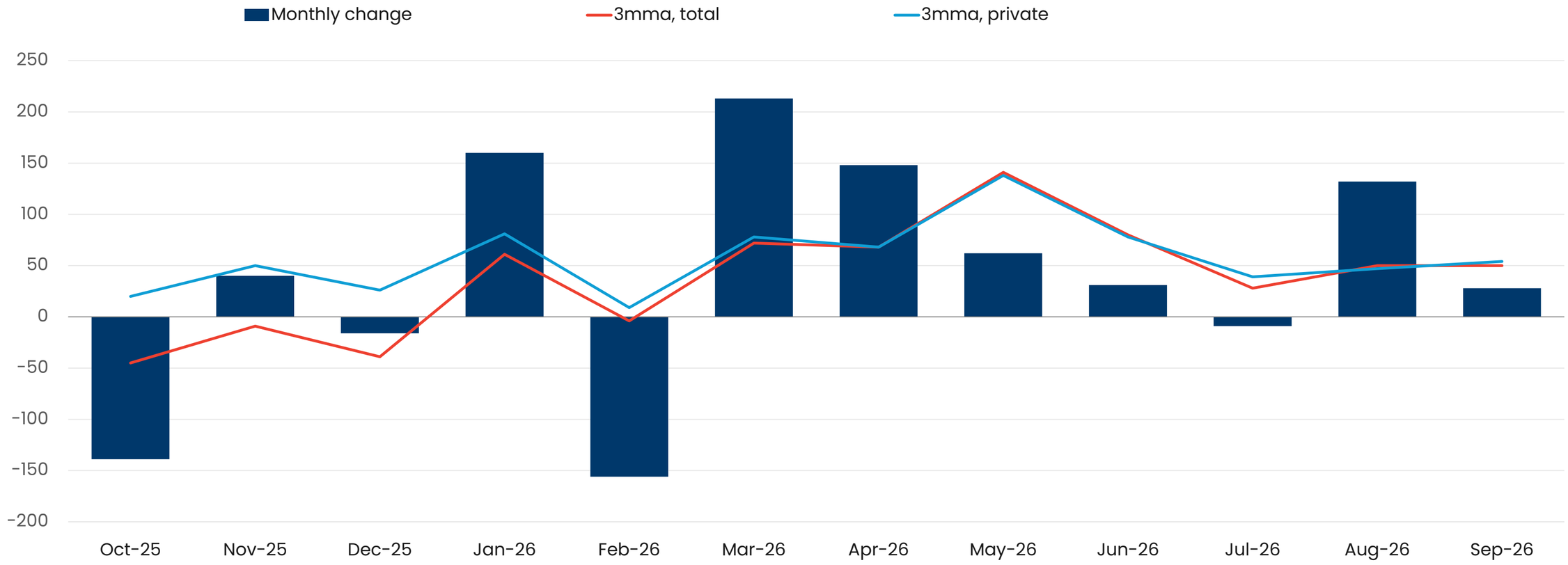
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But the job market is tenuous



The labor market is stable, but job growth is slow

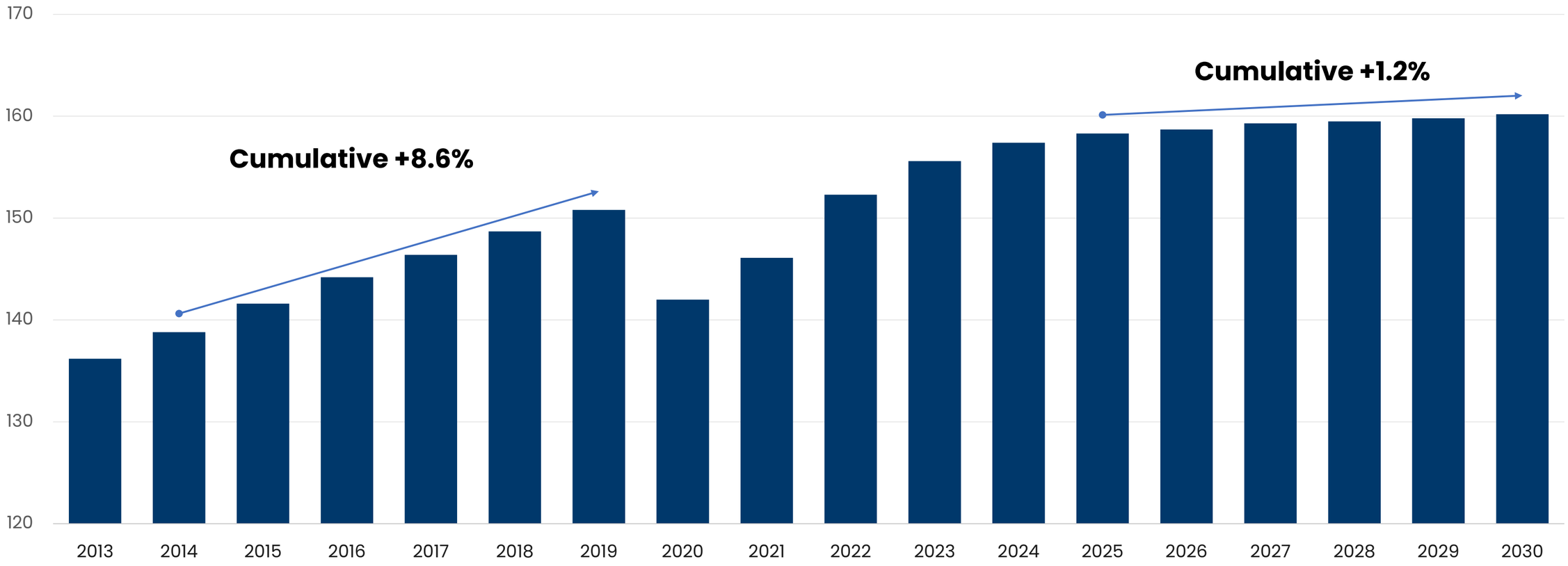
US: Nonfarm payroll employment
000s, monthly change and three-month moving average (3mma)



Source: Oxford Economics/Haver Analytics

Job growth to plateau for the remainder of the decade

US employment
Millions



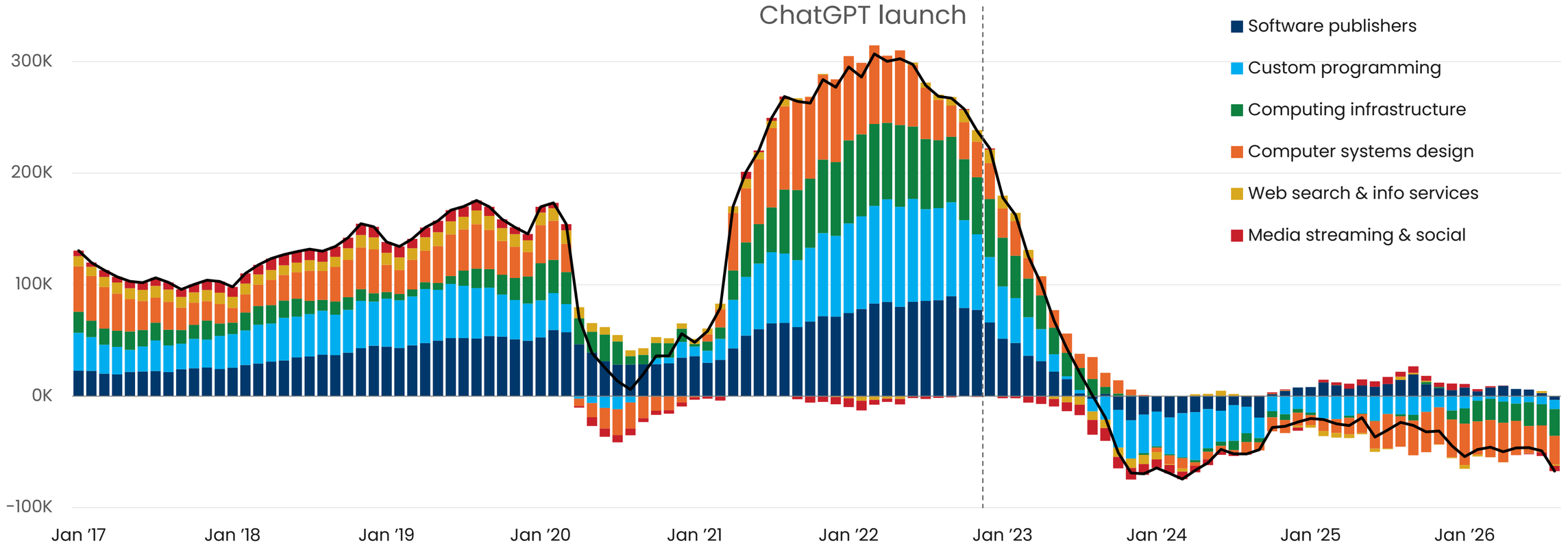
Source: Oxford Economics

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Easing tech employment; other industries witness low-hire, low-fire

Tech employment growth

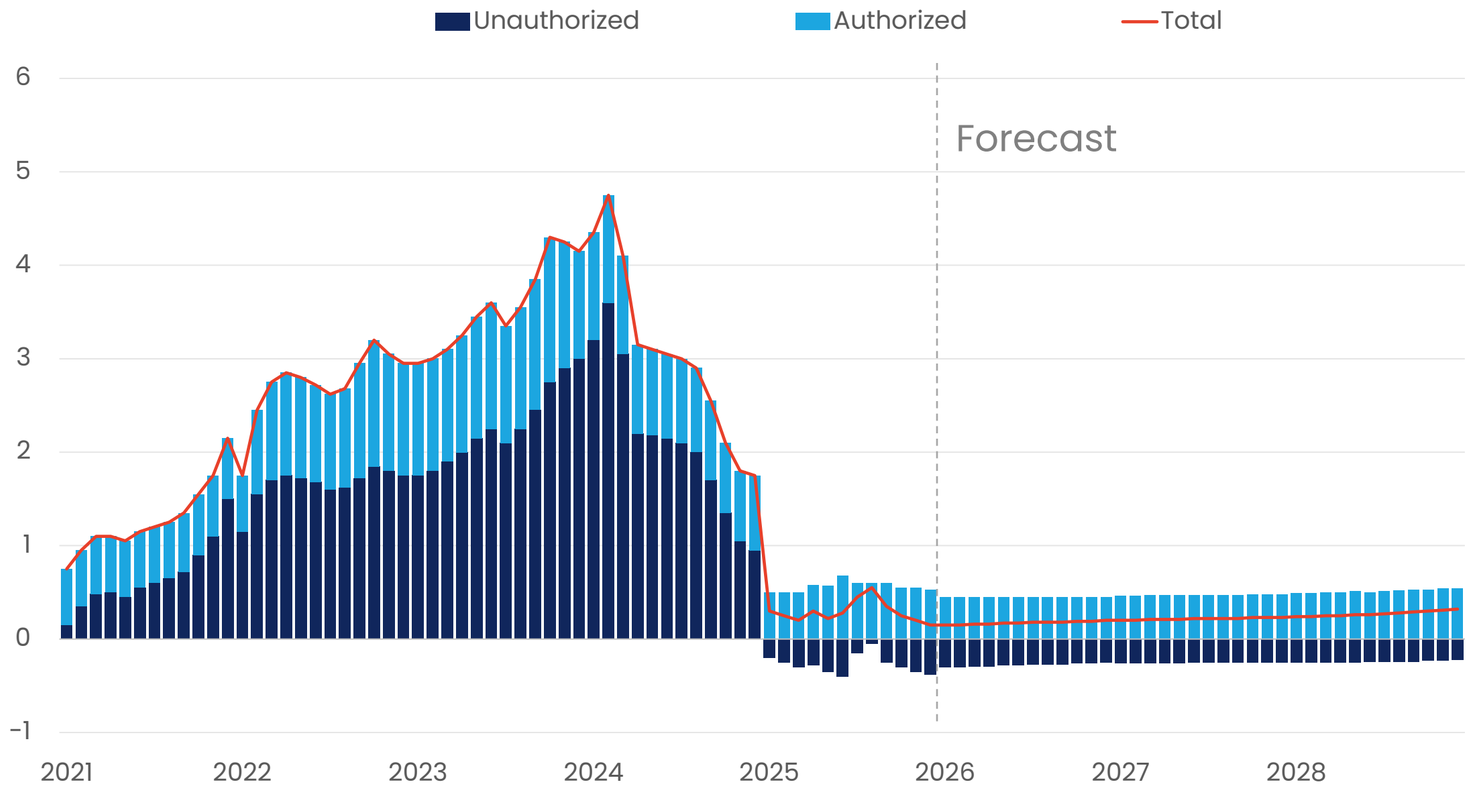
Year-over-year change, thousands; line = total of six sectors



Note: ChatGPT (GPT-3.5) launched November 30, 2022. Data through August 2026. Source: Bureau of Labor Statistics

Job creation consistent with labor force growth

US: Net immigration by category
Mn, annualized



Labor supply constraints

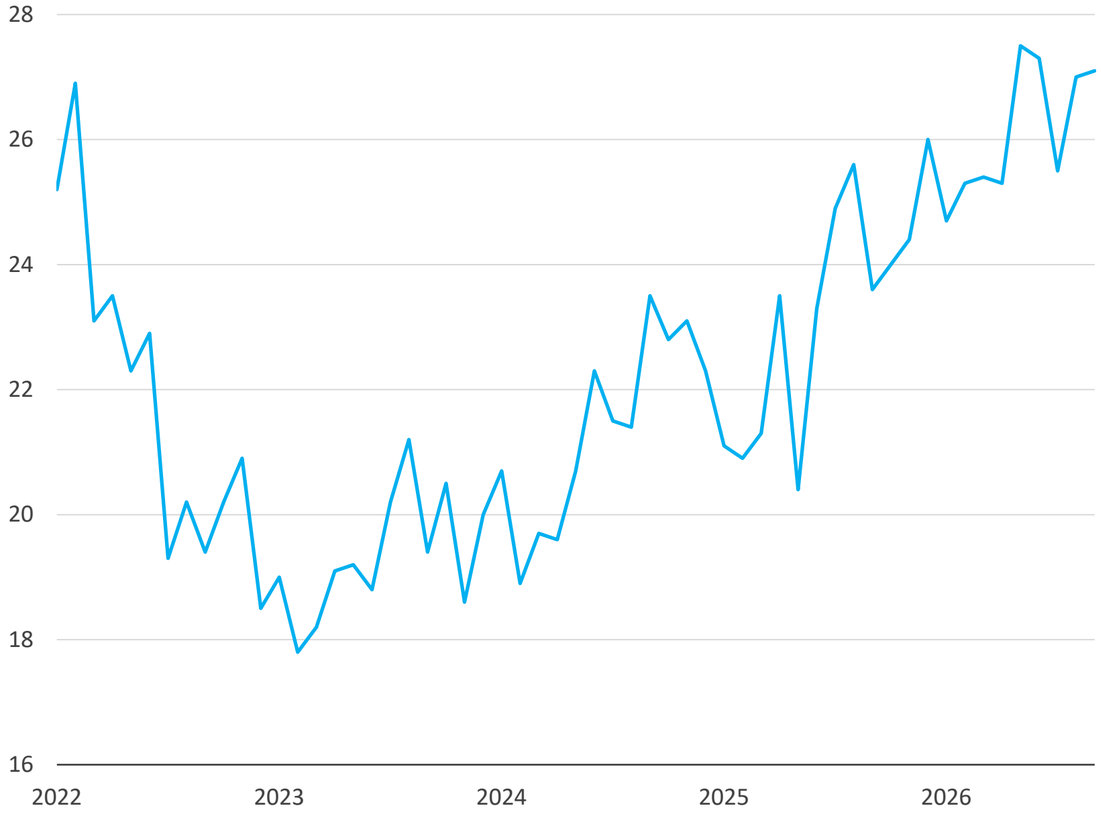
1. Low immigration
2. Sliding participation rate
3. Demographic trends

Source: Oxford Economics/Haver Analytics

It’s taking longer to find a job

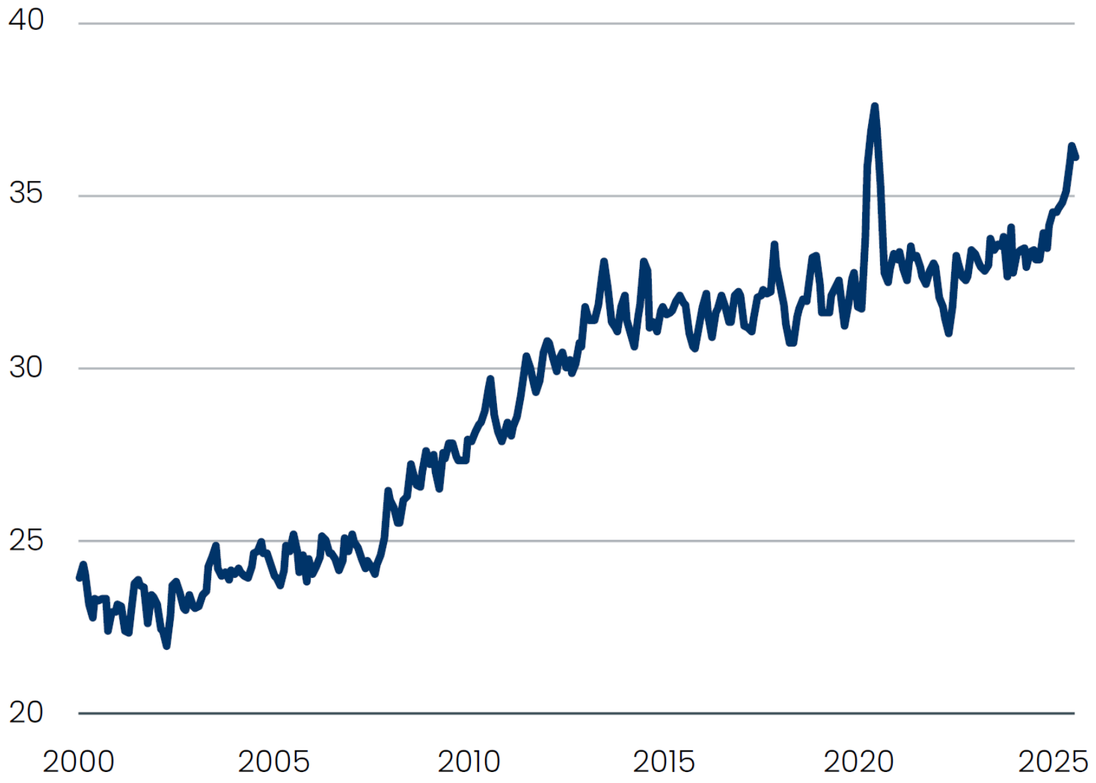
Unemployed for at least 27 weeks

Percent of unemployed workers



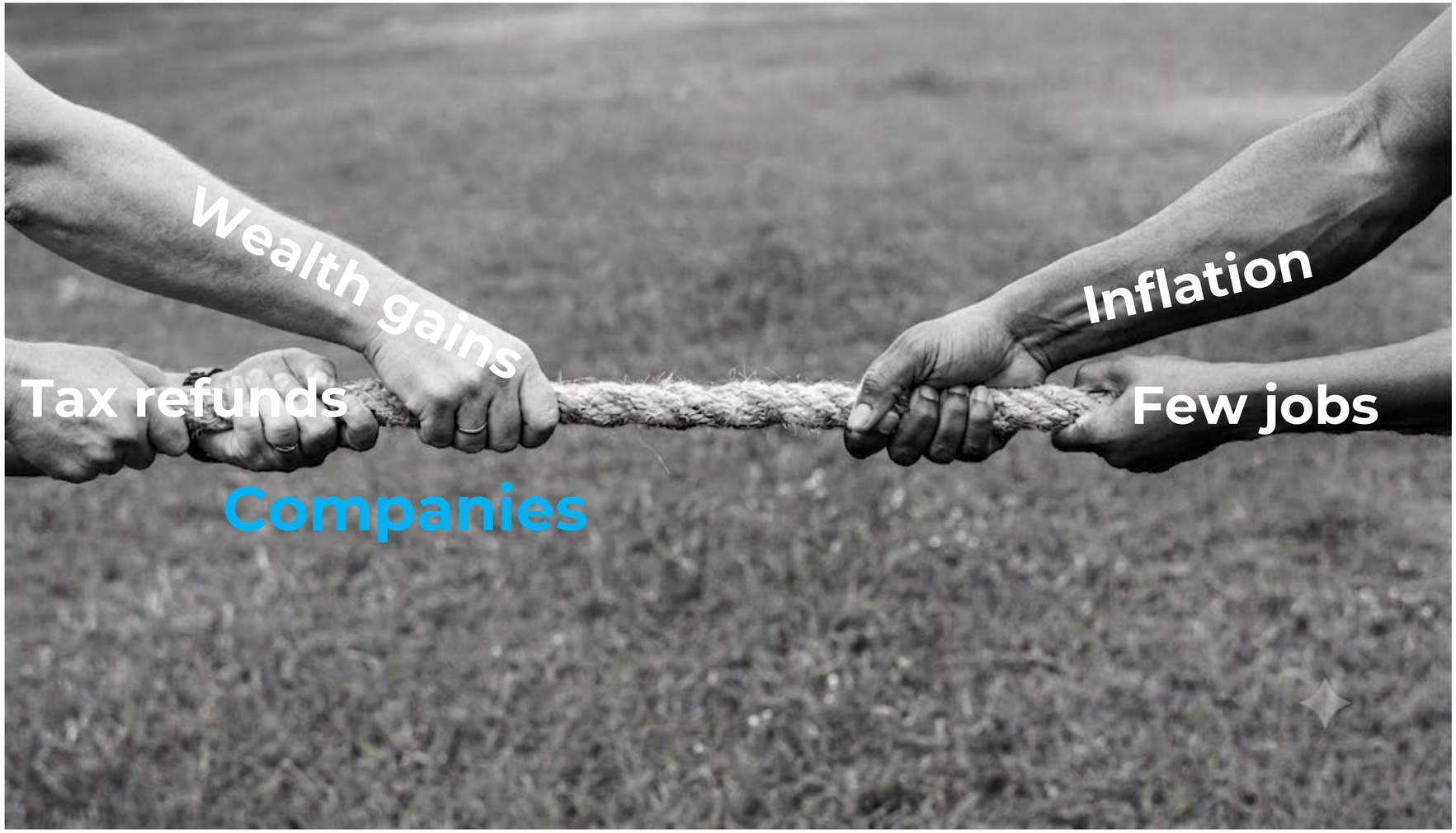
Share of adults age 22-28 living with parents

Percent



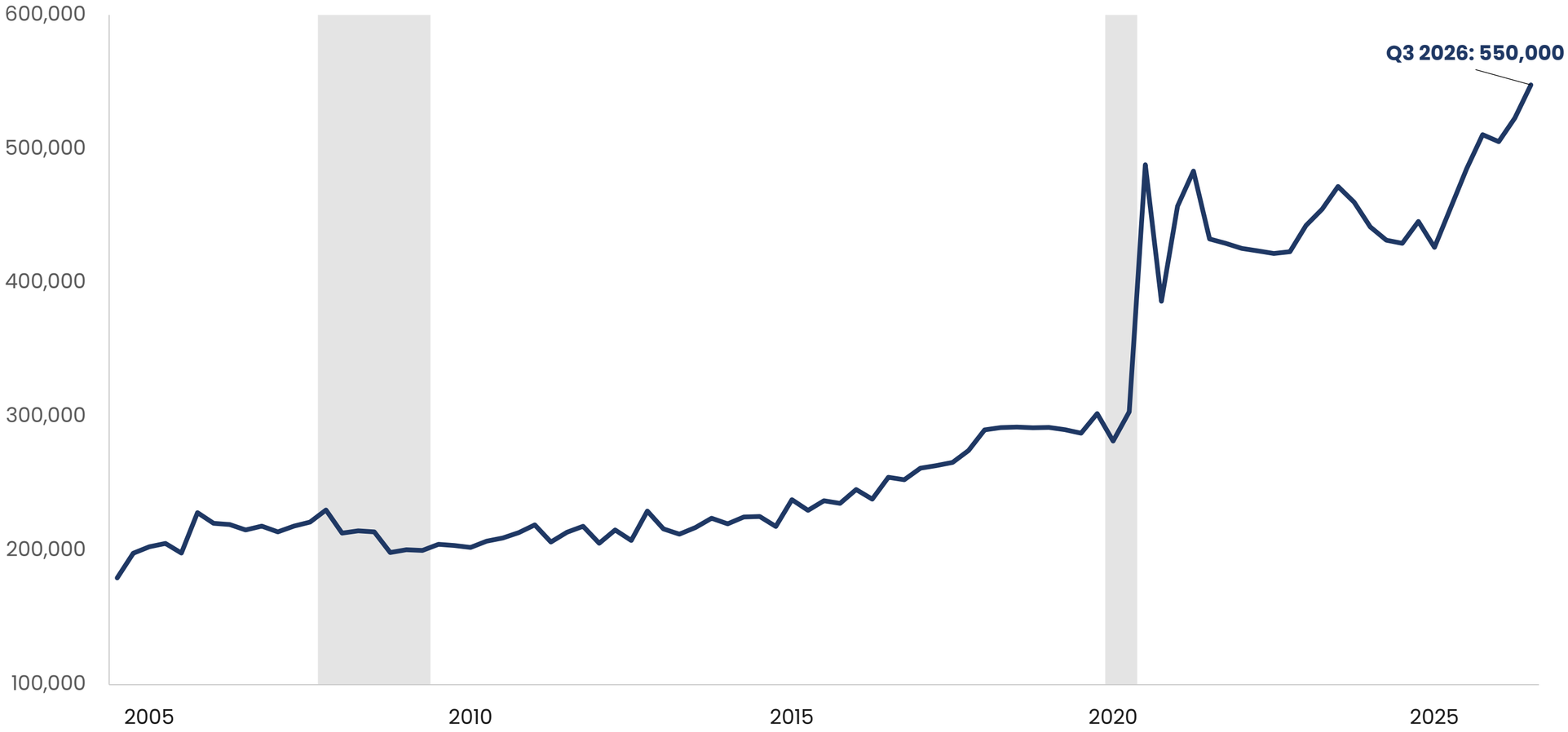
Source: BLS (left); Oxford Economics/Haver Analytics (right)

Yet companies have a strong hand



Business applications point to record new business formation

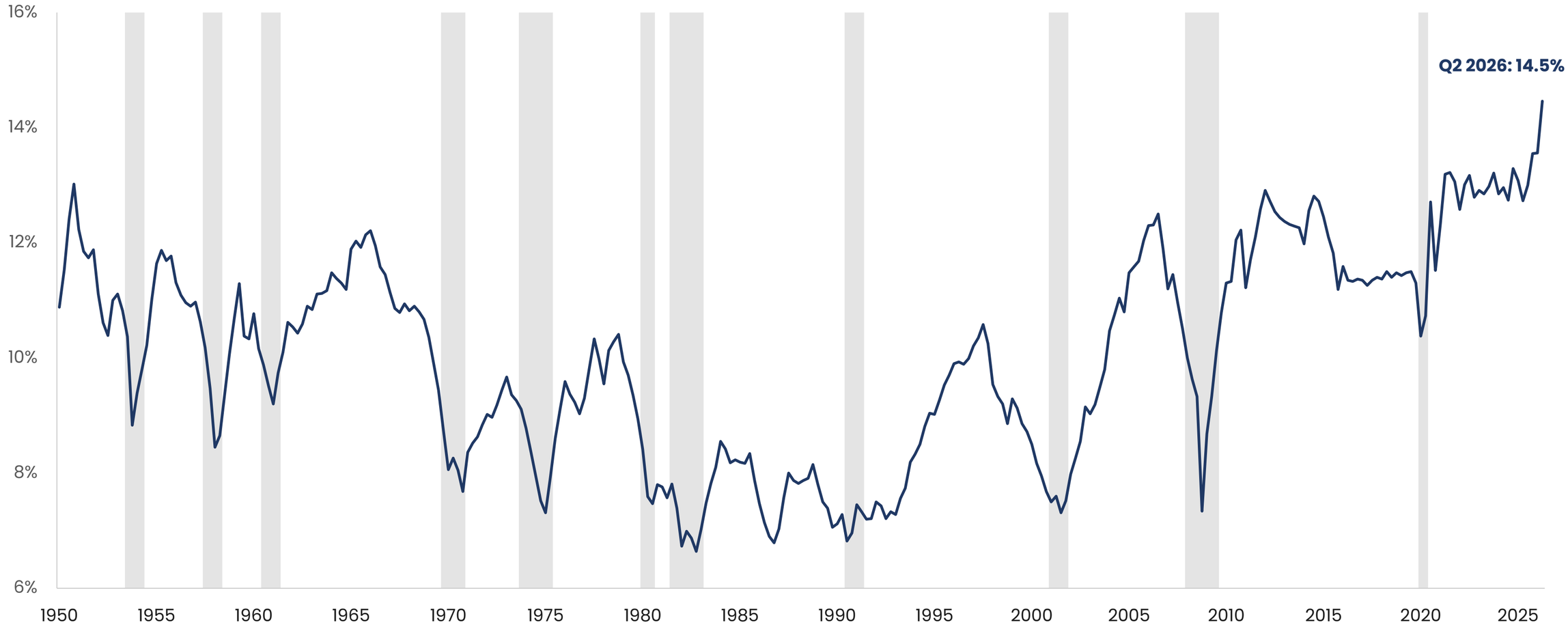
US: Business applications, total for all NAICS



1. Applications for a new business tax ID (EIN) filed each month, seasonally adjusted, shown as quarterly averages. This counts applications filed in the period, not the number of businesses in existence, and only some applications become employer businesses. Shaded areas mark US recessions as dated by the NBER.
Source: U.S. Census Bureau via FRED

Corporate profits have surged

US: Pre-tax corporate profit margins

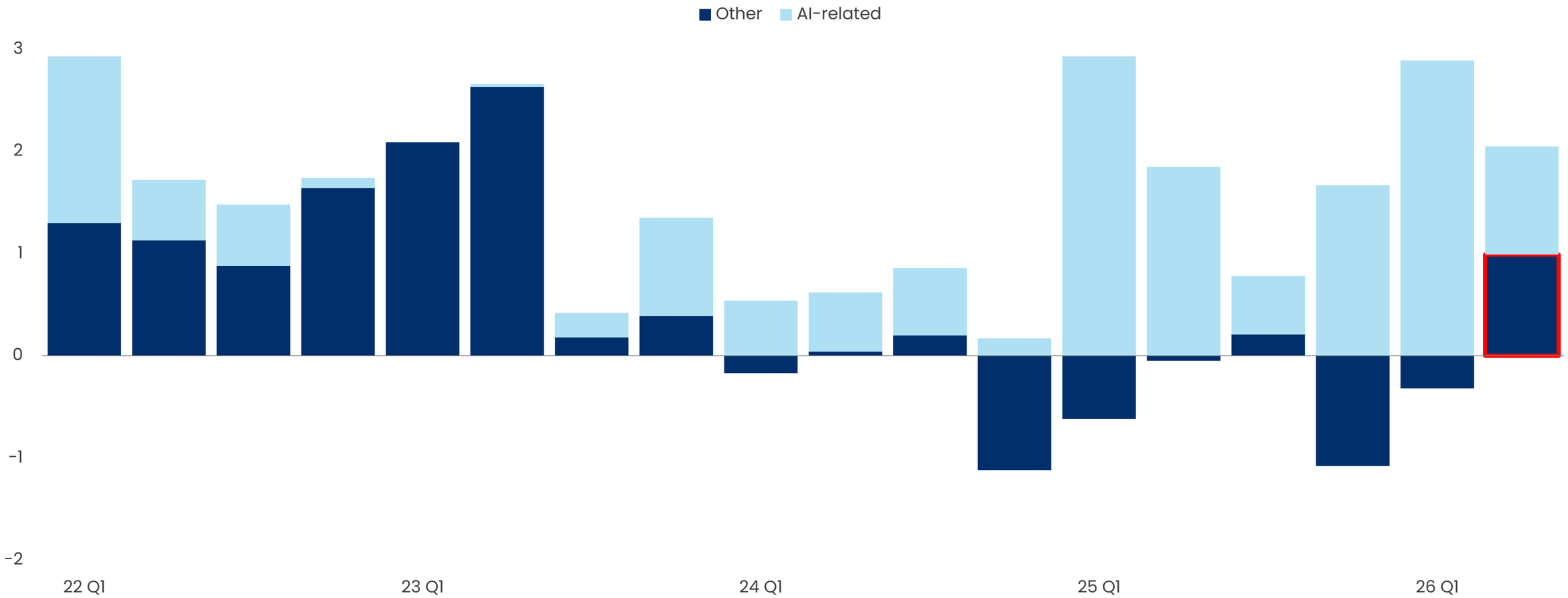


1. Corporate profits with inventory valuation and capital consumption adjustments, before tax, as a share of GDP. Shaded areas mark US recessions as dated by the NBER. Data through Q2 2026; the latest five quarters use the Bureau of Economic Analysis release of 30 September 2026.
Source: Oxford Economics, U.S. Bureau of Economic Analysis via FRED

Business capex is broadening to non-AI industries

Business investment (US)

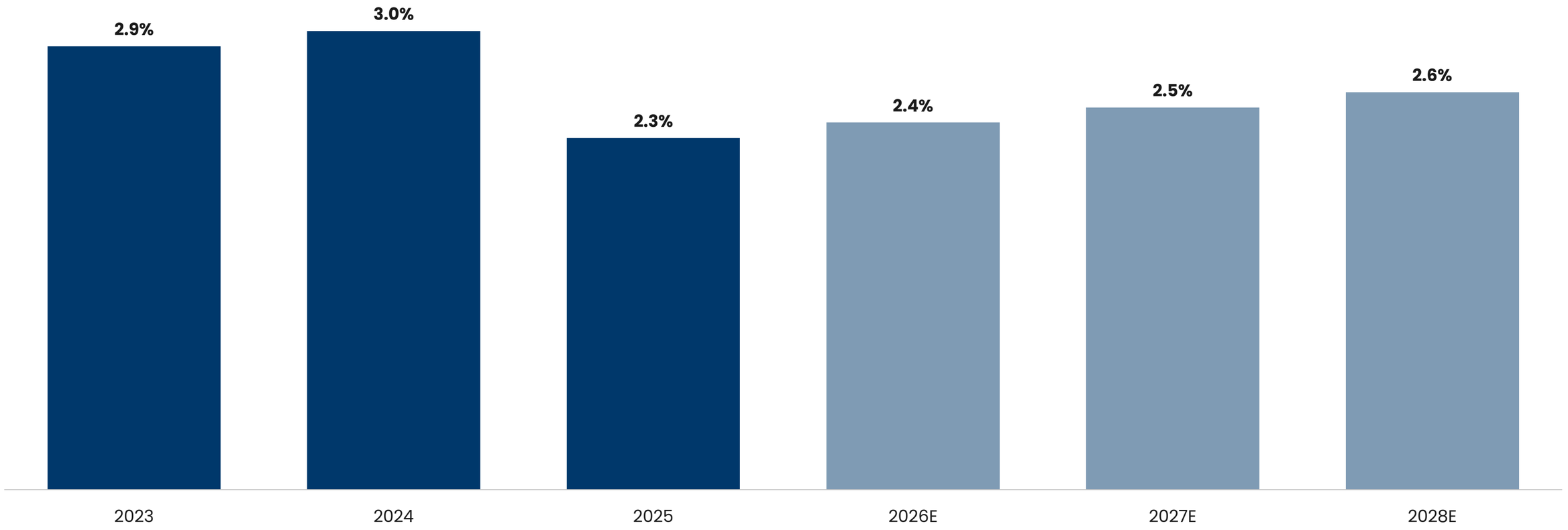
Contribution to growth, percentage points



Note: Contribution to the growth of nonresidential investment quarter to quarter, in percentage points. Source: Oxford Economics, BEA

Modest rise in GDP growth

US: Real GDP growth
% year-over-year change



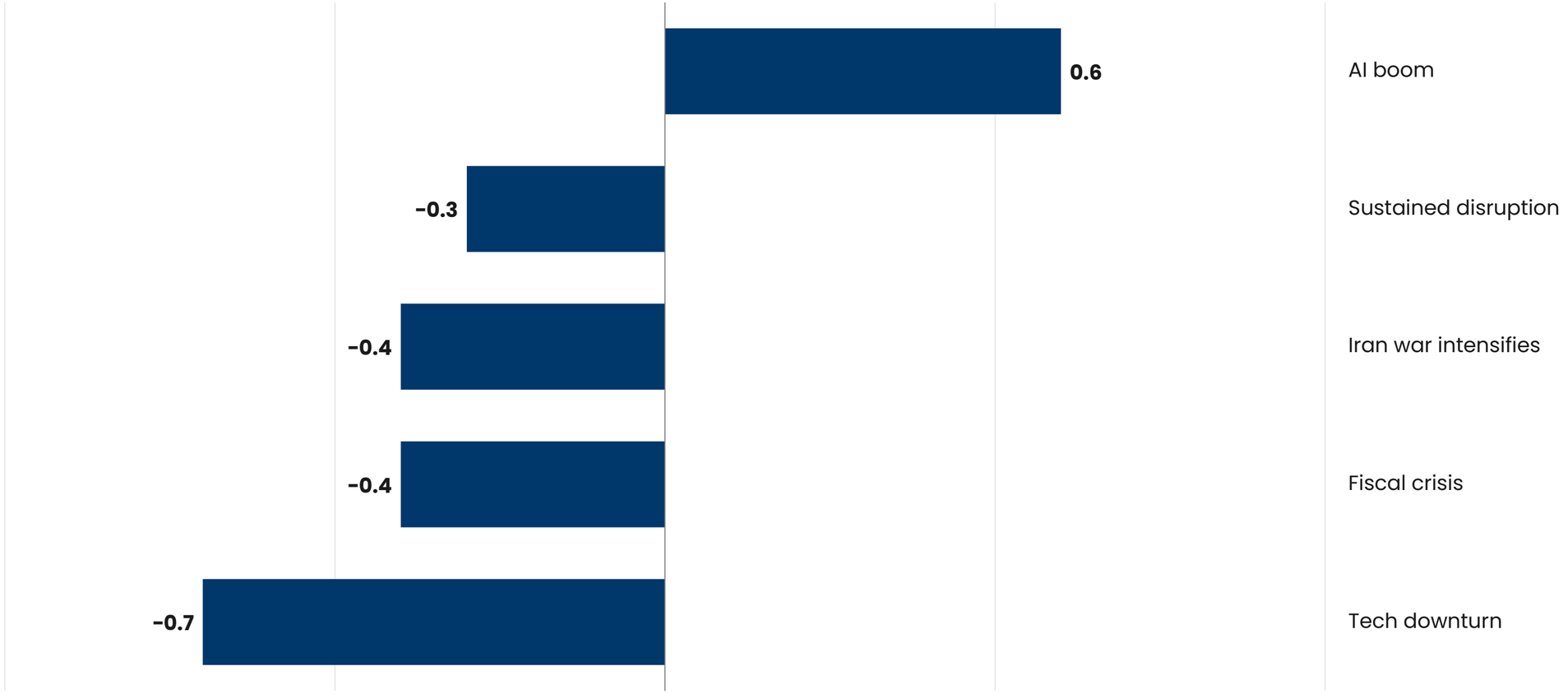
Source: Oxford Economics/Haver Analytics

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Reasons to be cautious

Impact of scenarios on GDP growth

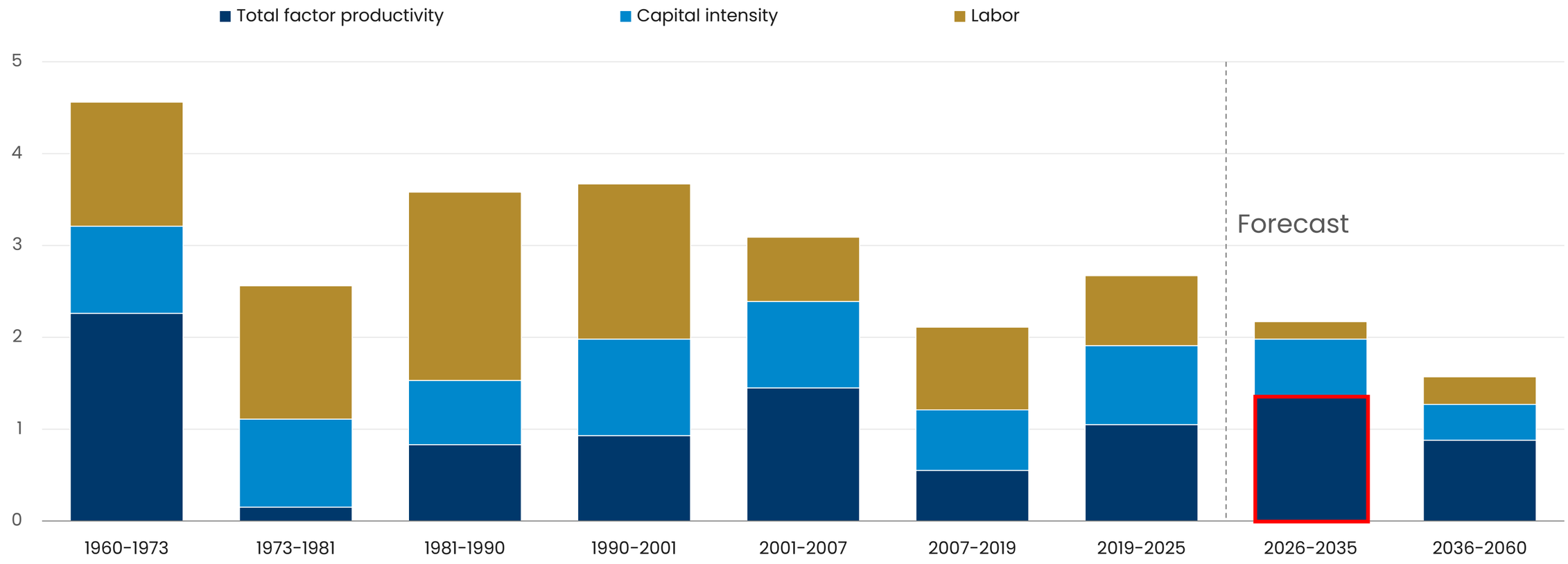
Average annual impact over the next 3 years (% points)



Source: Oxford Economics/Haver Analytics

How? A significant boost from productivity growth

US: Sources of real business output
% yr, average



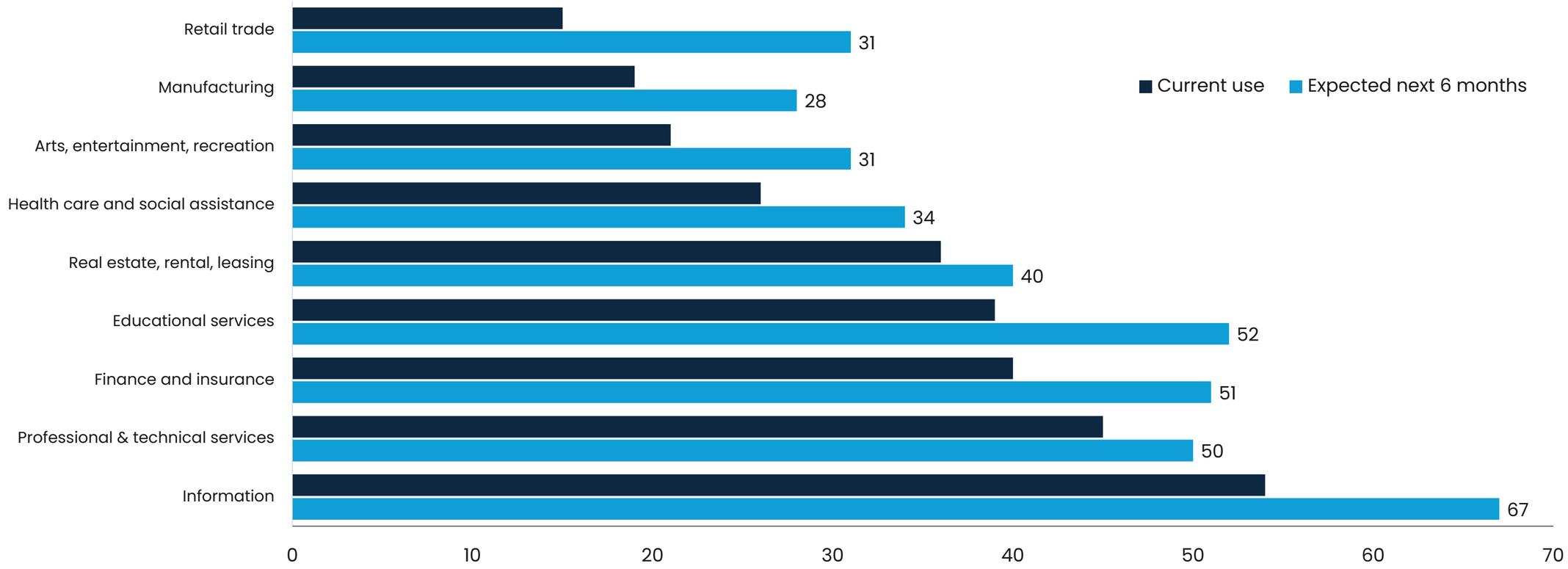
Source: Oxford Economics/Haver Analytics

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AI is fueling productivity gains

US: AI adoption by sector

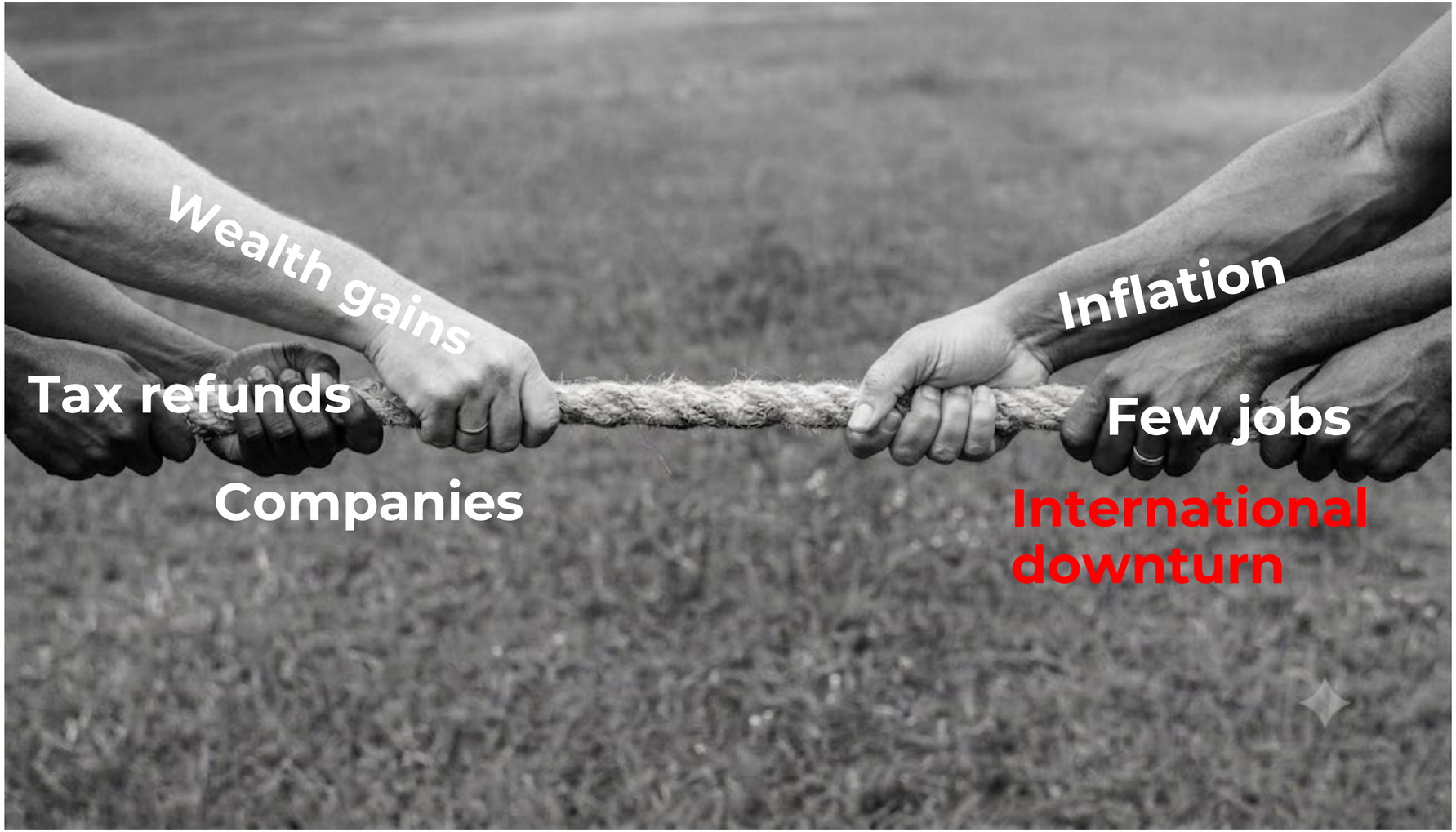
% of firms, weighted by employment



Source: U.S. Census Bureau, Business Trends and Outlook Survey

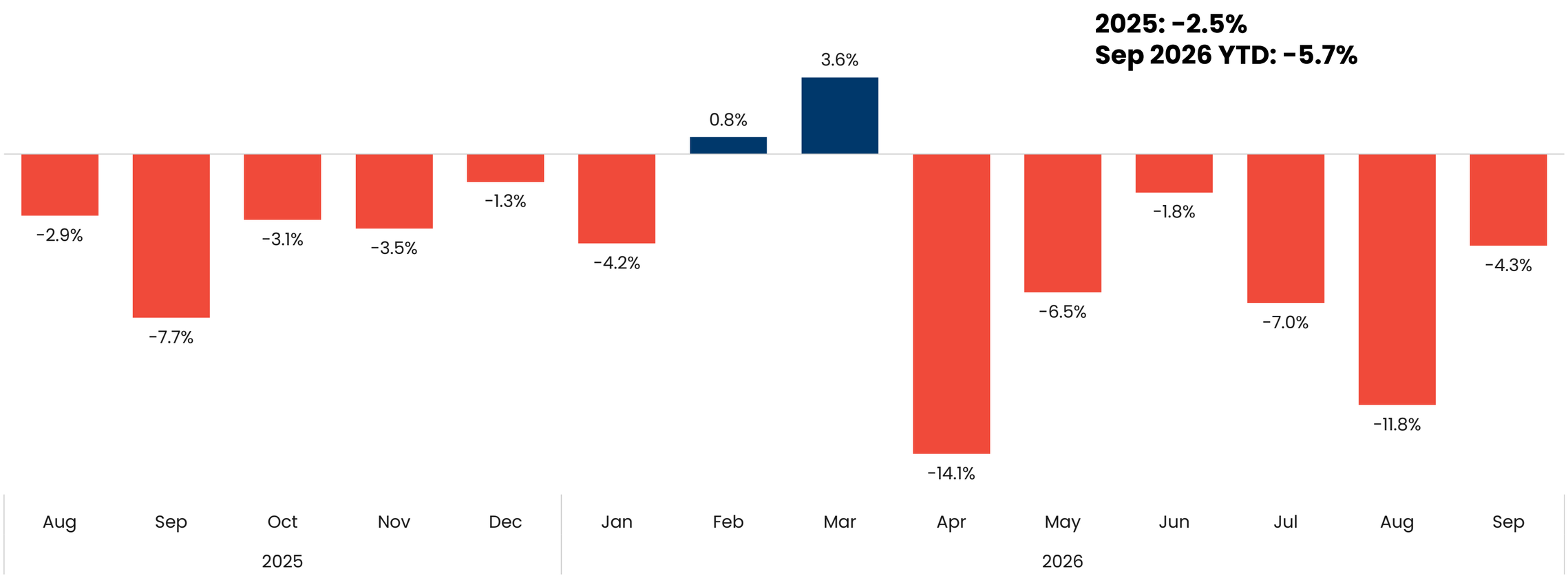
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International markets are not helping



Overseas visitors to the US in decline

Overseas arrivals to the United States
Year-over-year change, overnight arrivals

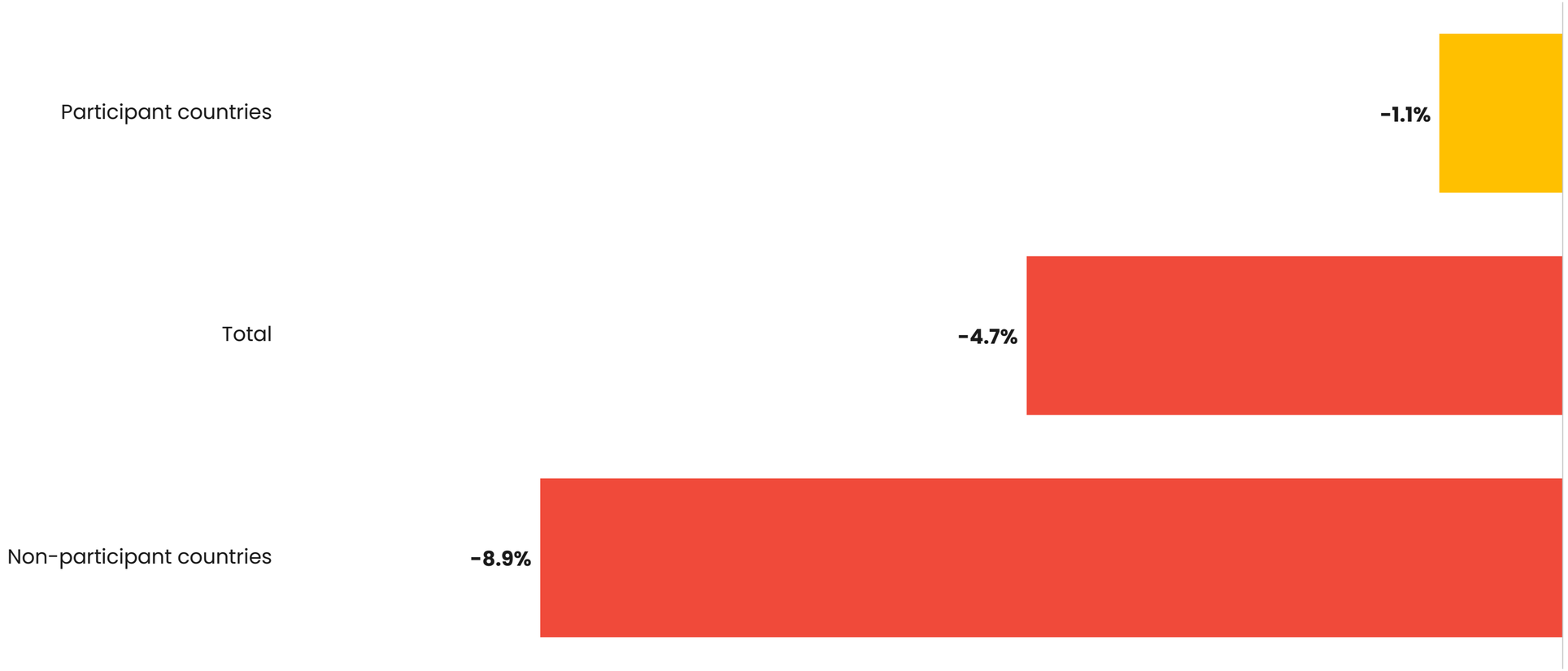


Note: Due to shifts in Easter timing, March and April are best read together as a 6.3% decline.
Source: National Travel and Tourism Office

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Even World Cup markets declined

Overseas visits to the US in June and July 2026
Year-over-year growth



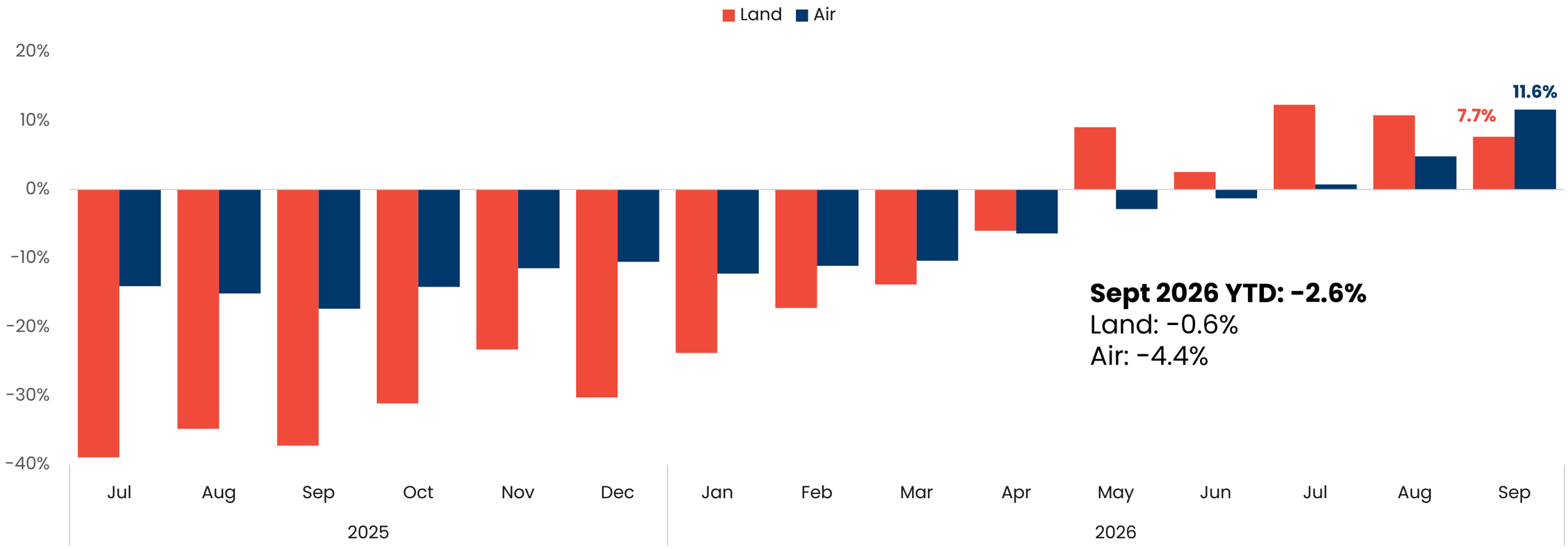
Source: National Travel and Tourism Office (I-94)

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Canada: thawing but still cold

Canadian arrivals to the US

Year-over-year change, overnight arrivals

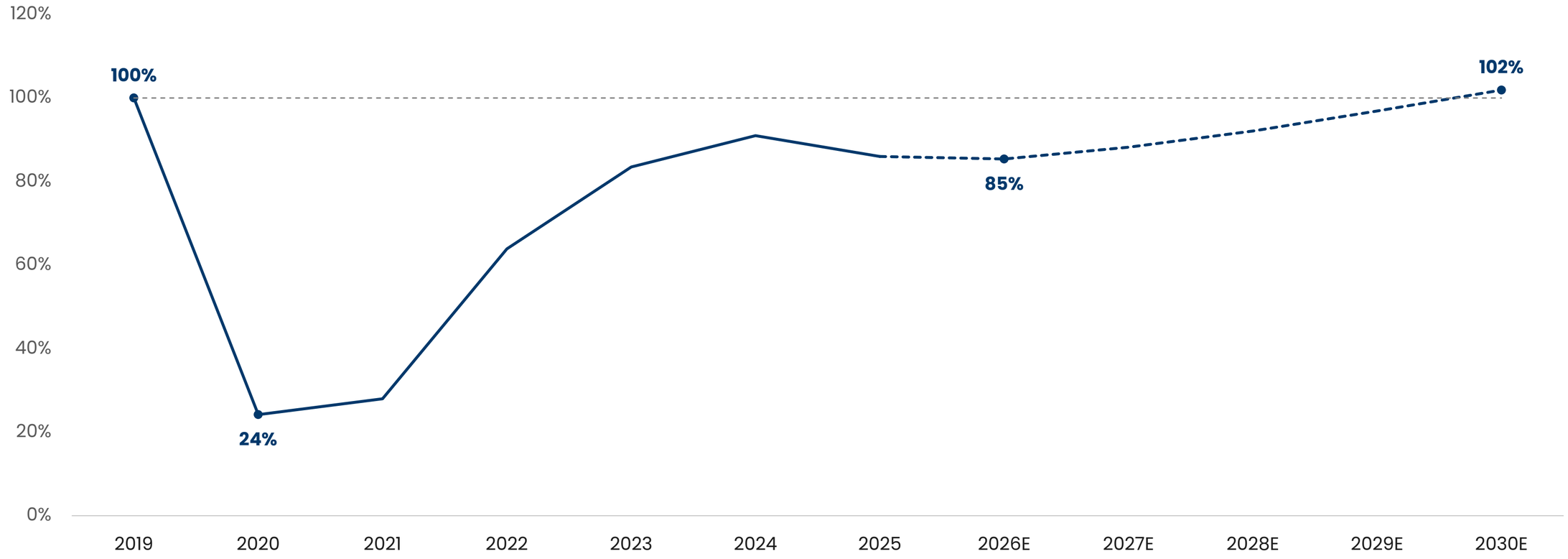


Note: Arrivals from Canada measured as Canadian-resident overnight return trips from the US, by mode. September 2026 is preliminary, based on summed daily reporting of return trips.
Source: Statistics Canada

International visitors are forecast to fall 0.7% in 2026

International overnight visitor arrivals to the US

Index, 2019 = 100

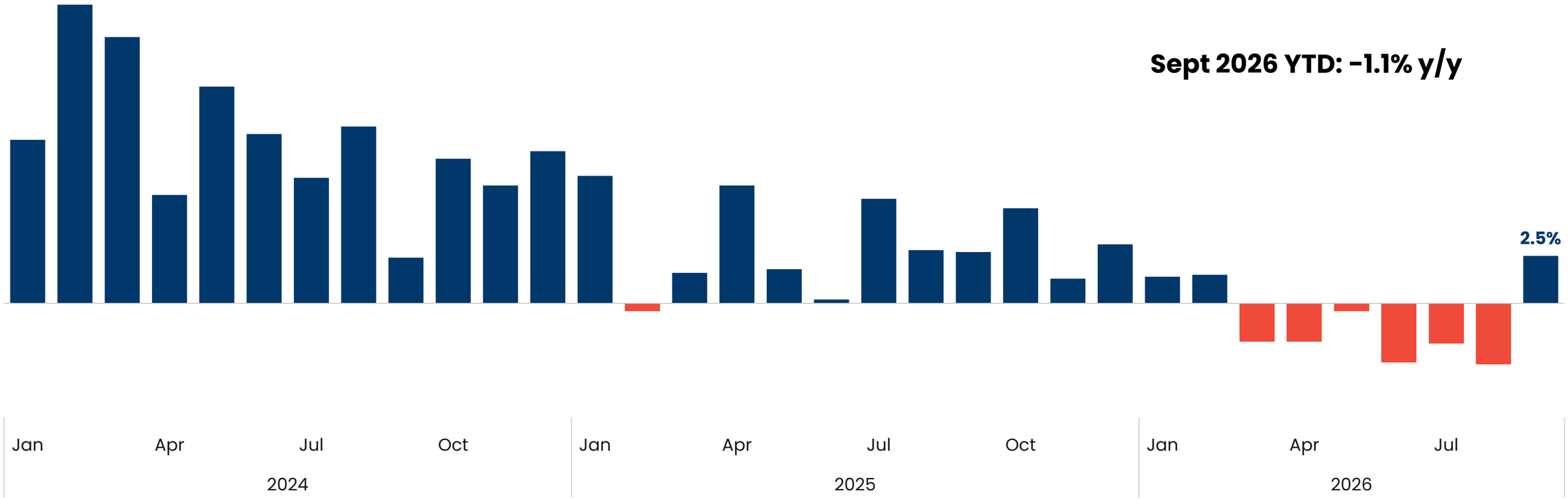


Source: Tourism Economics

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Air travel by Americans abroad is falling; September a surprise

Air travel by Americans abroad
% change year-over-year



Source: National Travel and Tourism Office

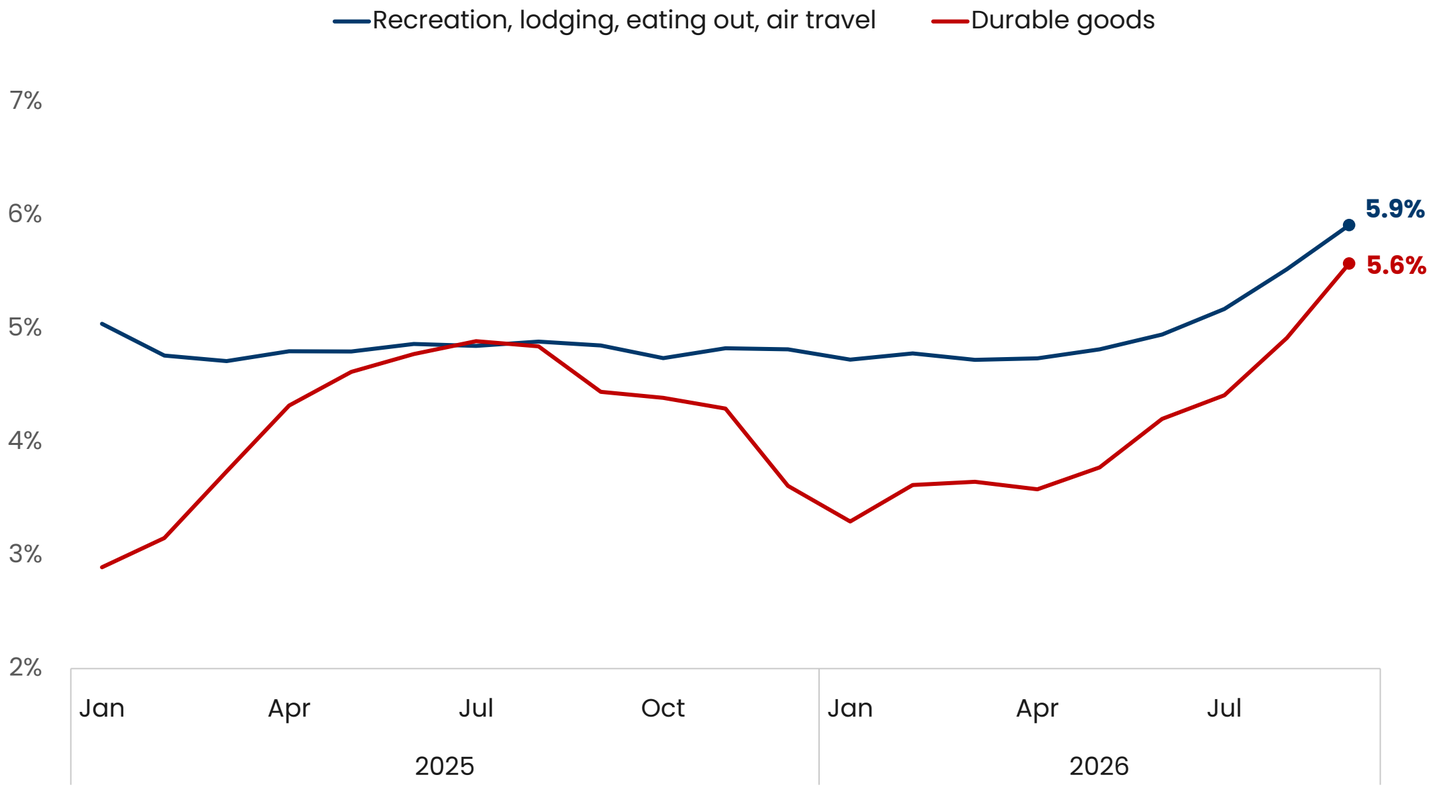
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One important hand left



Experiences > stuff

US: Consumer spending by category
Year-over-year growth, six-month moving average



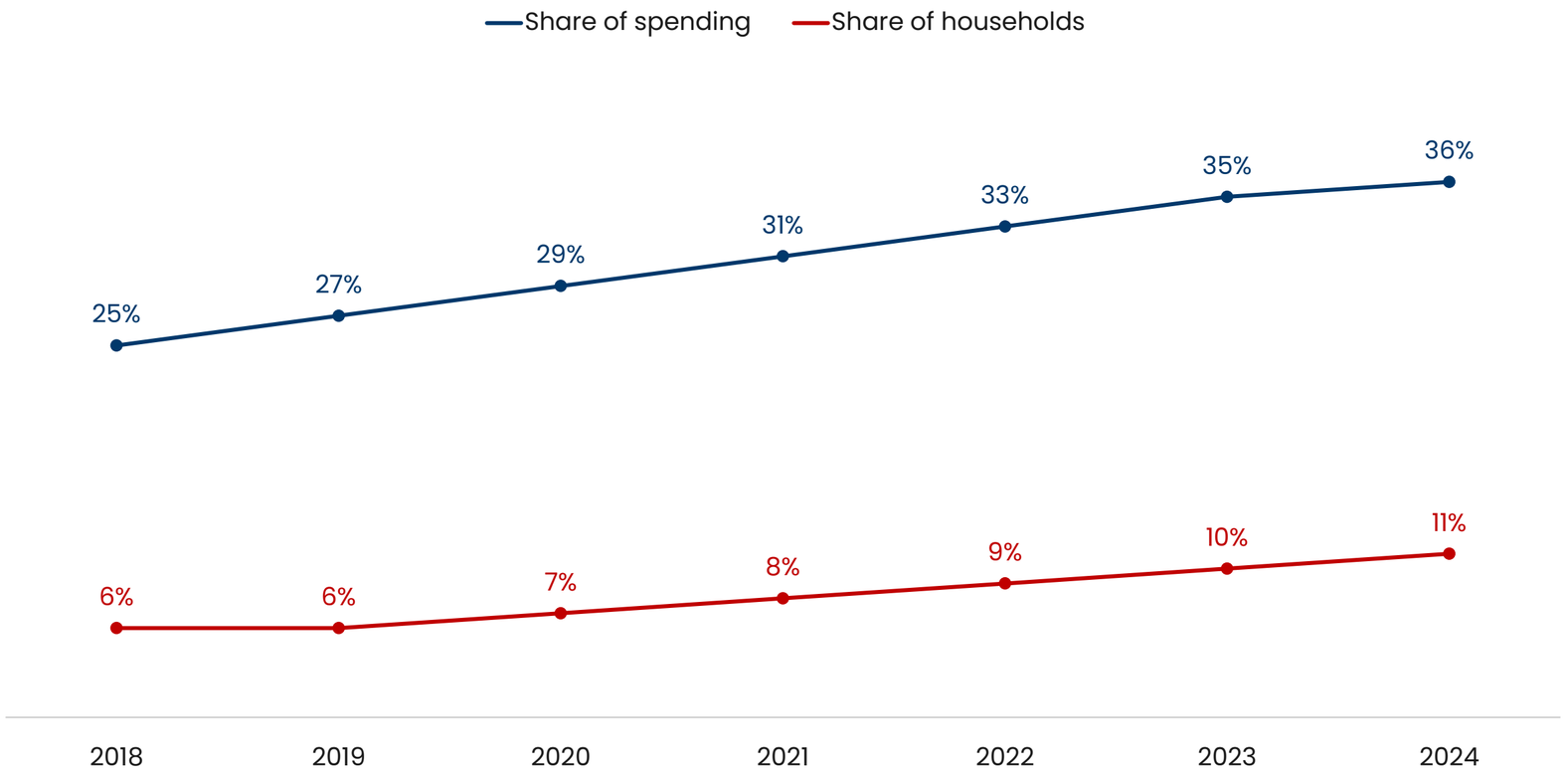
"We continue to see accelerated momentum as ***consumers prioritize our vacations and experiences.*** Travel remains the number one leisure category where consumers intend to increase spending."

Royal Caribbean, 27th October

Source: BLS, Tourism Economics

High-income consumer market is growing

Lodging spending by high-income households
Leisure travel, households with $200k+ annual income



"Demand remains strong, supported by a secular shift in consumer behavior. The ***top 40% of US households are nearly $40 trillion wealthier*** than they were just a few years ago and increasingly prioritizing experiences, including travel."

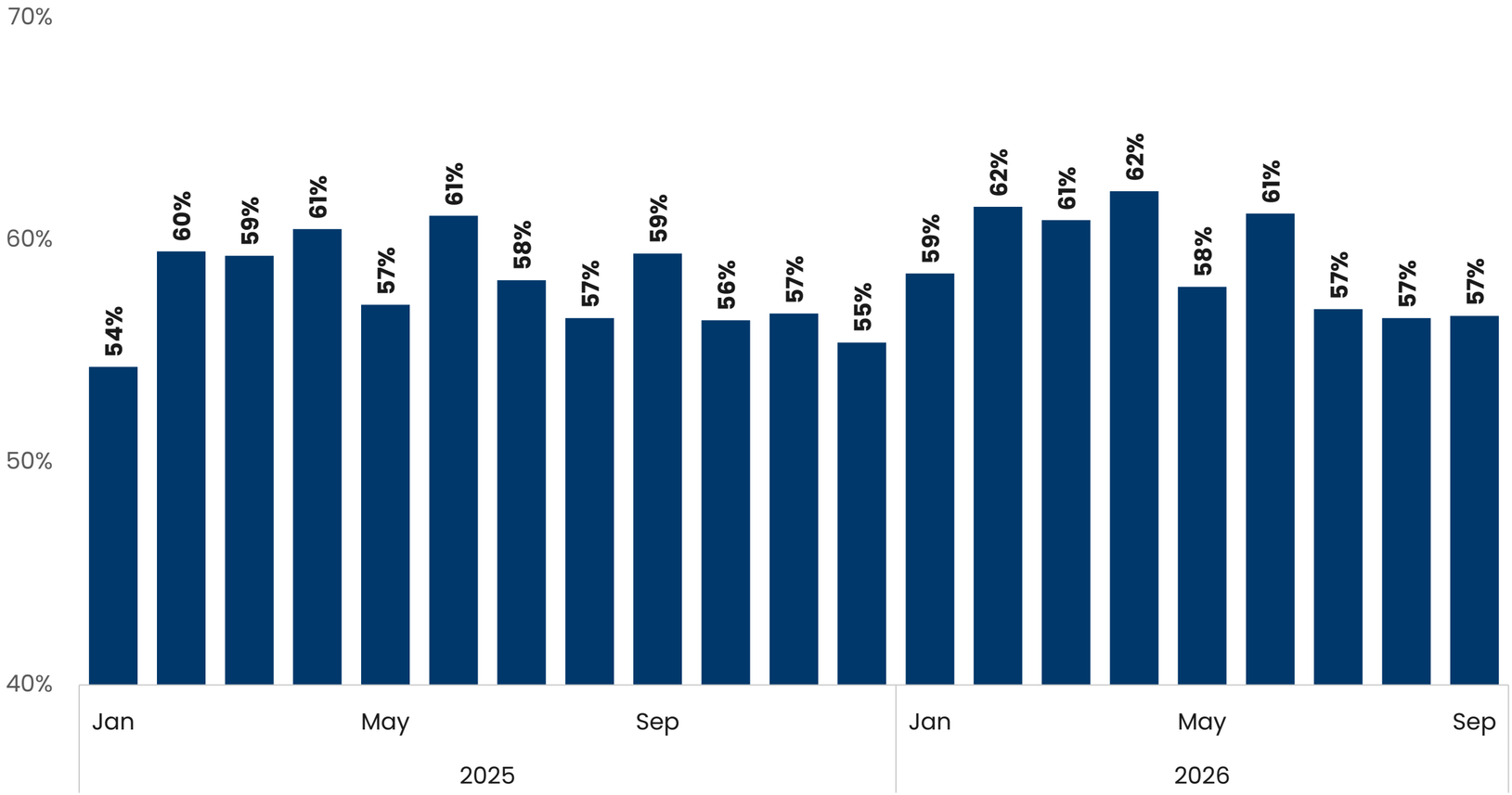
Delta, 9th October

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

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Travel remains a priority for all

Leisure travel priority, next three months
% rating it somewhat high, high or extremely high priority



"In the U.S., we are seeing middle-class real wage growth despite higher inflation, contributing to ***broad-based strength we have described as a C-shaped economy***."

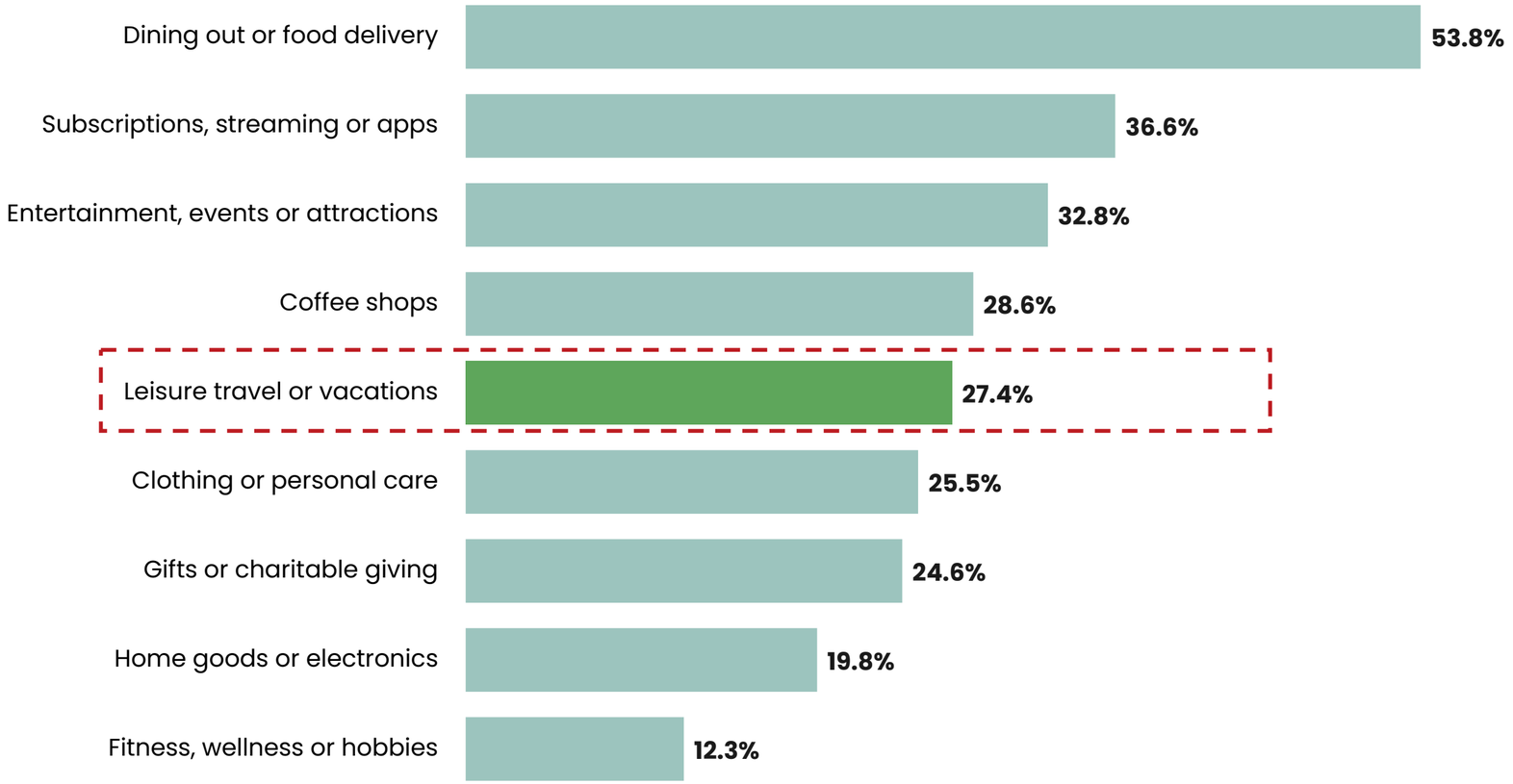
Hilton, 27th October

Source: Future Partners, The State of the American Traveler, Sept 2026. (Base: All respondents, 4,000+ completed surveys each wave.)

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Travel survives initial budget cuts

If you needed to reduce your household budget, what would you cut back on first?
% of respondents

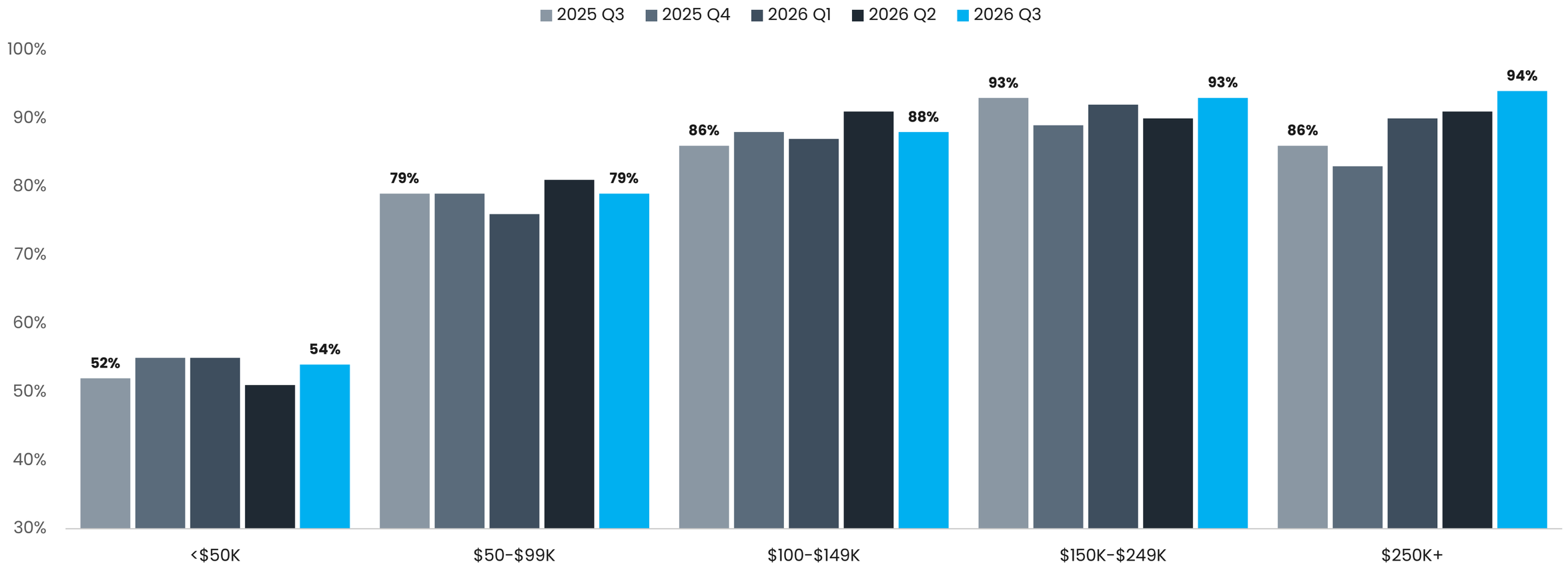


Source: Future Partners / Tourism Economics; 1,061 respondents, May 15-26, 2026. Top 9 categories shown.

TOURISM ECONOMICS

Leisure travel intentions rising at upper-end, holding for others

Planning leisure travel within the next 12 months
% of American consumers

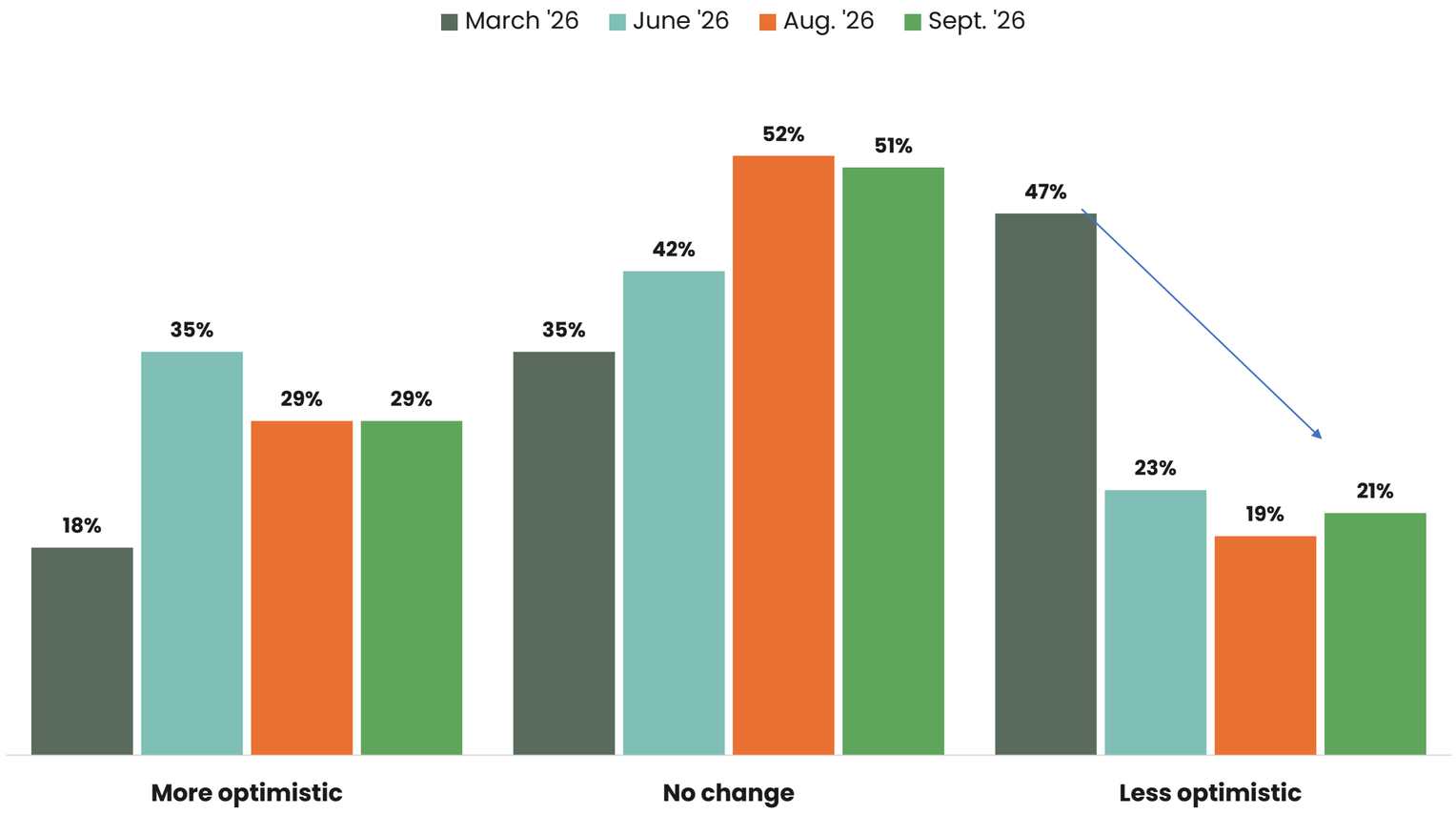


Source: MMGY Global, Portrait of American Travelers

TOURISM ECONOMICS

Planner optimism holding steady

How has your outlook for your meetings and events changed over the past two months?
% of respondents



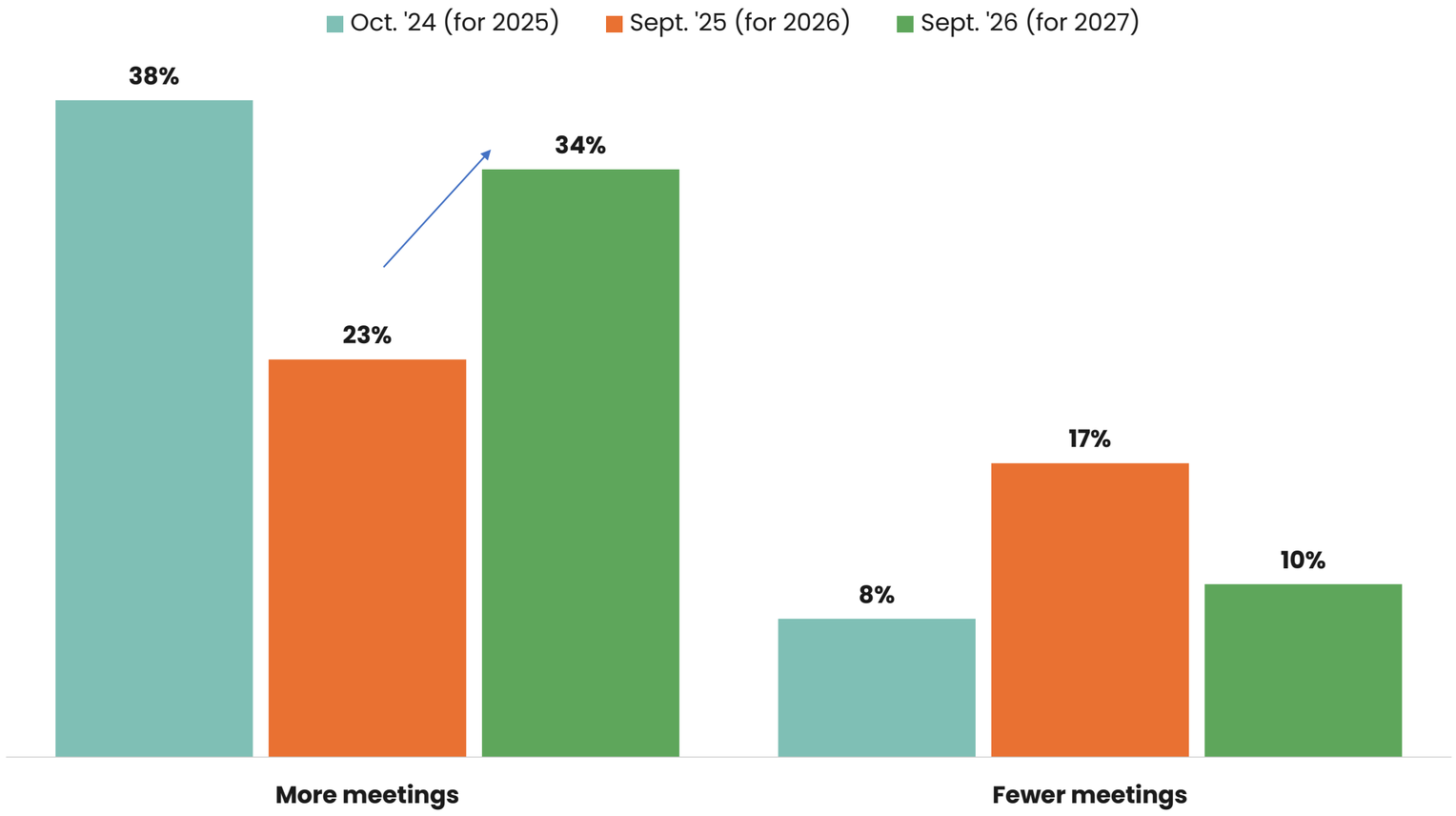
"If you look at the big [convention] group-managed hotels at this point, we're up in the mid-single digits going into next year."

Hilton, 27th October

Source: Northstar Meetings Group / Cvent, Meetings Industry Pulse Survey NA, September 2026

Planners expect more meetings in 2027

Do you expect to produce more or fewer meetings next year than this year?
% of respondents



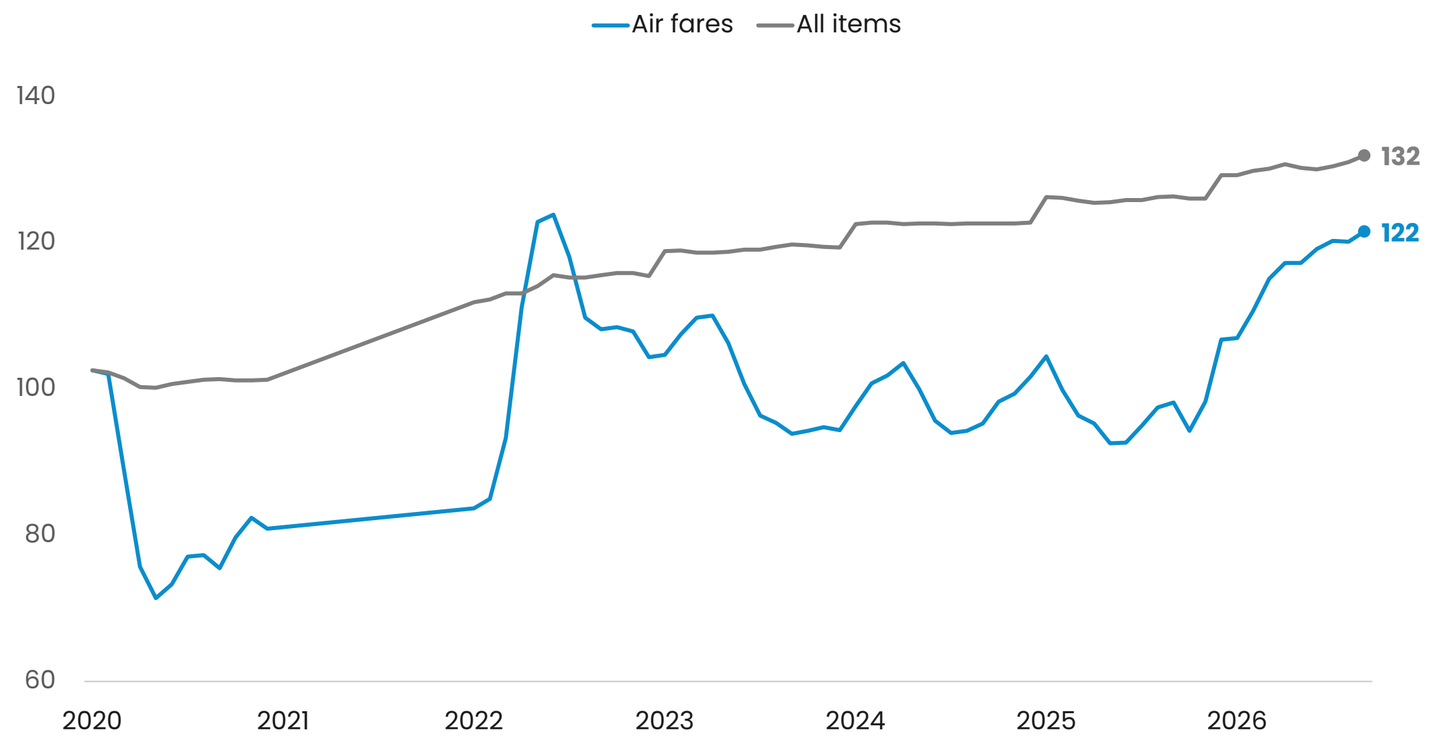
Source: Northstar Meetings Group / Cvent, Meetings Industry Pulse Survey NA, September 2026

TOURISM ECONOMICS

What about costs?

US: Consumer prices
Index, 2019 = 100

+22% vs last year
+0.6% vs 2022 peak



"We've passed on about 72% of the increase in fuel price."

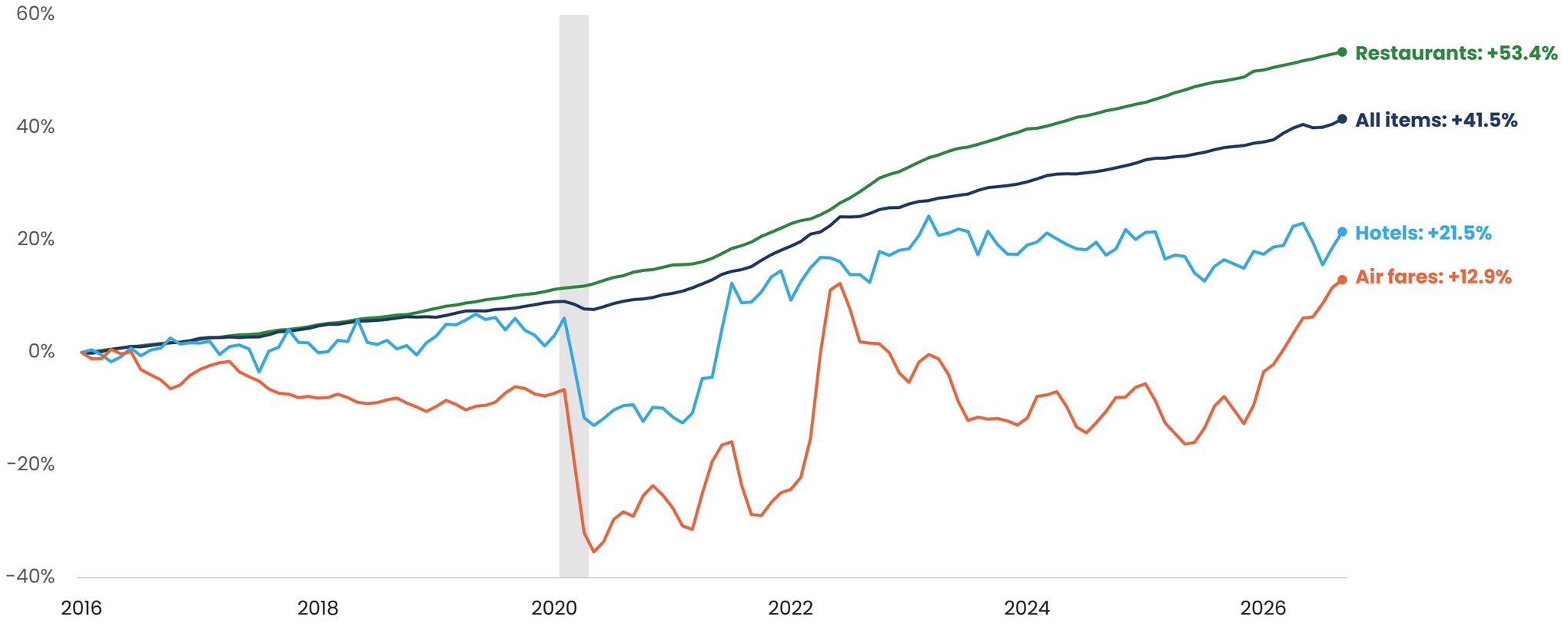
"Prices have gone up this year, but the truth is they're really bouncing off an artificial low from Covid."

United Airlines, 21st October

Note: Seasonally adjusted. Source: BLS, Tourism Economics

Travel prices haven’t grown as fast as other categories

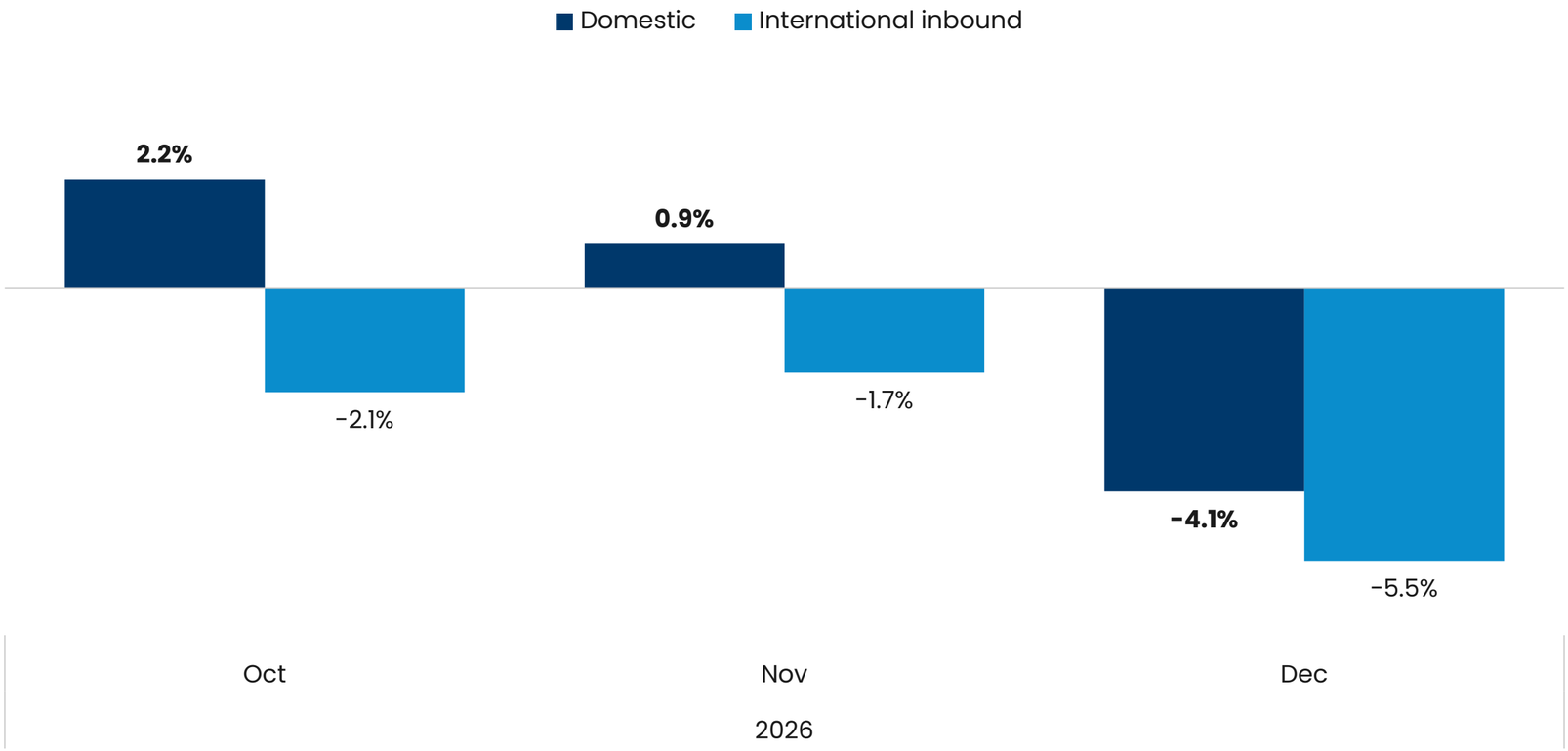
Consumer price growth
Cumulative change since January 2016



Note: Seasonally adjusted. Monthly data through September 2026.
Source: BLS

Domestic flight bookings remain a source of strength

US air travel booking pace
Year-over-year % change, as of Sept 2026



"With approximately 65% of fourth quarter revenue already booked, ***demand remains healthy and broad based.*** Corporate demand continues to perform well, and the pricing environment remains constructive."

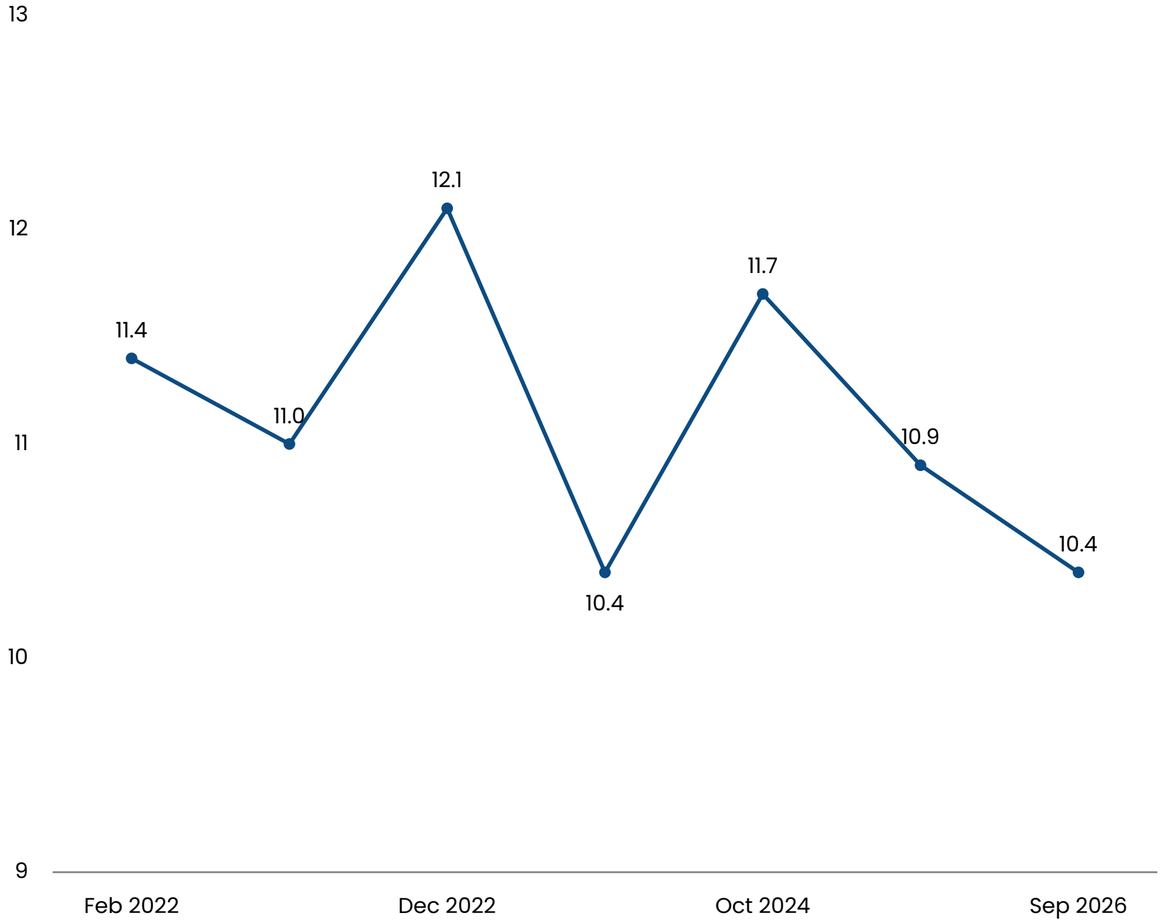
Southwest, 22nd October

Source: OAG

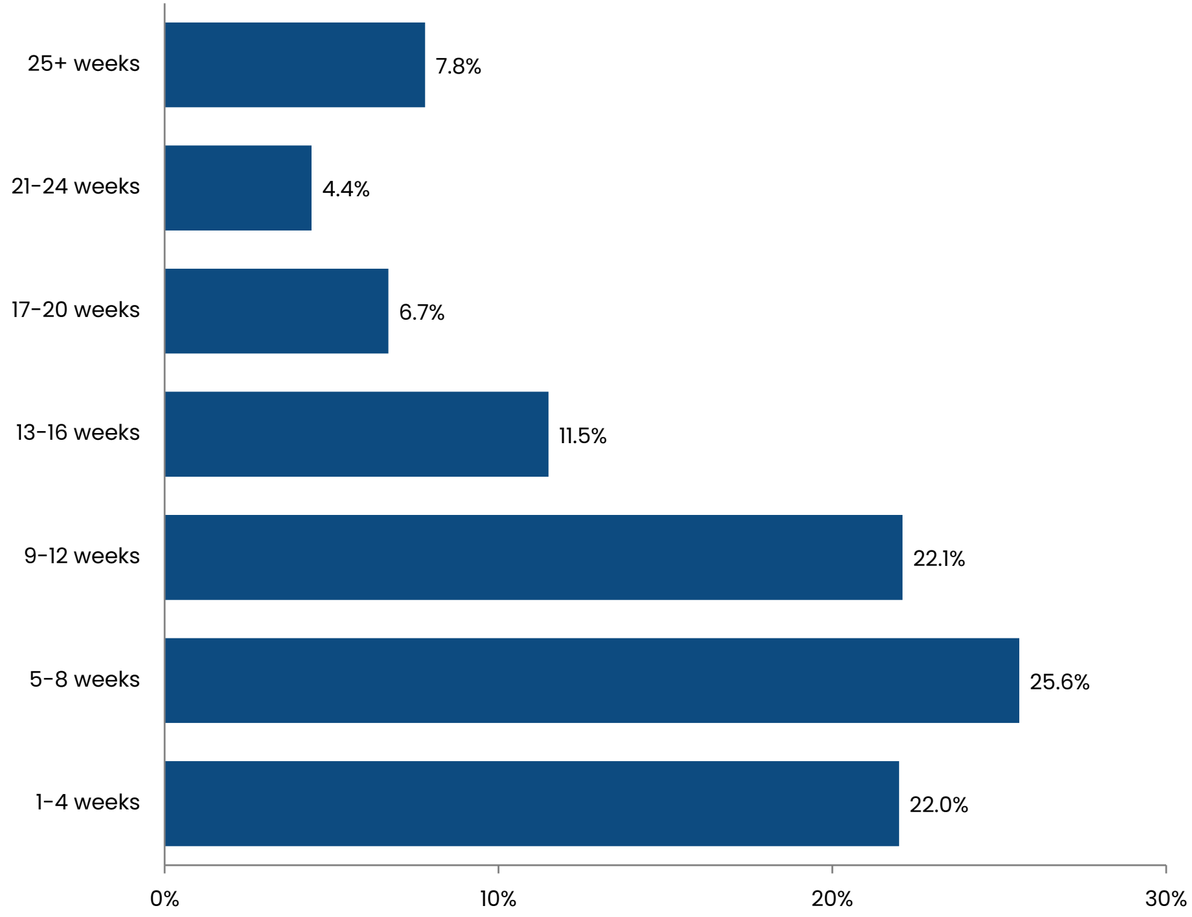
TOURISM ECONOMICS

Don’t panic over Christmas yet, booking windows have shortened

Mean planning window (weeks)



When planning begins (% of travelers)



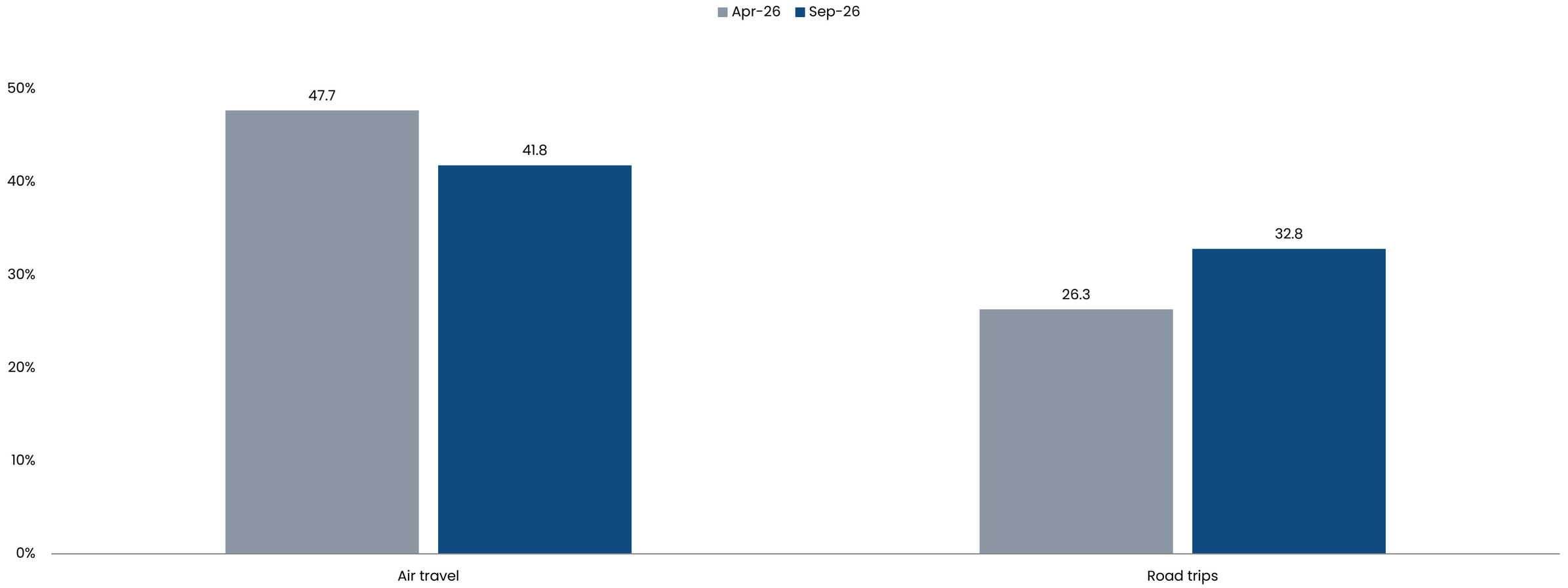
Source: Future Partners, The State of the American Traveler

TOURISM ECONOMICS

Road preference has climbed

Preferred mode for the next leisure trip

% of travelers



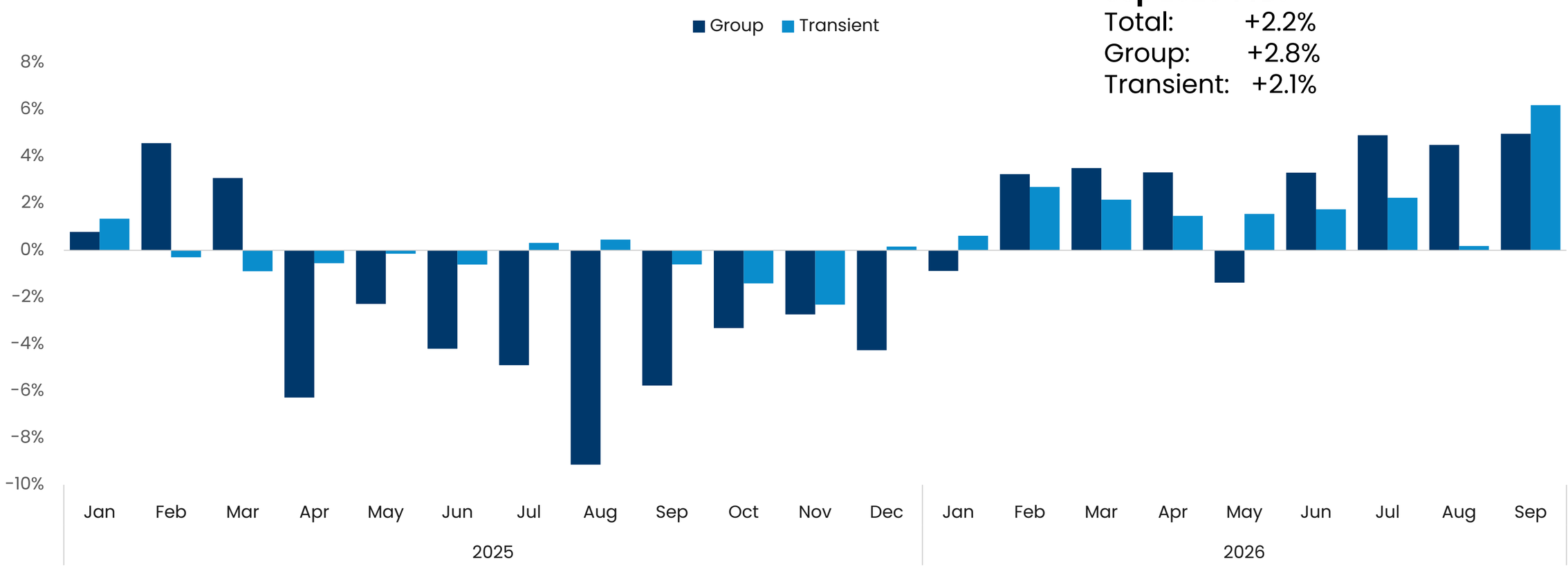
Source: Future Partners, The State of the American Traveler



Hotel performance in 2026

National: Group has led US hotel demand growth in 2026

US hotel demand by segment
% year-over-year



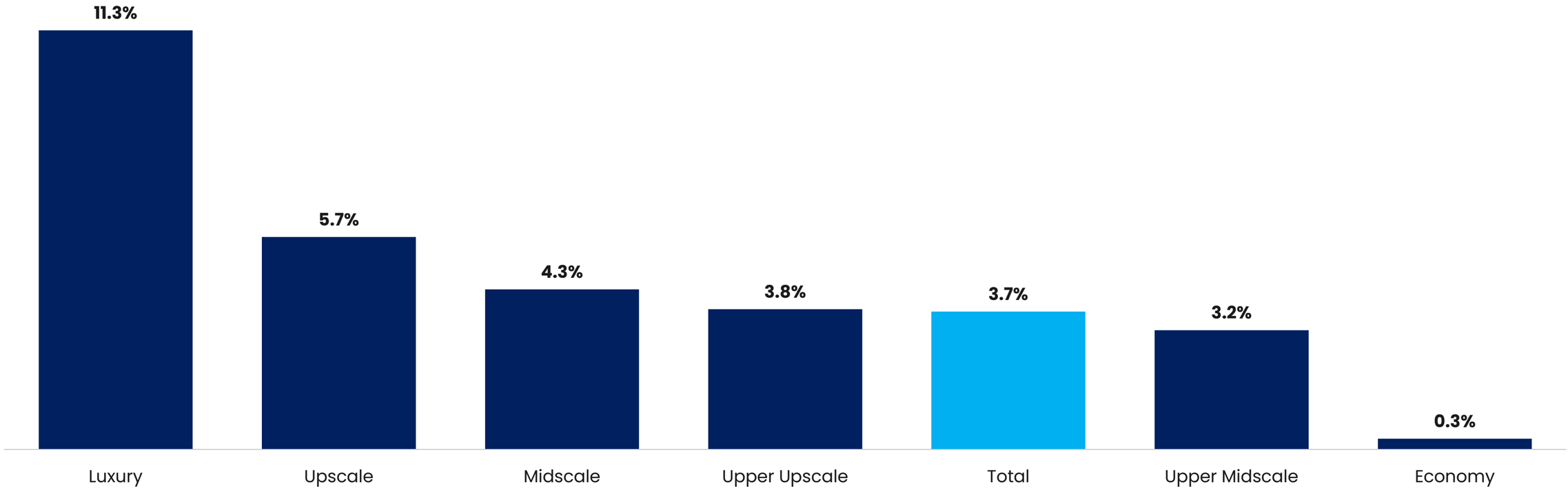
Sep 2026 YTD:
Total: +2.2%
Group: +2.8%
Transient: +2.1%

Source: STR

Statewide: All chain scales displaying growth

Virginia hotel demand by chain scale (YTD Sept 2026)

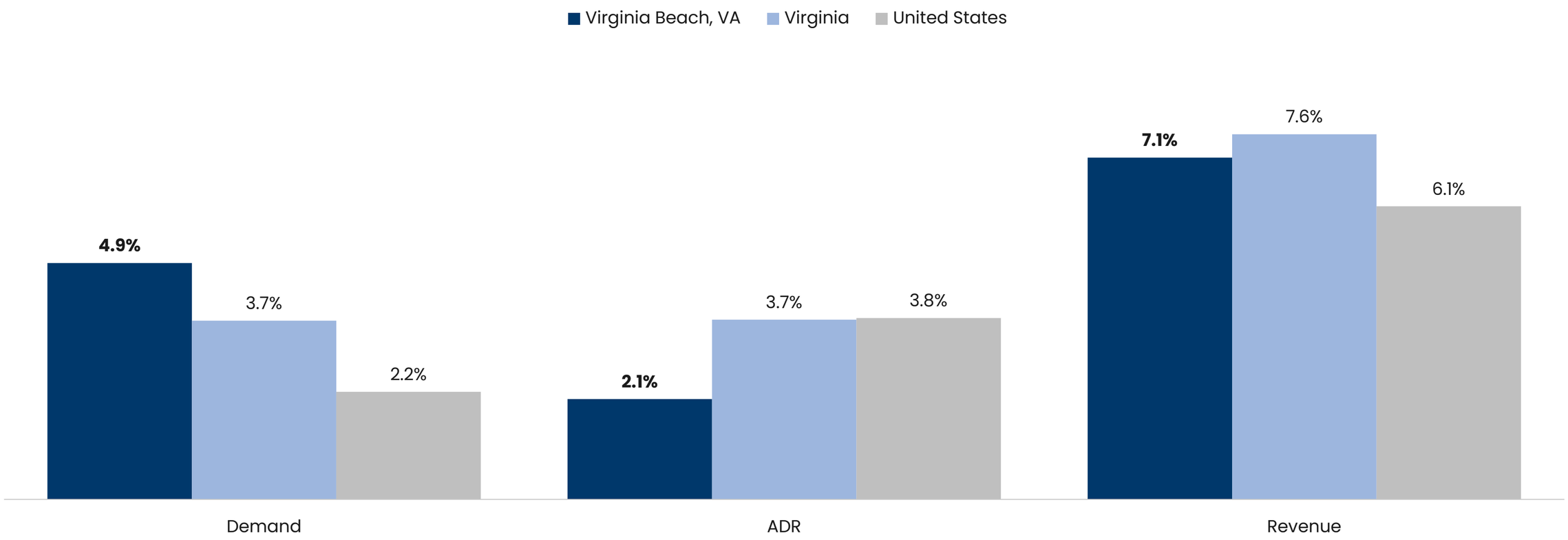
% year-over-year



Source: STR

Closer to home: Demand growth outperforms

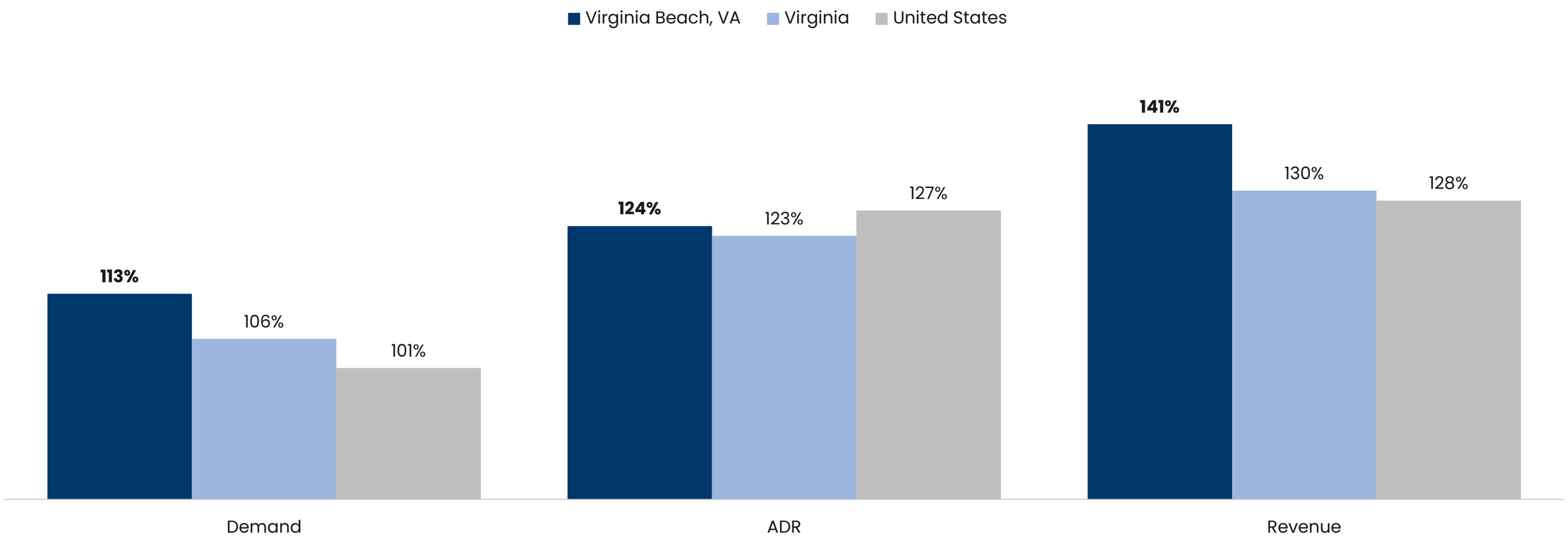
Hotel performance (YTD Sept 2026)
% year-over-year



Source: STR

Hotel revenue performance continues to pull ahead

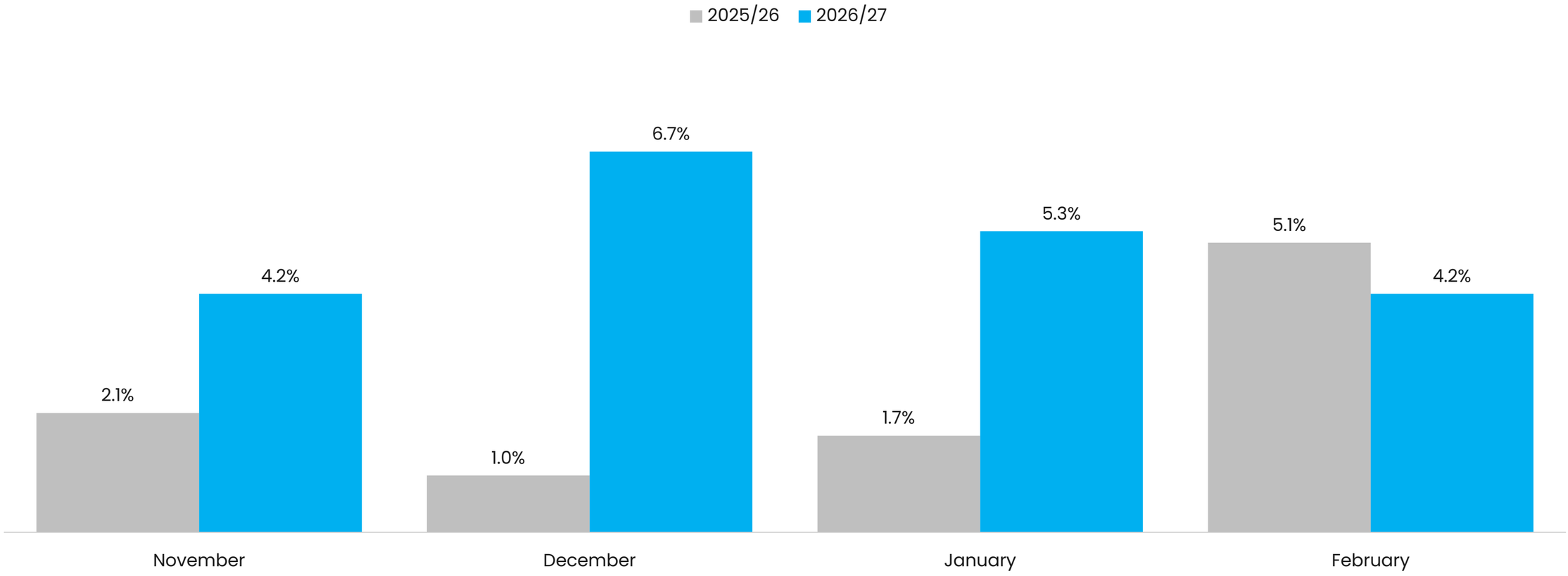
Hotel performance (YTD Sept 2026)
% of 2019 level



Source: STR

National: Strong performance to continue

Hotel booking pace: US
Booking pace by stay month, %



Source: TravelClick

A handy conclusion

1. **Inflation** is weighing on sentiment and savings… but not spending
2. **Wealth gains and tax refunds** have further solidified upper-income finances
3. **Fewer jobs** are being created … in line with labor supply
4. **Corporate activity** is solid, and firms are spending record profits to boost productivity and increase business activity and travel.
5. **International inbound** travel remains a spot of weakness
6. **American travel appetite** is sustainable across segments and chain scales, supporting the Virginia Beach visitor economy



TOURISM ECONOMICS

AN OXFORD ECONOMICS COMPANY

Opposing Invisible Forces

The outlook for the economy and travel

Tariq Khan

Senior Economist | Tourism Economics

November 2026


Nancy Helman
Director, Virginia Beach CVB

2025 State of Tourism

$4 Billion Total Economic Impact



- $2.6 Billion – Indirect Travel Related Expenditures
- 34,704 Jobs
- $352.3 Million – State and Local Tax Revenue



Nancy Helman

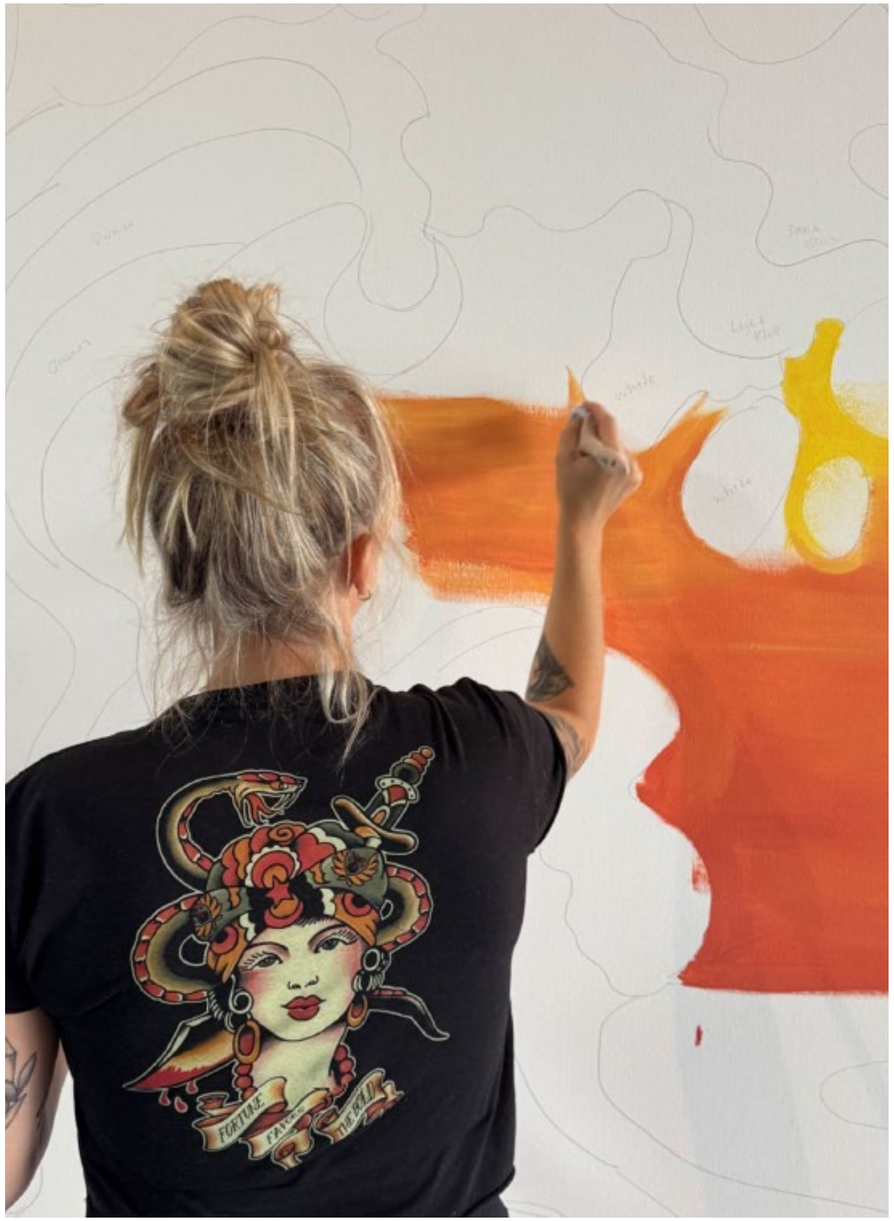
Director, Virginia Beach CVB


The Drop

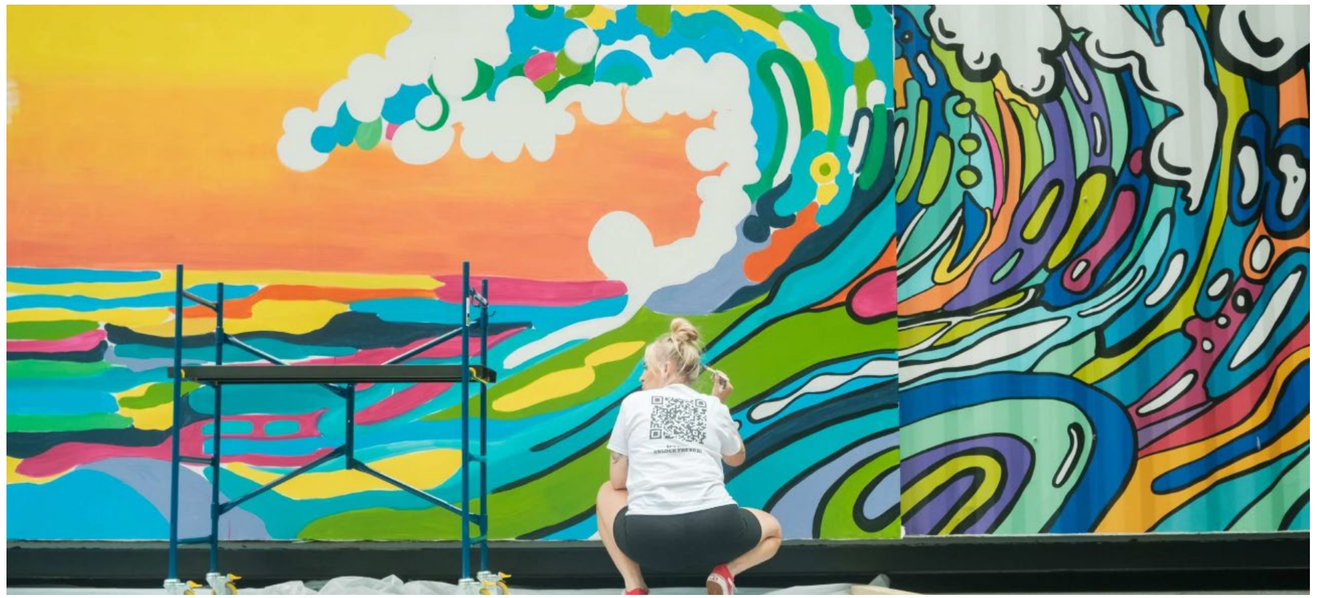

The Drop
MAY 23
22:41 27


The Drop

KendiArt








JUDS
HERE






Virginia
Beach



Nancy Helman

Director, Virginia Beach CVB



Tariq Khan

Senior Economist, Tourism Economics





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Travel USA Visitor Profile

Overnight Visitation

virginia beach

2025

About Longwoods International



Established in 1978 as a market research consultancy.

It is currently the largest ongoing study conducted of American travelers.

A random sample of adults to participate in the Travel USA® survey.

Respondents are selected to ensure representativeness of the adult population.

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State & DMA of Origin

Top Traveler Markets for Virginia Beach

State

	2025	2024
Virginia	35%	26%
North Carolina	9%	9%
Pennsylvania	7%	8%
New York	6%	8%
Maryland	6%	5%



City

	2025	2024
Norfolk-Portsmth-Newpt News, VA/NC	12%	10%
Washington, DC	11%	9%
Richmond-Petersburg-Charlottesville,VA	9%	7%
New York, NY	8%	10%
Roanoke-Lynchburg, VA	5%	3%

DMA of Origin is determined using the zip code entered by the respondent.

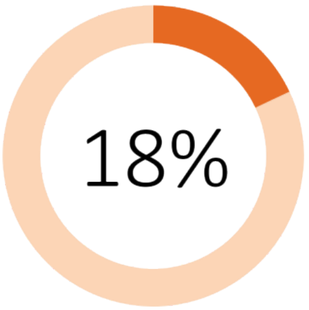
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Travel Party Composition

Solo Travelers, Children, & Pets

Solo Travel Parties

21%



Travel Parties with Pets

Average Travel Party Size

3.0

Travel Parties with Children

43%

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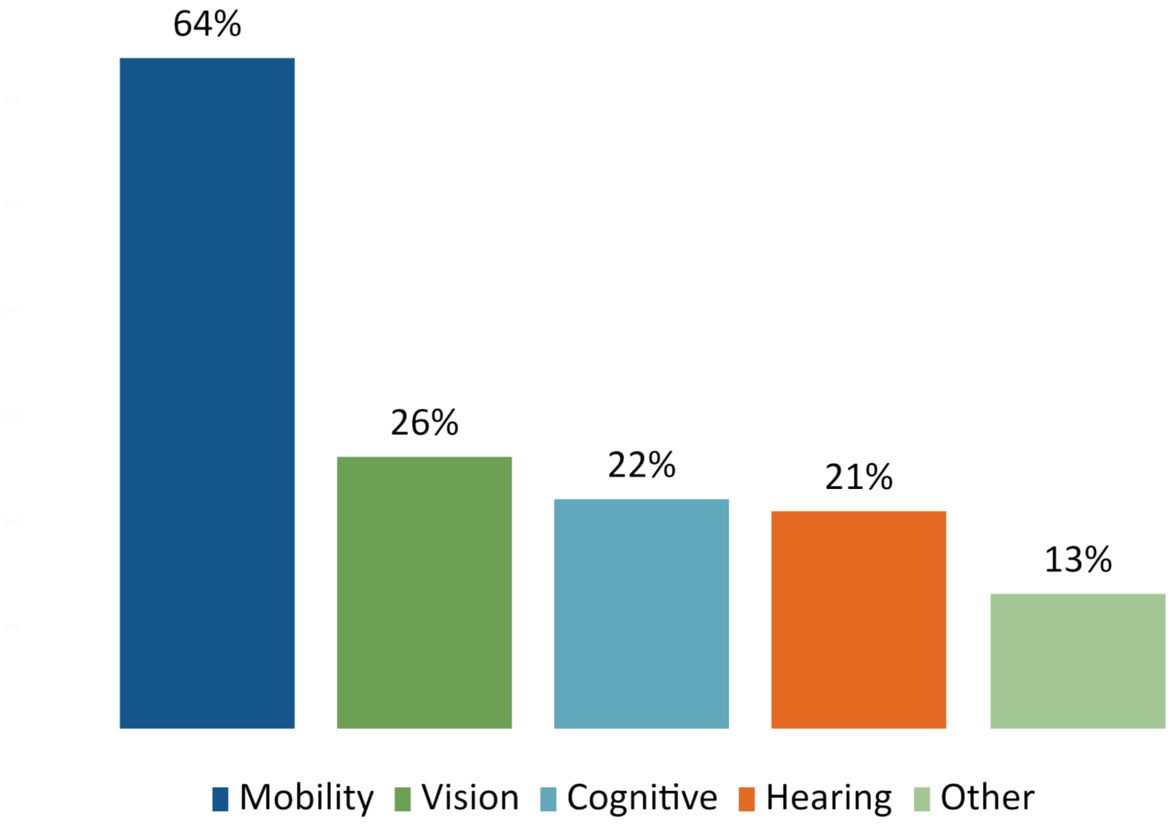
Travelers with Travel-Limiting Disabilities

Disability Categorizations

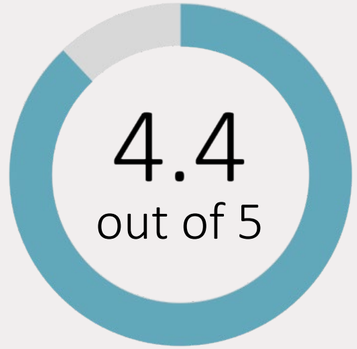
Travel Parties with an Individual Who Required Accessibility Services

19%

-1.0% YOY



Ease of Accessibility



Average Satisfaction Rating

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Main Purpose of Trip

Each respondent selects one primary motivator for their trip

42% Visiting friends / relatives
-2.9% YOY

12% Resort
+1.8% YOY

9% Touring
+2.0% YOY

7% Outdoors
-0.4% YOY

6% City trip
+1.0% YOY

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Top Traveler Personas

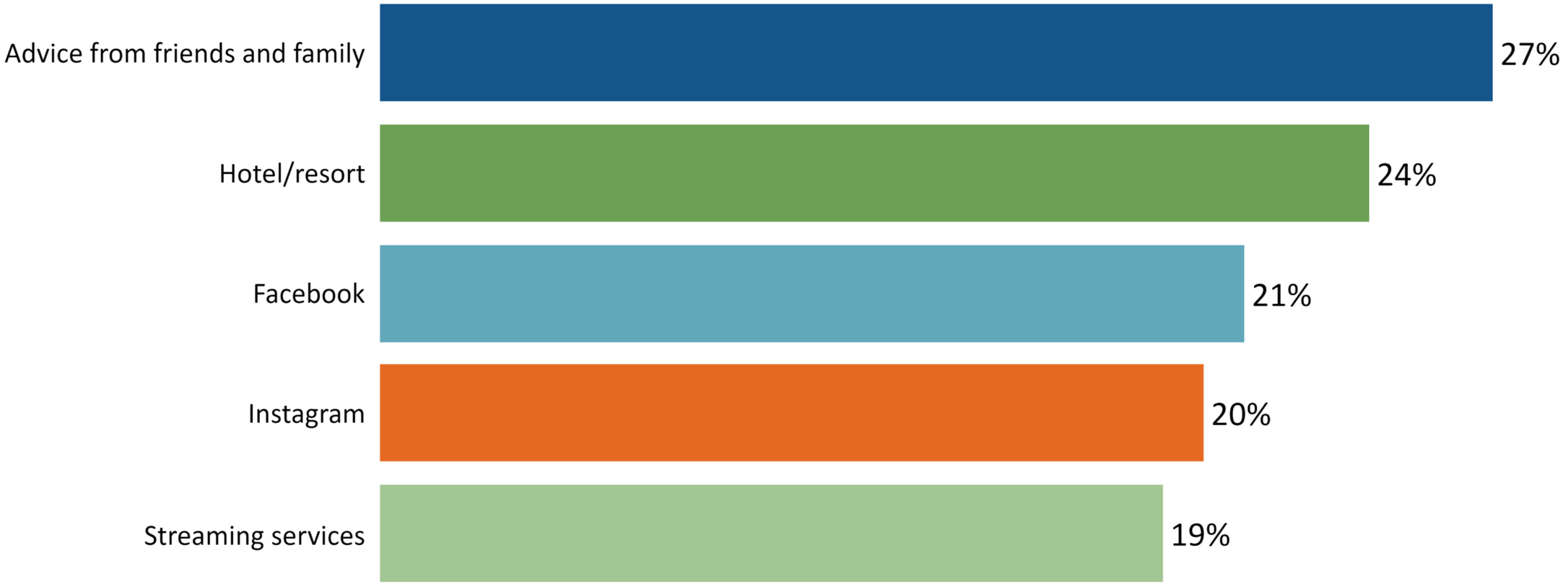
Each respondent selects one persona that most closely describes their travel style

26%	Budget friendly traveler: prioritizing affordability and value for money
18%	Family traveler: prioritizing activities and accommodations suitable for children
11%	Outdoor & adventure seeker: drawn to outdoor activities and thrill-seeking
9%	Luxury traveler: seeking high-end experiences and personalized services
8%	Food & wine traveler: seeking unique or local foods, food & wine tours
8%	Culture/heritage/history seeker: seeking local cultures, historical sites, and engaging with local traditions

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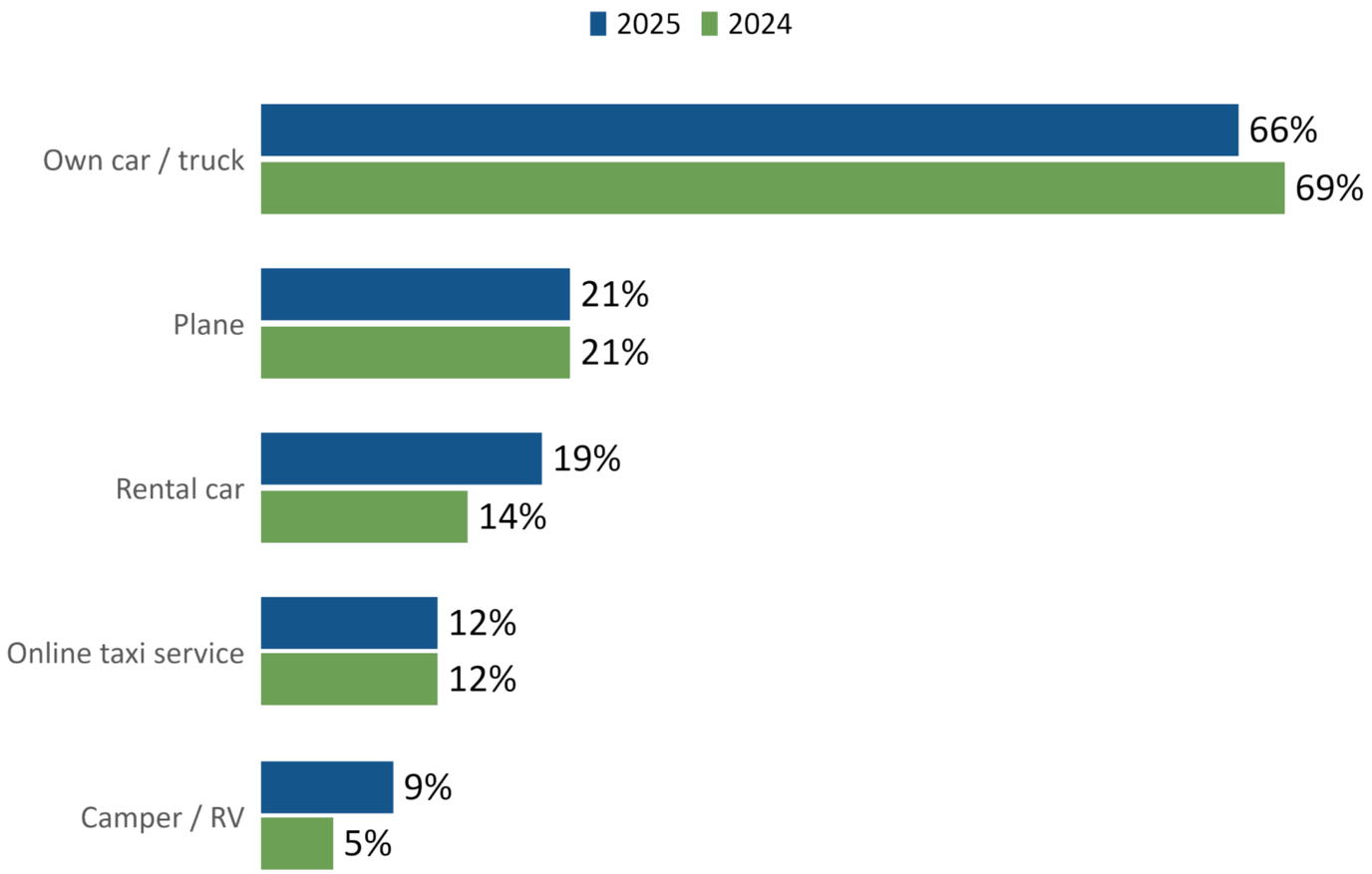
Sources of Trip Planning

Top Information Sources Travelers Used for Trip Planning



Transportation *to* Destination

Top Modes of Transportation Used by Travelers to Get to Virginia Beach



Vehicle Type

Gasoline/diesel	77%	▼	-4.1% YOY
Hybrid	14%	▲	+1.3% YOY
Electric	13%	▲	+4.8% YOY
Plug-in-hybrid	6%	▲	+1.8% YOY

Vehicle type is only asked of travelers who selected 'rental car' or their 'own car/truck' as a mode of transportation to the destination.

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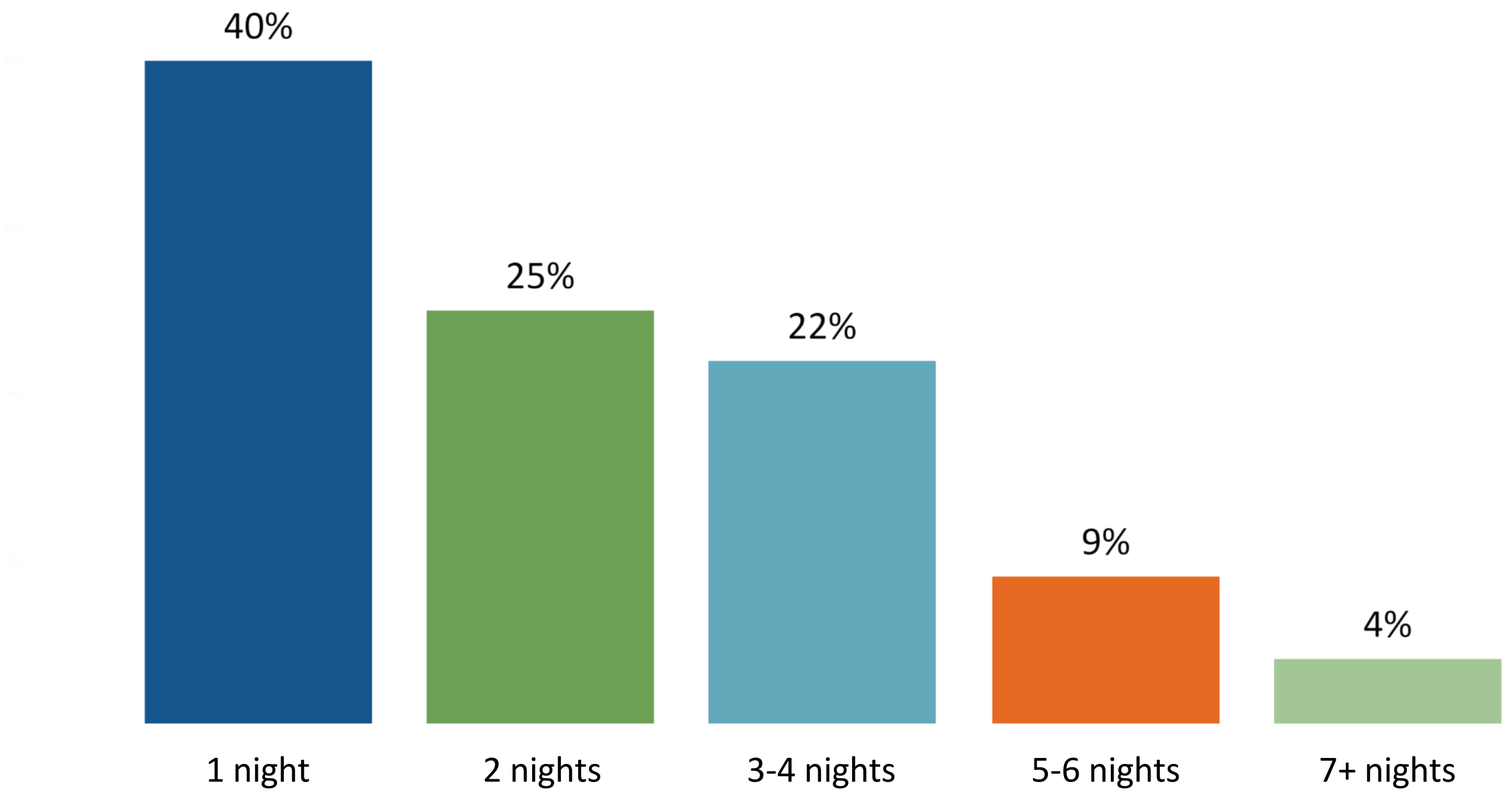
Trip Structure

Nights Spent in Virginia Beach

Average
Number of Nights

2.5

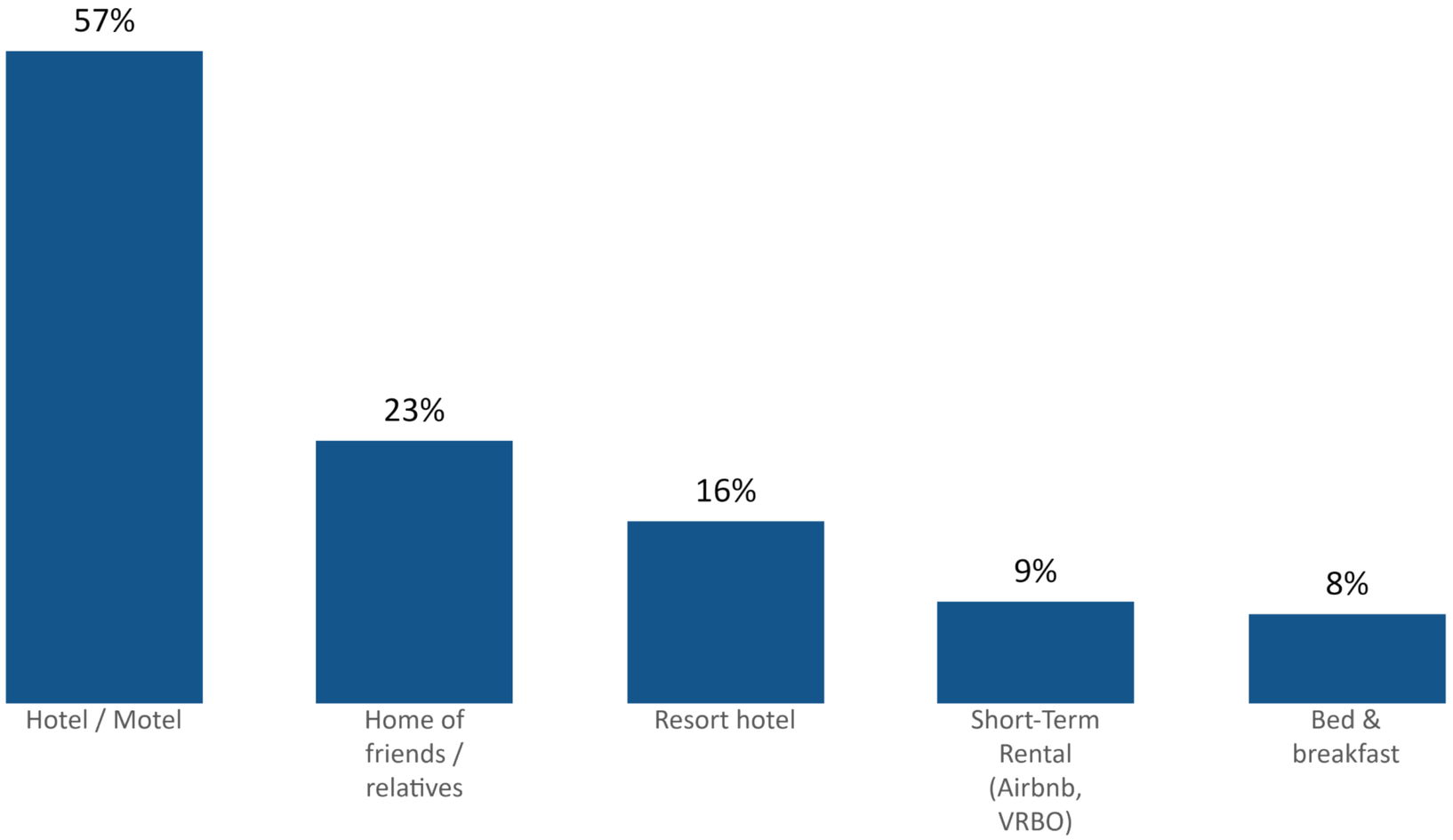
Previous Year: 2.6



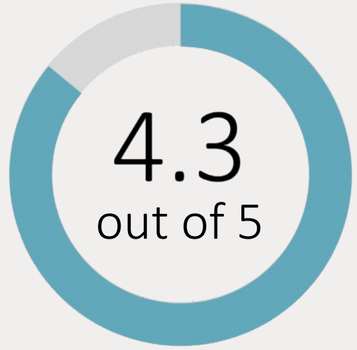
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Accommodations

Top Accommodation Types for Virginia Beach Travelers



Quality of Accommodations



Average Satisfaction Rating

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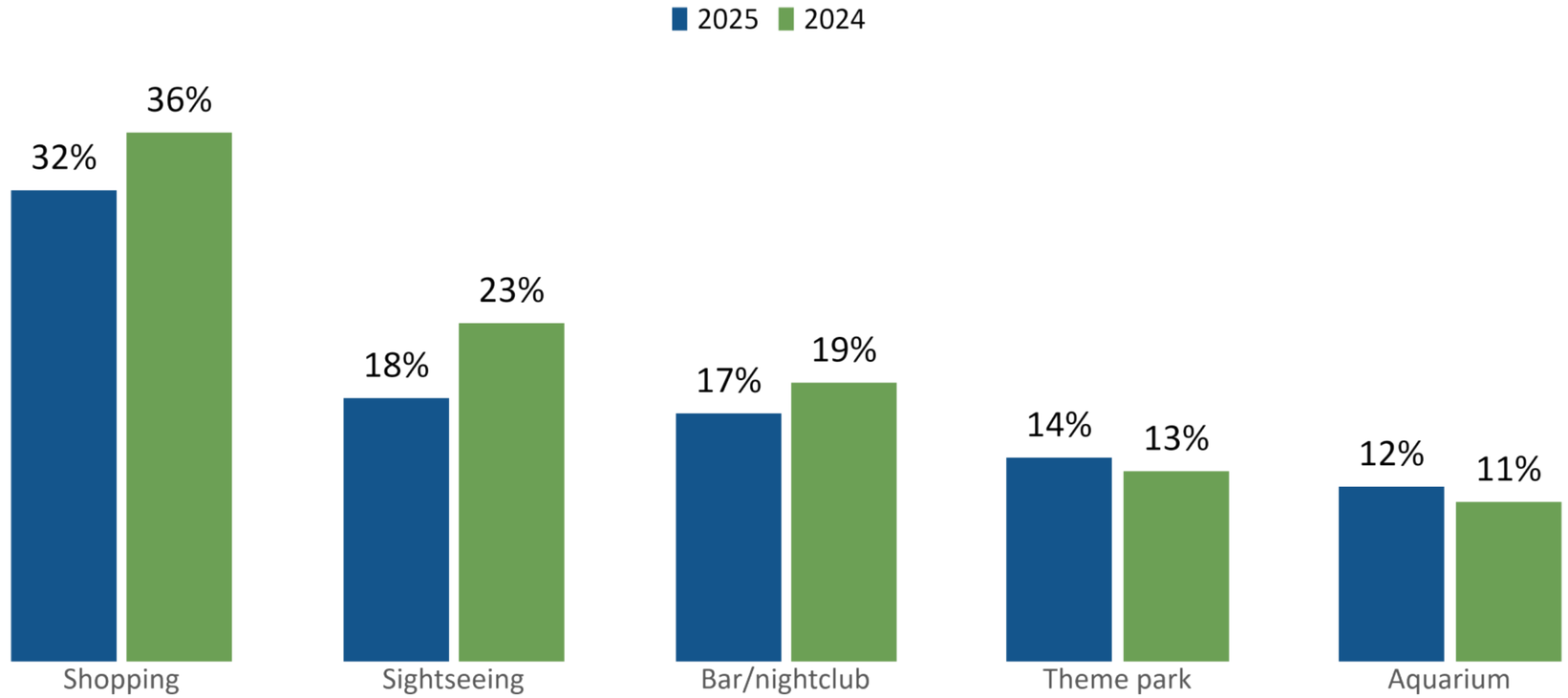
Entertainment Activities

Top Entertainment Activities for Virginia Beach Travelers

67%

Participated in Entertainment Activities During Their Trip

Previous Year: 68%

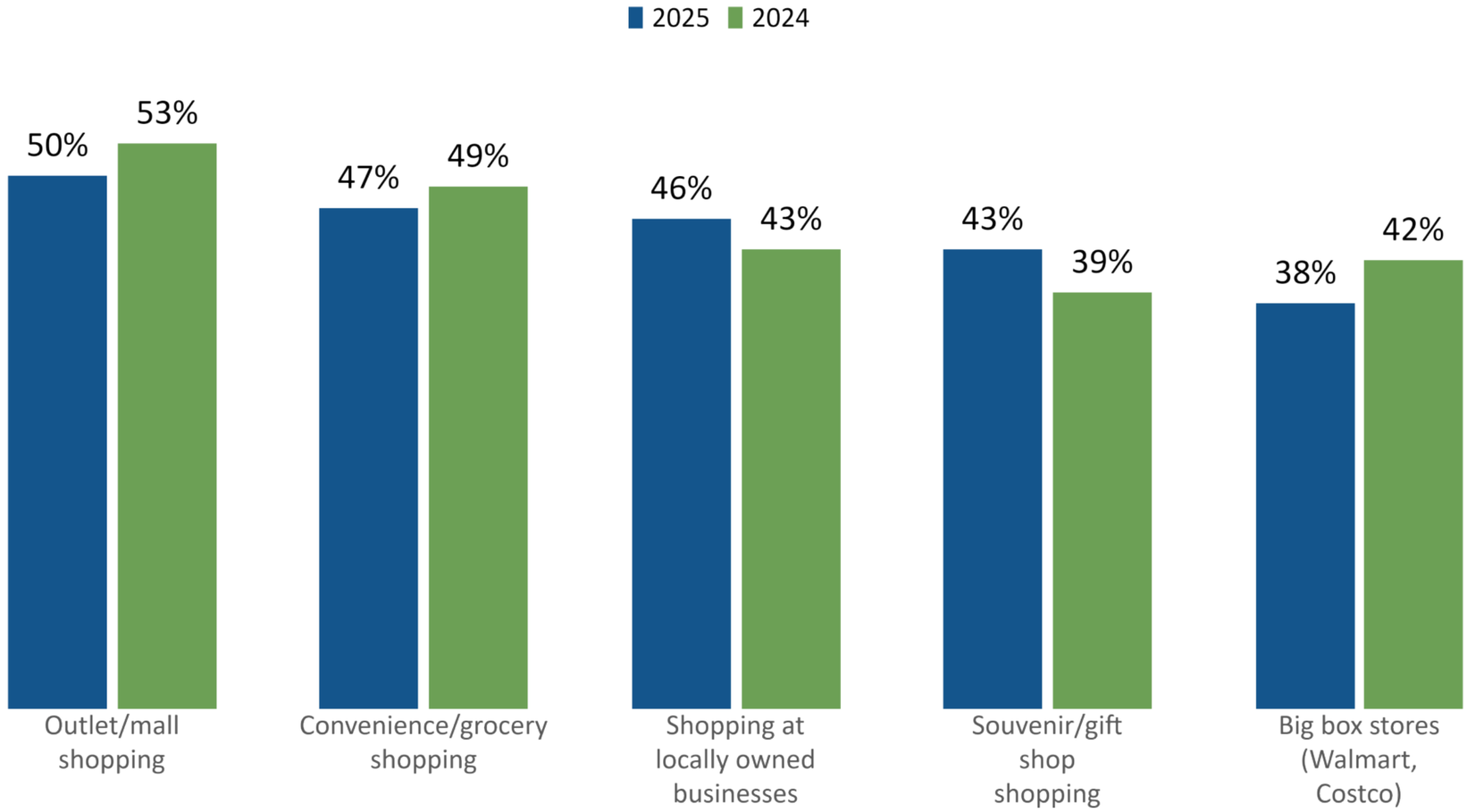




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Shopping

Top Shopping Categories for Virginia Beach Travelers



This question is only asked of travelers who selected 'shopping' as an activity during their trip to Virginia Beach.

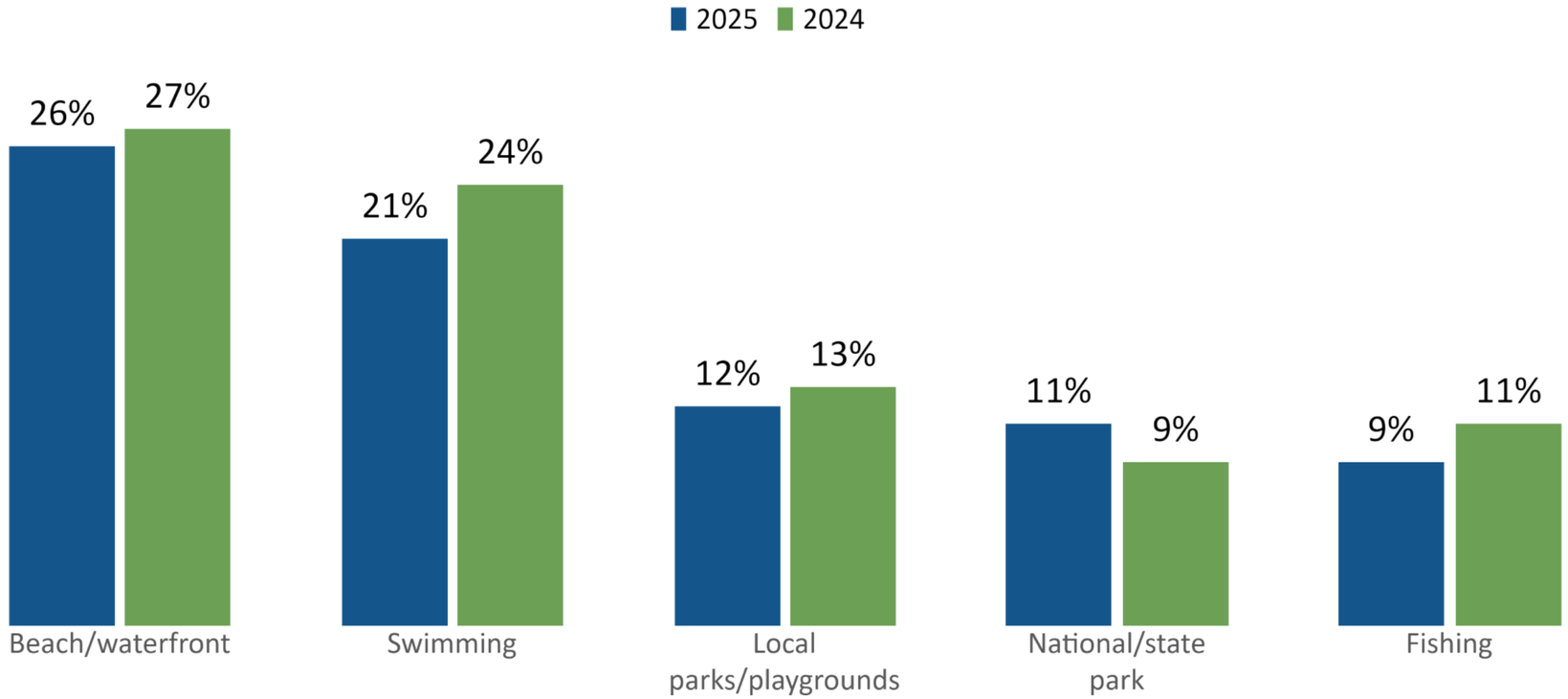
Recreational Activities

Top Recreational Activities for Virginia Beach Travelers

65%

Participated in Recreational Activities During Their Trip

Previous Year: 69%





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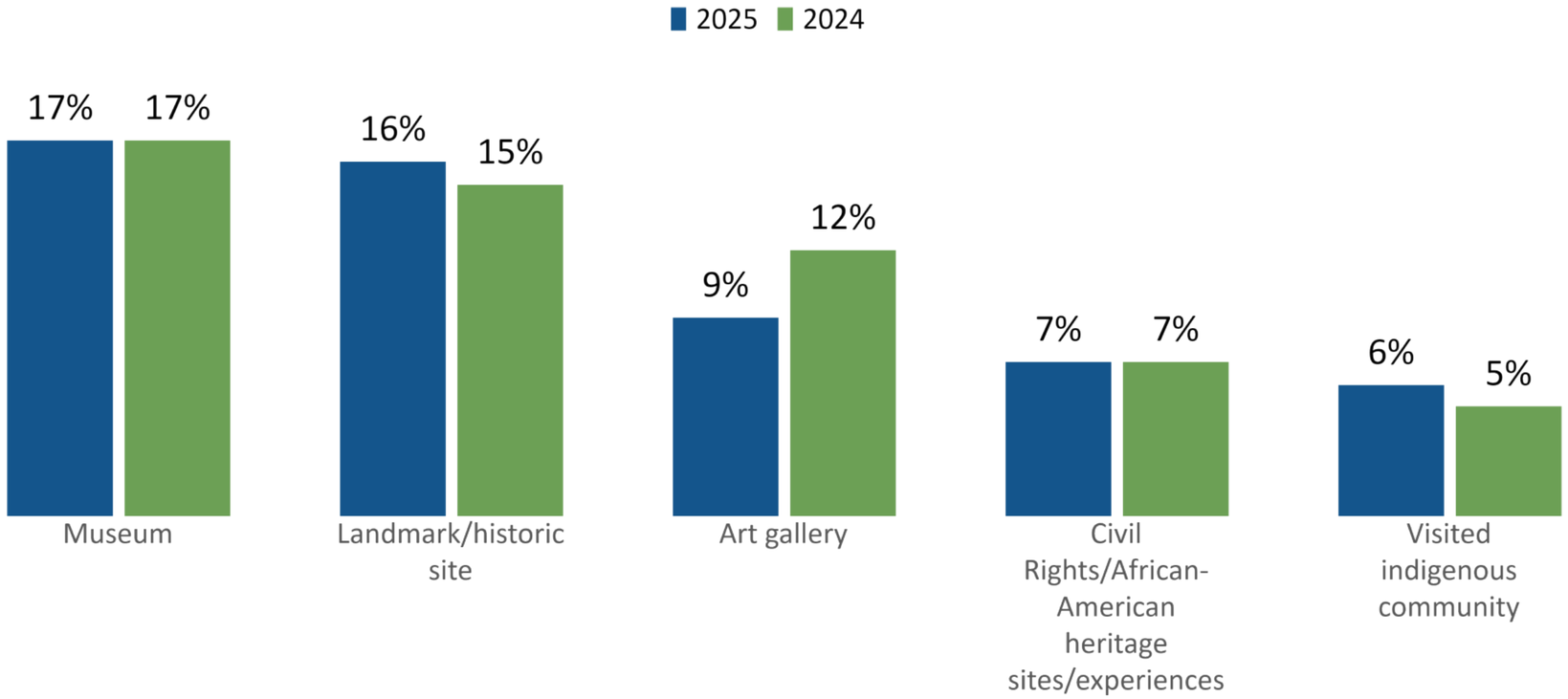
Cultural Activities

Top Cultural Activities for Virginia Beach Travelers

37%

Participated in Cultural Activities During Their Trip

Previous Year: 36%





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Other Activities

Top Other Activities for Virginia Beach Travelers

47%

Participated in Other Activities During Their Trip

Previous Year: 32%

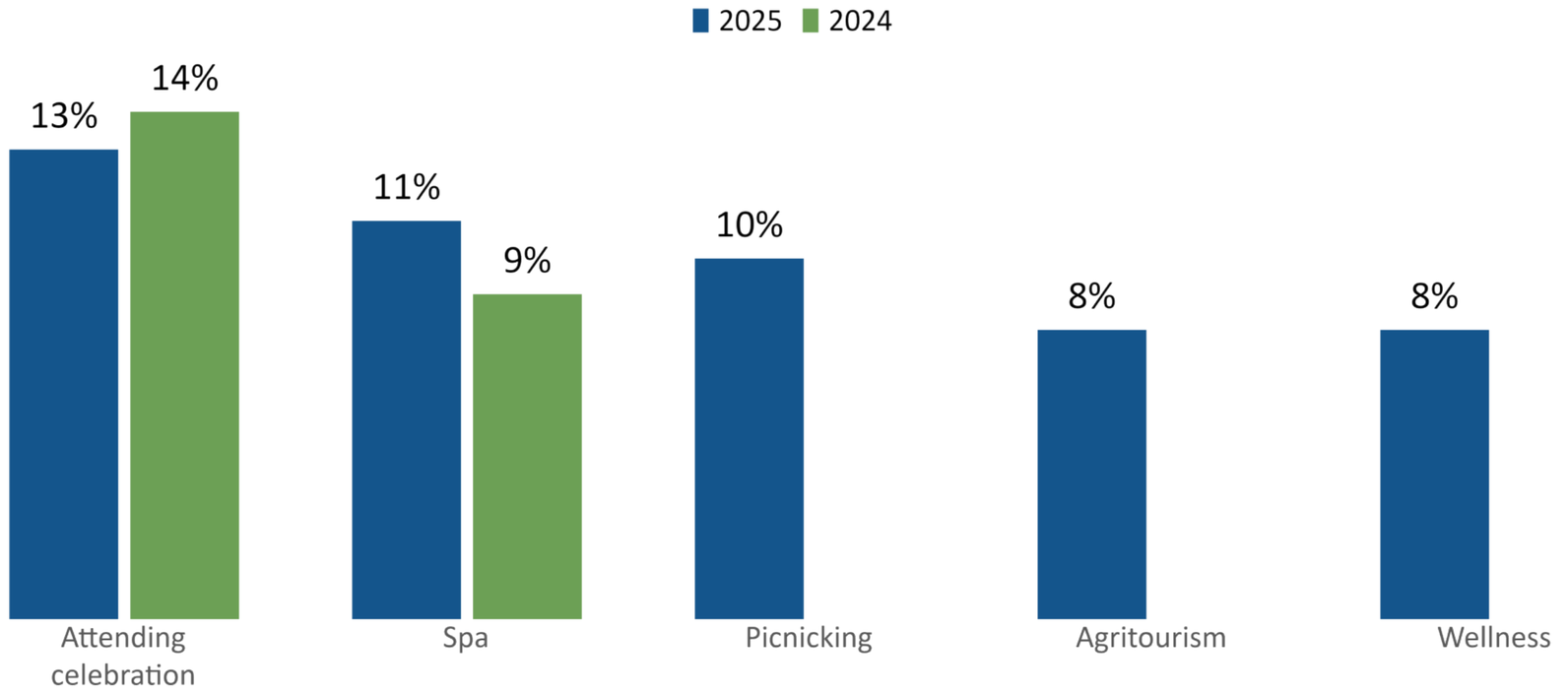


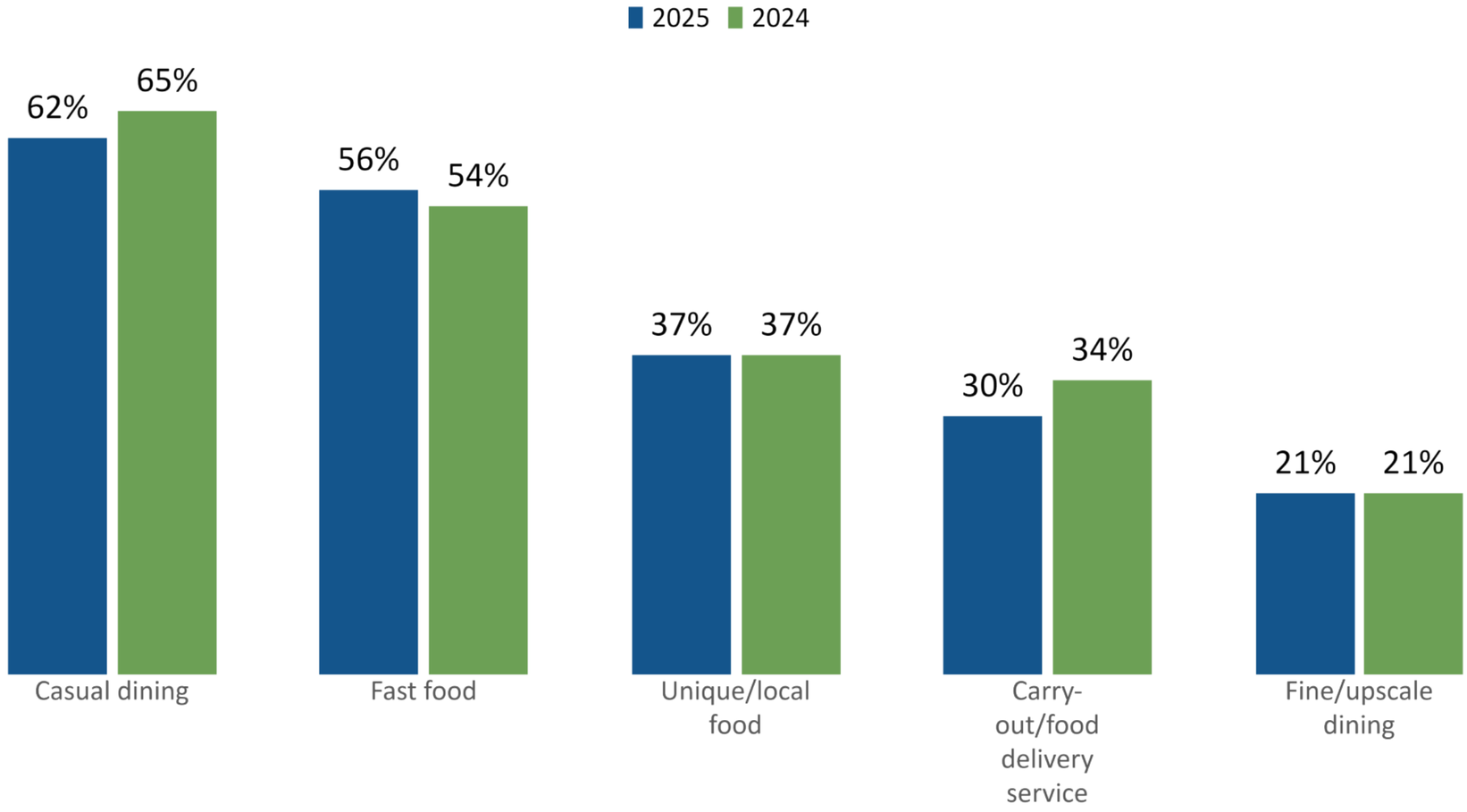
*Chart includes new response option for 2025; 2024 data unavailable



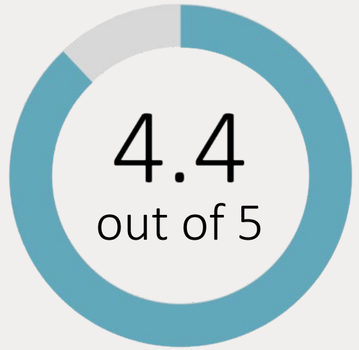
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Dining

Top Dining Categories for Virginia Beach Travelers



Quality of Food

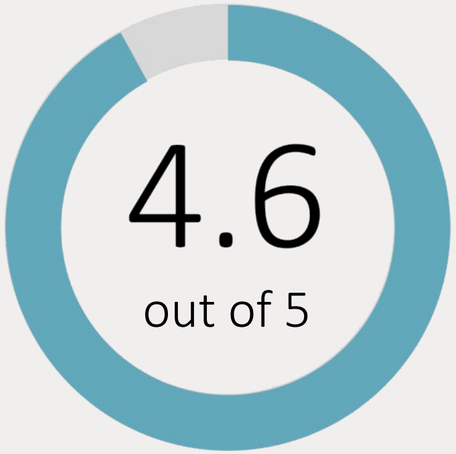


Average Satisfaction Rating

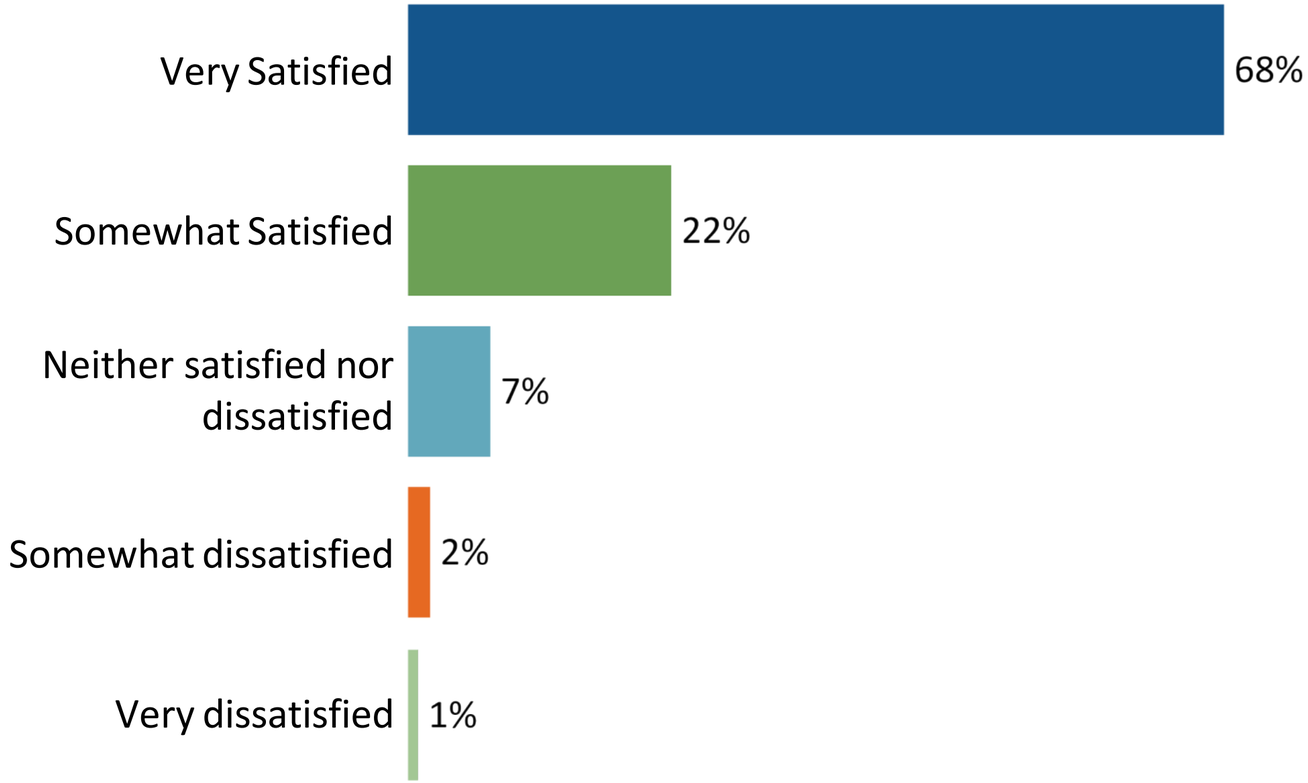
Satisfaction with Overall Trip

How Overnight Visitors Rated Their Virginia Beach Experience

Average Satisfaction Rating



Previous Year: 4.6



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Additional Satisfaction Indicators

Key Components of the Virginia Beach Experience

Safety & Security



Cleanliness of Destination



Value for Money



Sightseeing & Attractions



Music, Nightlife, & Entertainment



Friendliness of People



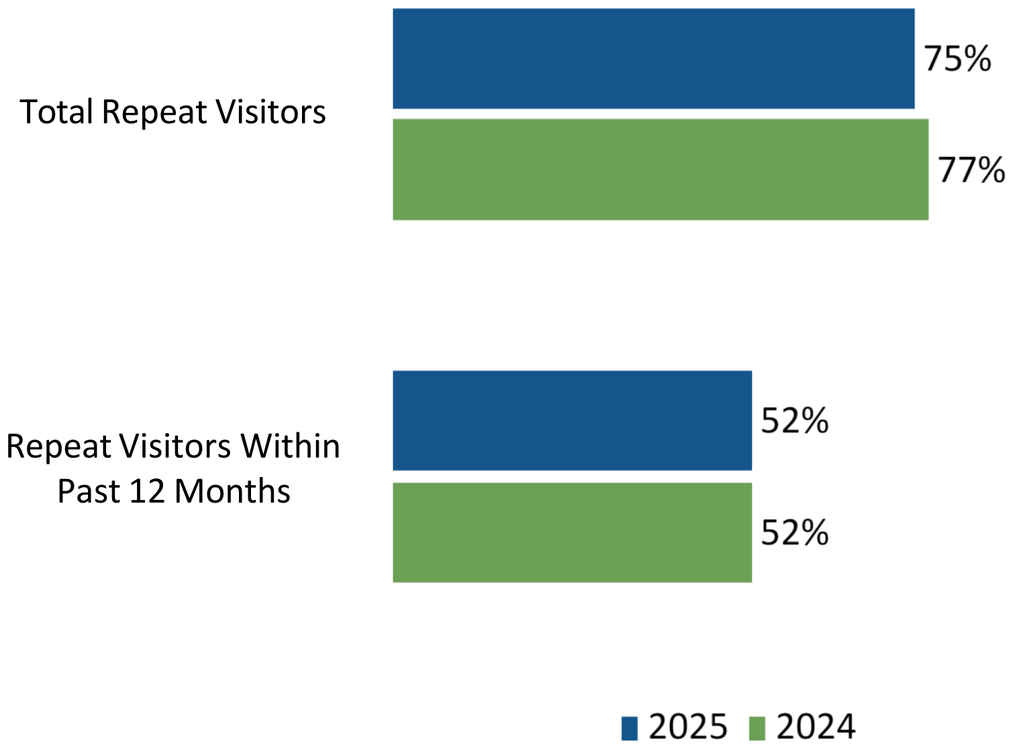
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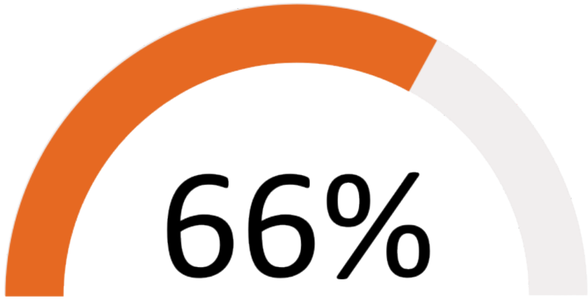
Average Satisfaction Rating out of 5

Visitor Retention Metrics

Key Predictors of Future Travel to Virginia Beach

Past Visitation





Selected That They Were '*Very Likely*' to Return to Virginia Beach

Repeat visitation is the strongest predictor of future travel.

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Travel USA Visitor Profile

Overnight Visitation

virginia beach

2025



Nancy Helman

Director, Virginia Beach CVB



Meeting Suite 2

Best Practices Using Free Social Media for Business

Meeting Suite 3

A.I. In Hospitality