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Navigating an Economic Adventure

Chuck Davison

Vice President of Commercial Strategy & Partnerships

January 2026



Standard-Setting Analysis



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Worldwide**



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Modelling**

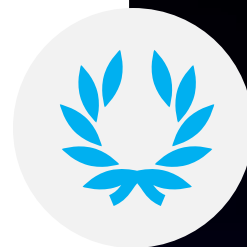




ANALYST FORECAST AWARDS 2025



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Client Reach

48 States

500+ US and Canada Destinations

30+ Countries

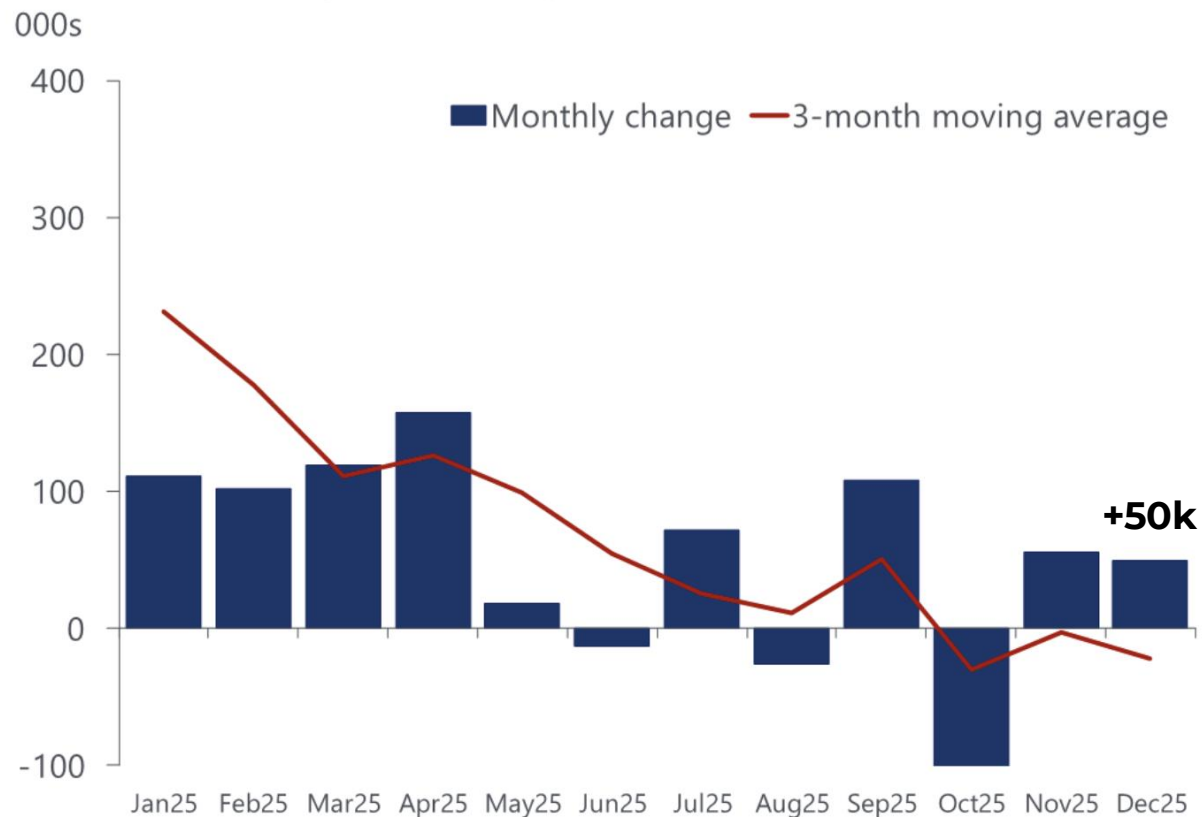
140+ Destinations Using Attribution

A low-angle, upward-looking photograph of a yellow traffic light. The traffic light is the central focus, with its three lenses visible. It is mounted on a metal pole. In the background, a brick building with white architectural details is visible. The image has a slightly desaturated, vintage feel. Overlaid on the left side of the image is the text 'Economic Trends & Outlook' in a bold, white, sans-serif font.

Economic Trends & Outlook

The latest jobs report: modest

US: Nonfarm payroll employment

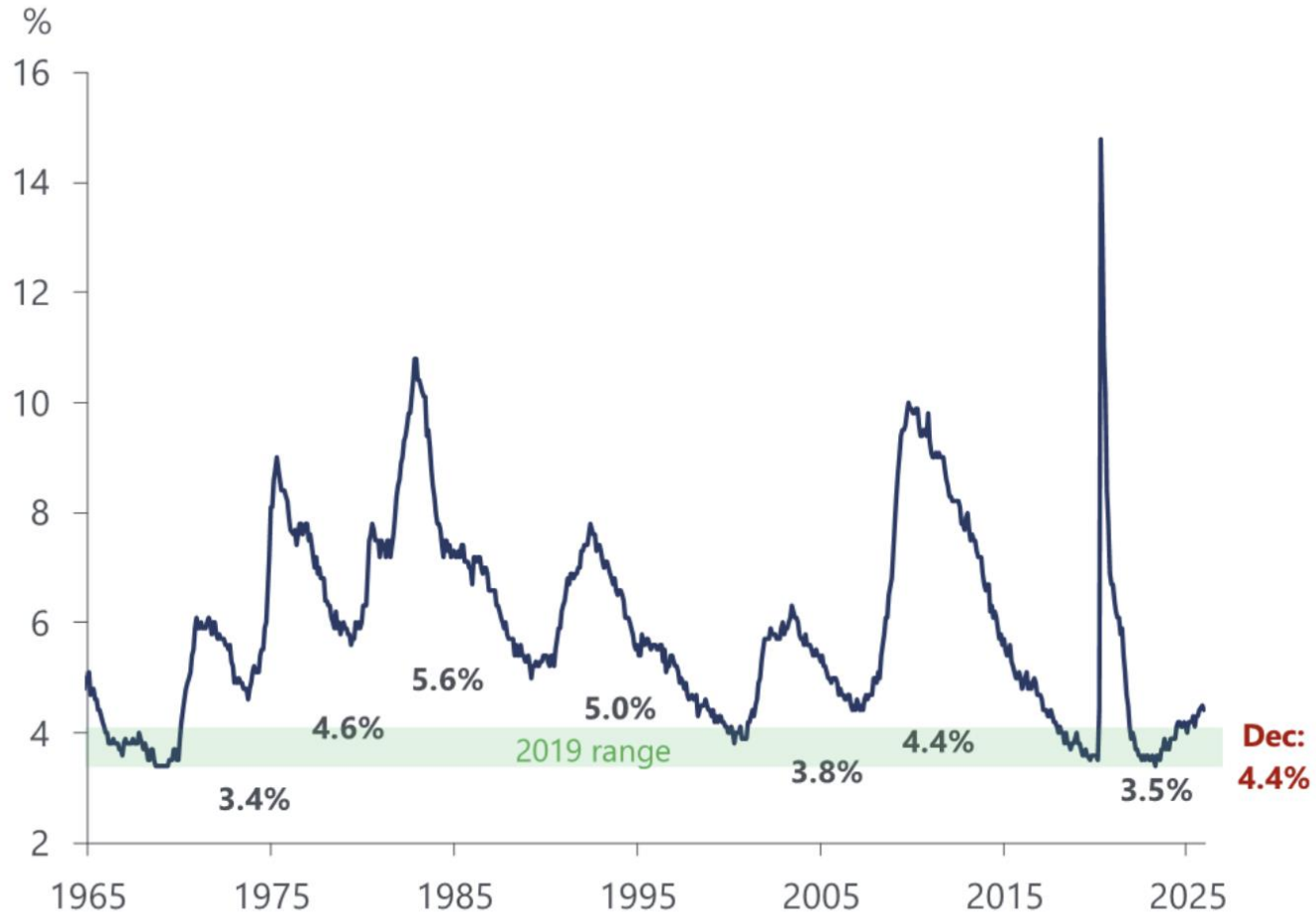


Sources: Oxford Economics, Haver Analytics

Averaging just 49k jobs per month over the last year

Unemployment has lifted to 4.4%

US: U-3 unemployment rate



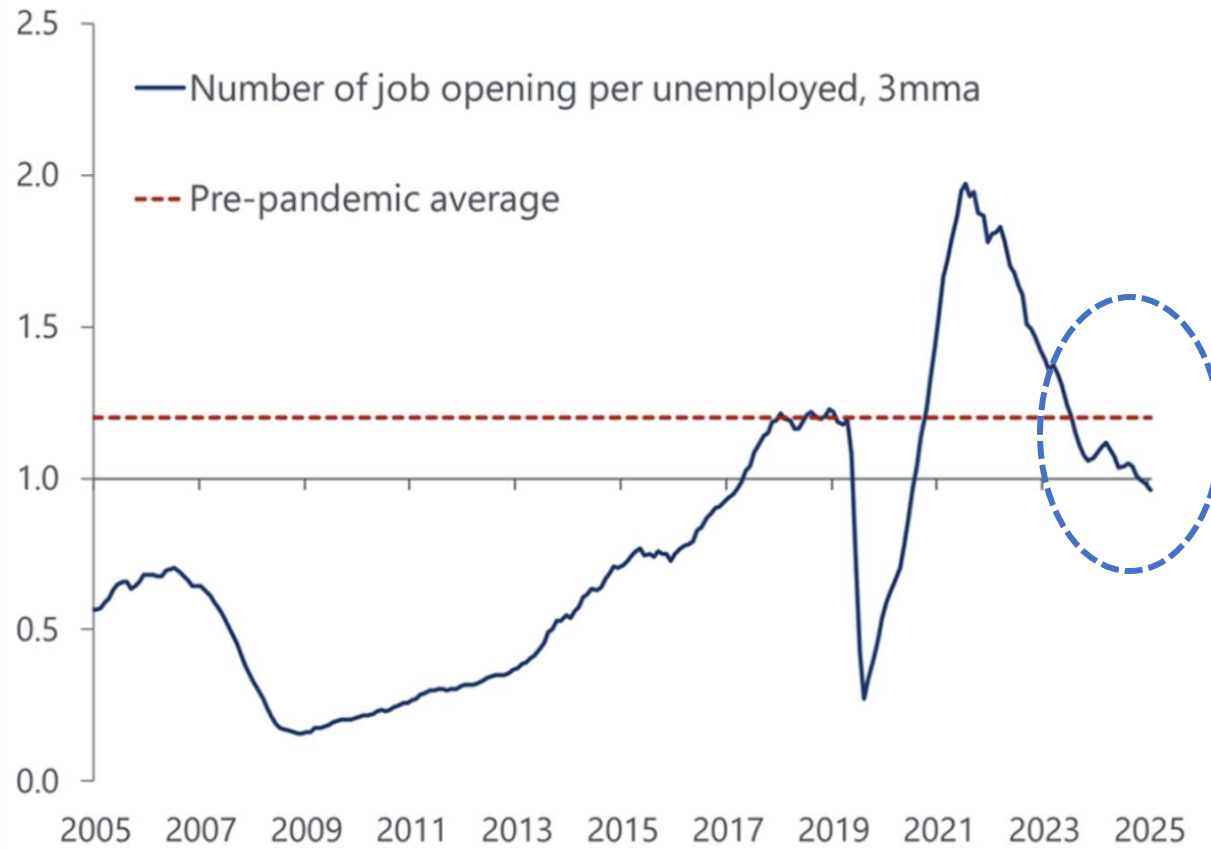
Sources: Oxford Economics, Haver Analytics

Slow to Hire, Slow to Fire

Hiring has slowed but there has not been a notable increase in the pace of layoffs

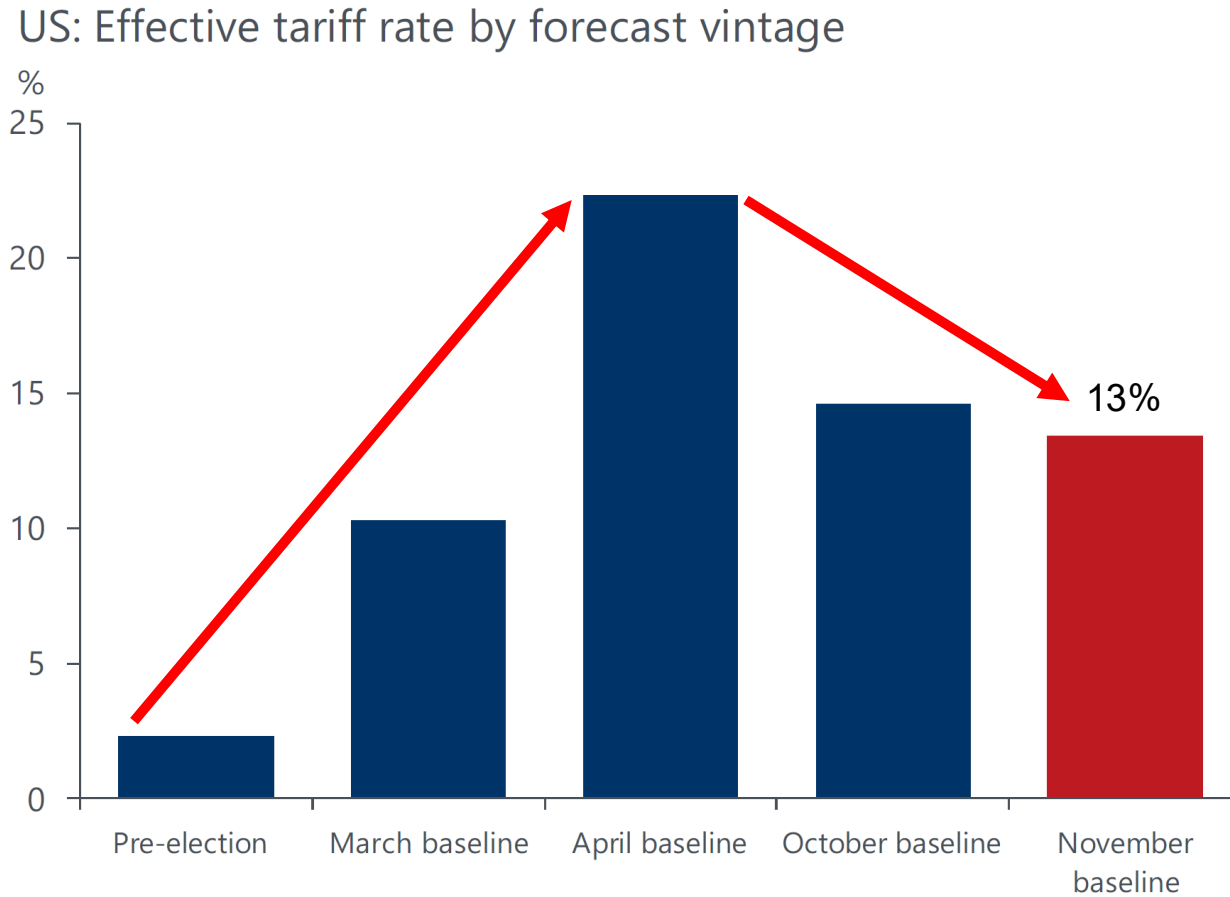
Labor market is now in balance

US: Number of job openings per unemployed



Sources: Oxford Economics, Haver Analytics

Trade-weighted tariff rate highest since 1930s



Sources: Oxford Economics, Haver Analytics

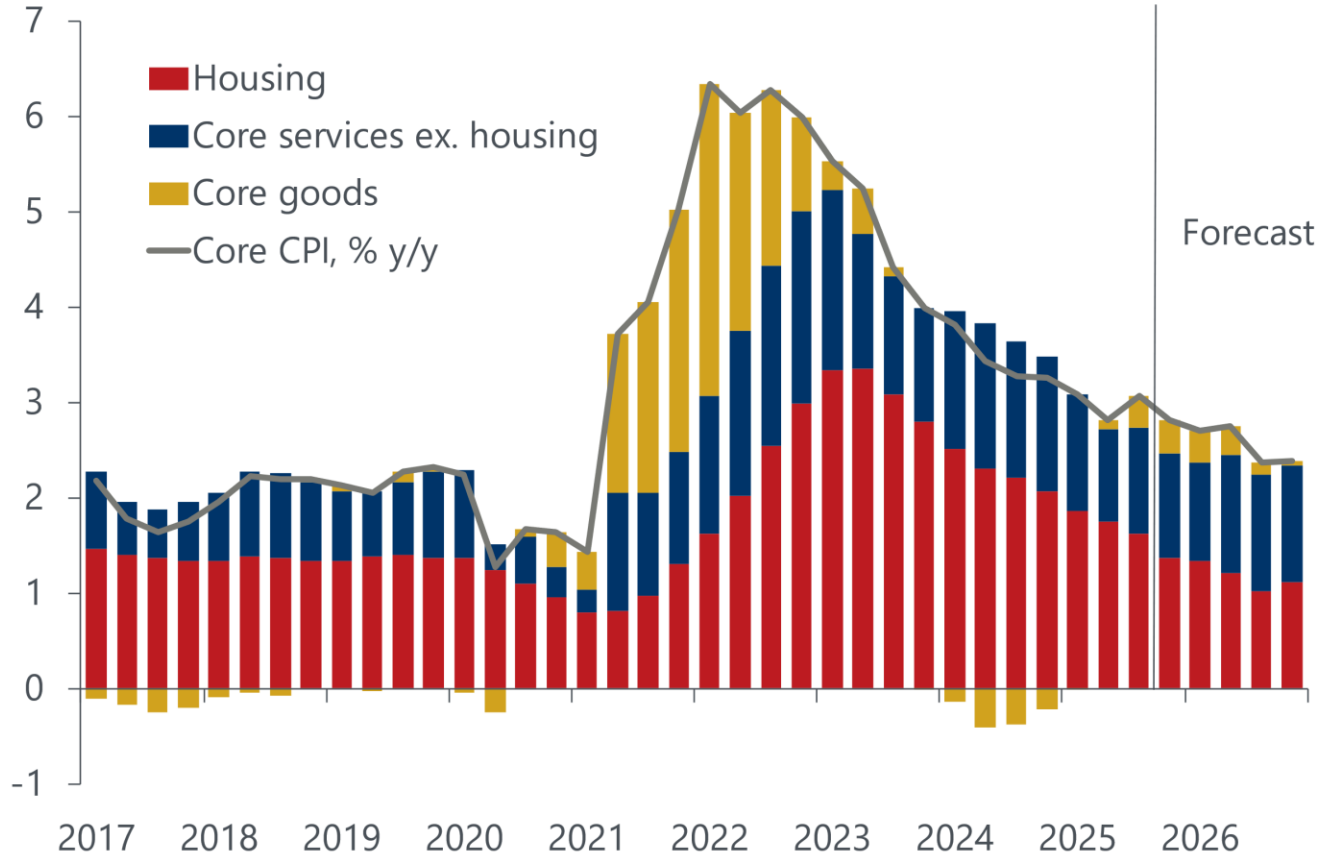
Reactions



Tariffs (and immigration) effect consumer prices

US: Core CPI

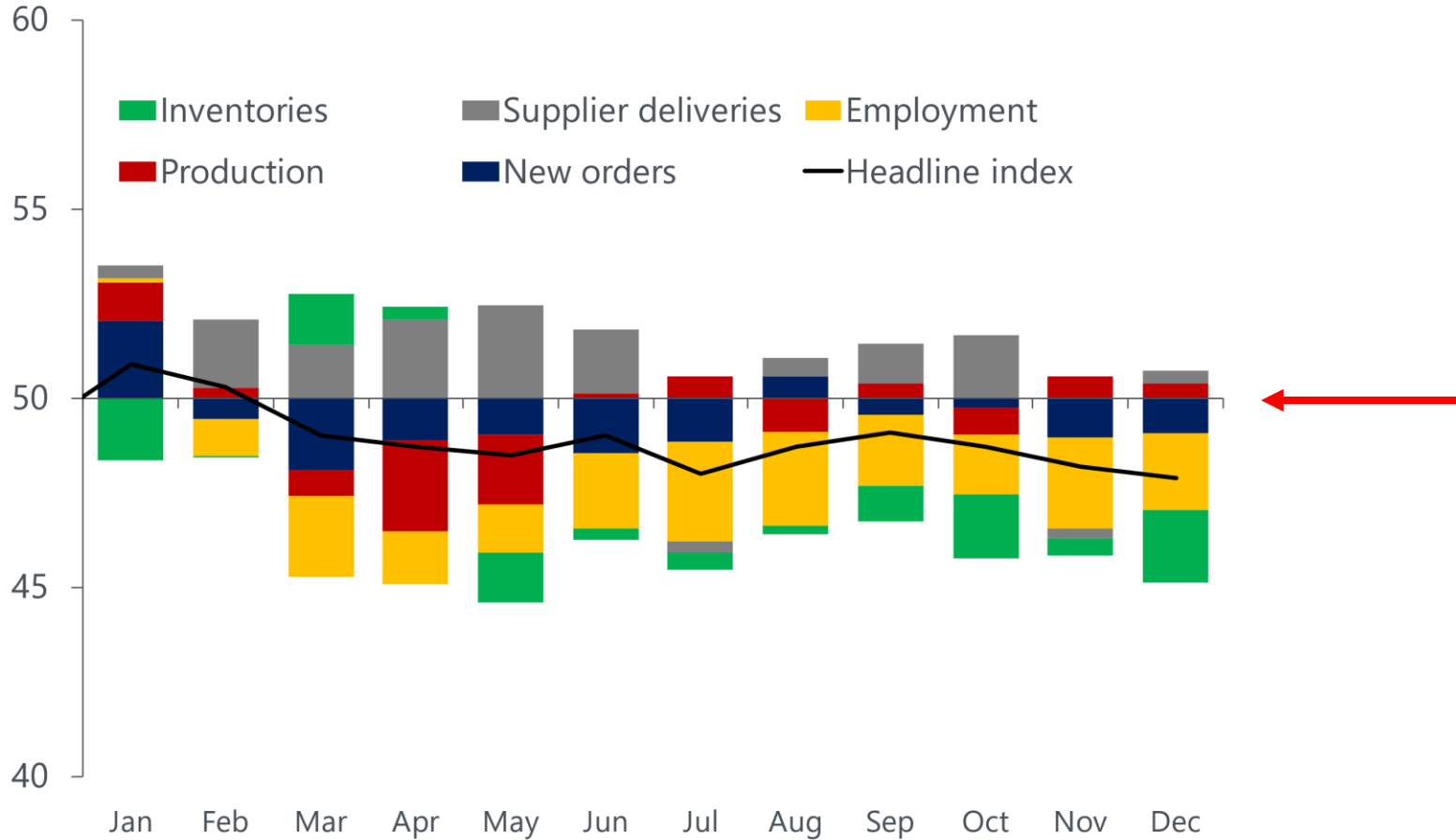
Contributions, ppt



Manufacturing is in a 10-month slide

US: Contribution to ISM Manufacturing

Index; above 50=expansion



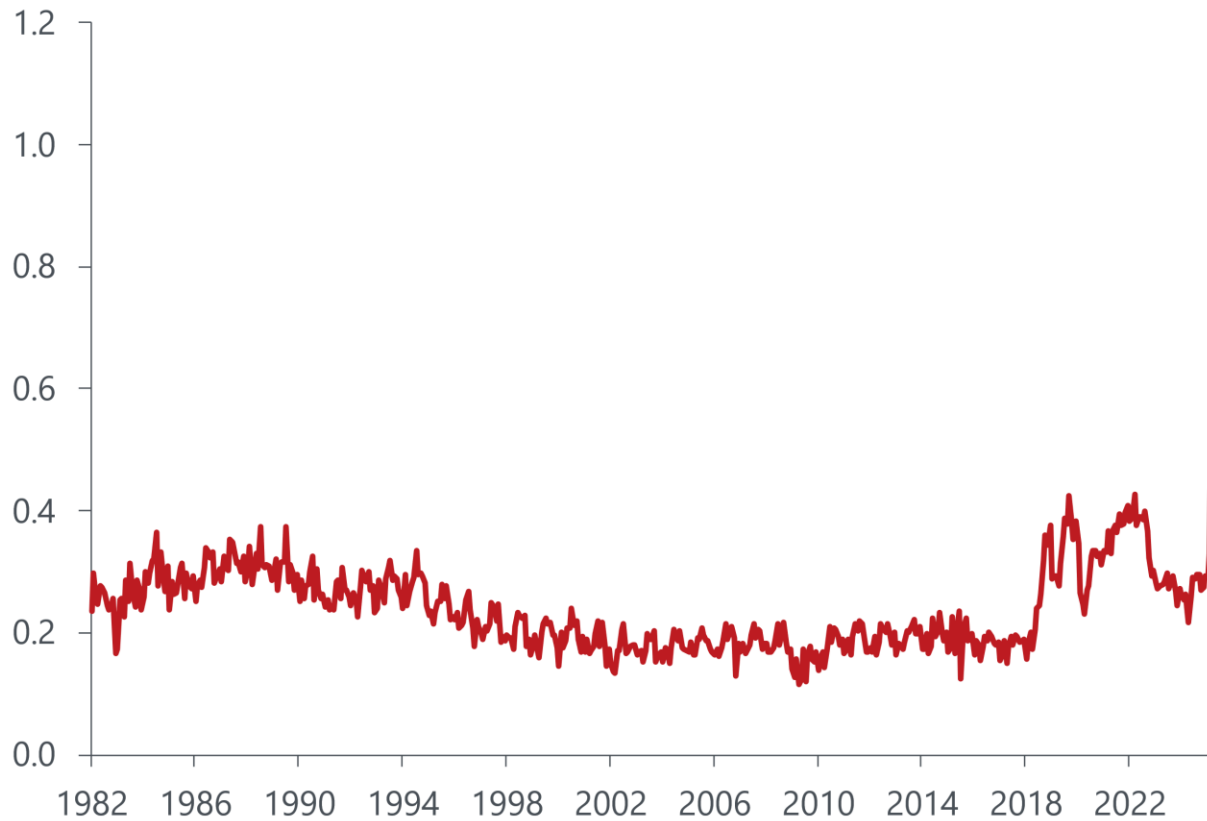
Below 50 = Industry in Decline

Mostly caused by Tariffs

Tariffs are raising tax revenues

US: Customs revenues

% GDP



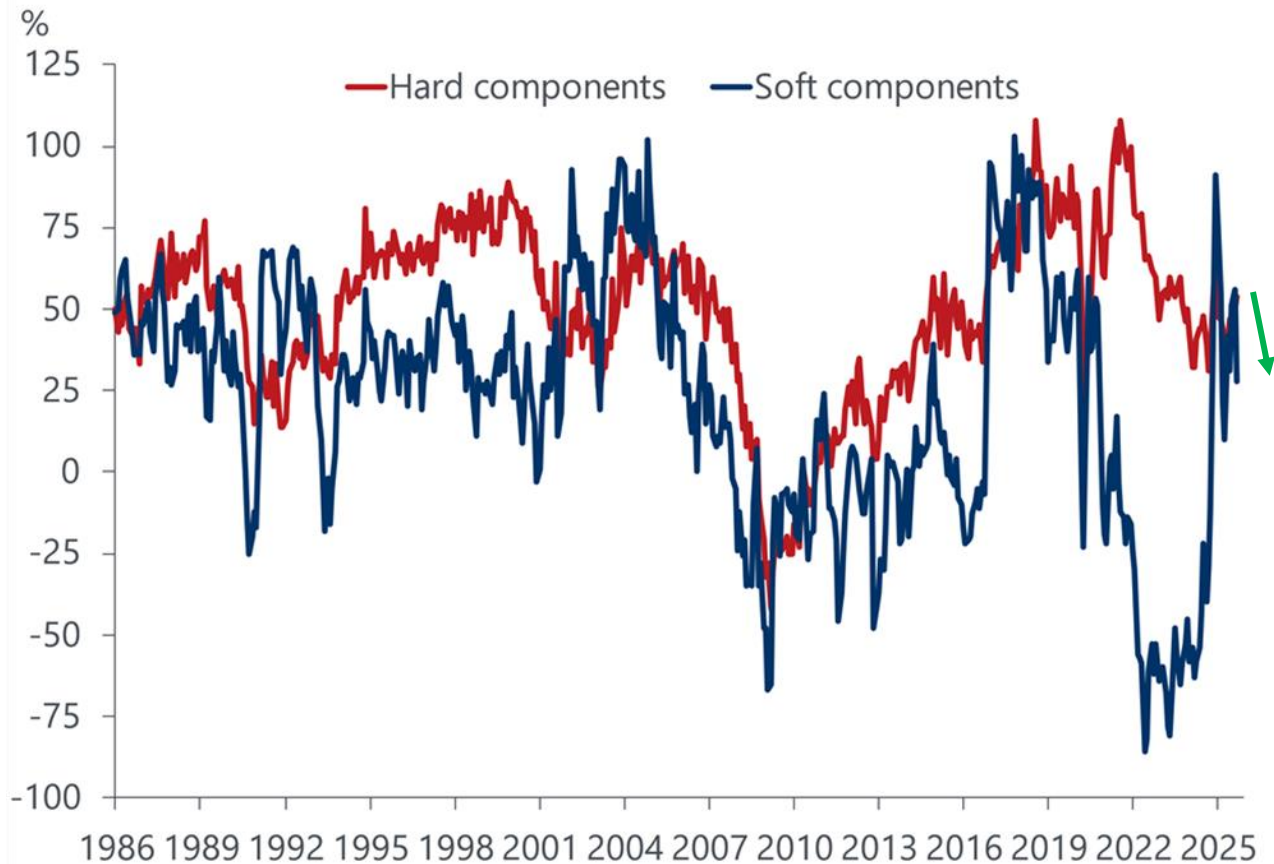
Source: Oxford Economics

\$31 billion in September
(compared to an average of
around \$8B last year)

.....but won't do much to
reduce the \$1.8T deficit

Business are also worried

US: NFIB optimism index components



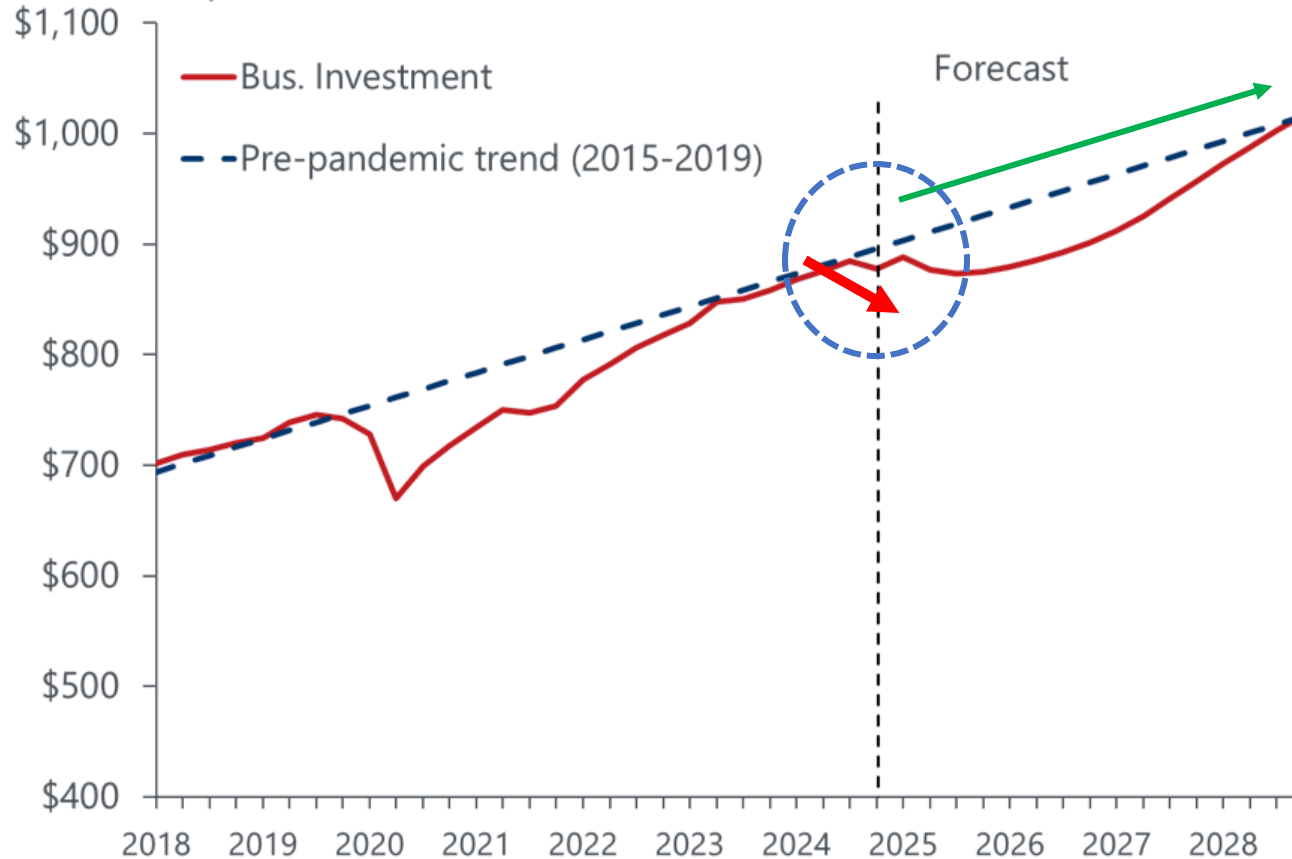
Small Business Sentiment
Reasons for concerns:

- **Higher input costs**
- **Supply disruptions**
- **Weak new orders**

Expect businesses to be cautious

US: Business investment (non-residential)

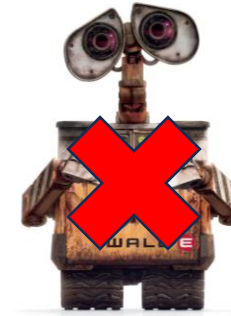
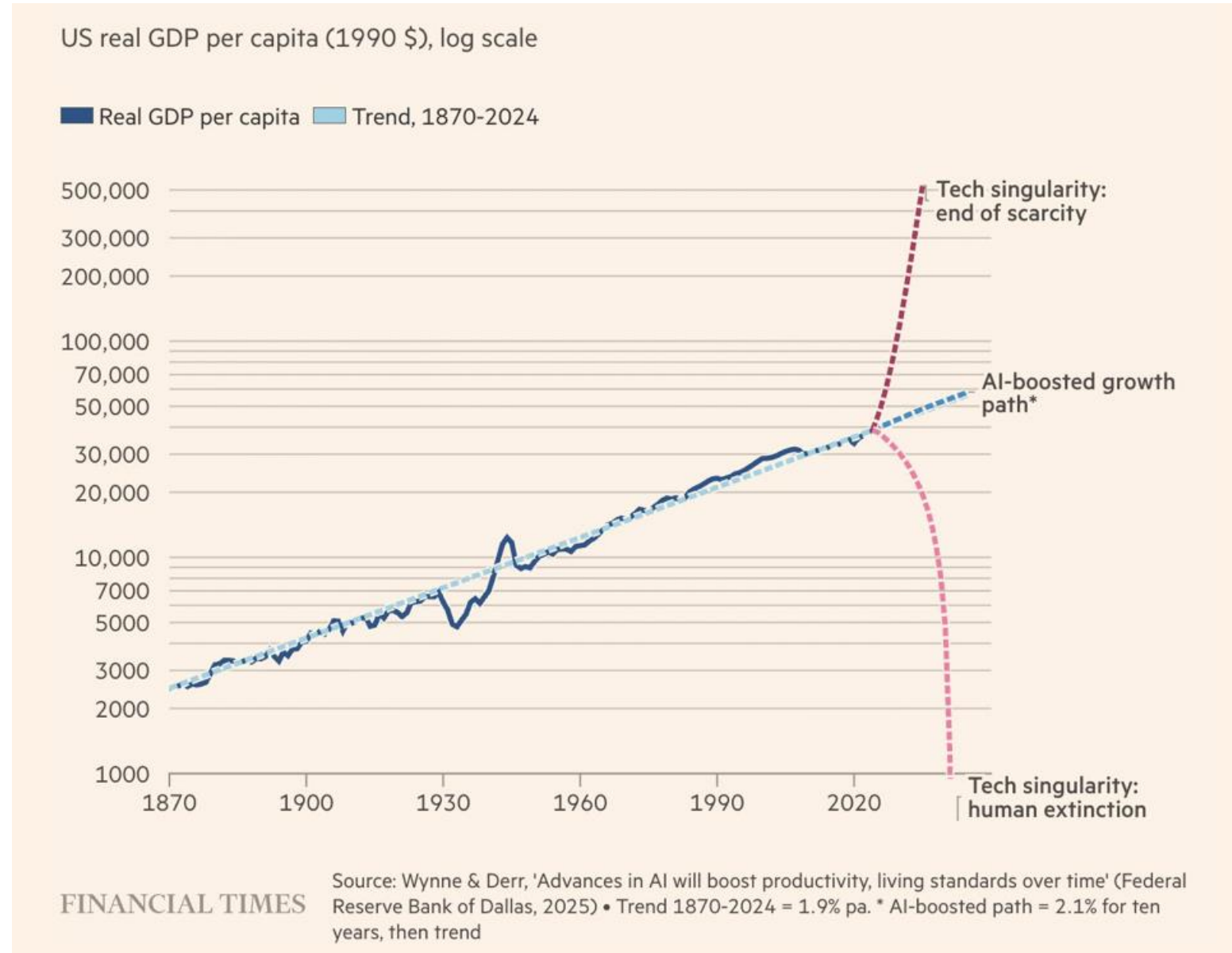
Bns\$, 2017 prices



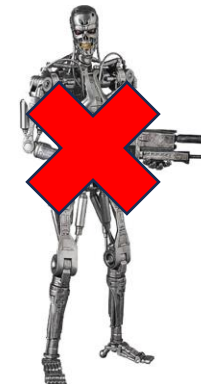
Business investment will be soft in coming years.....

With exception for data centers, technology and AI adjacent businesses

Range of AI effects



More Likely Middle Ground:
Increased productivity and
.2% boost to GDP in coming
years



Gap bet

PR Newswire®

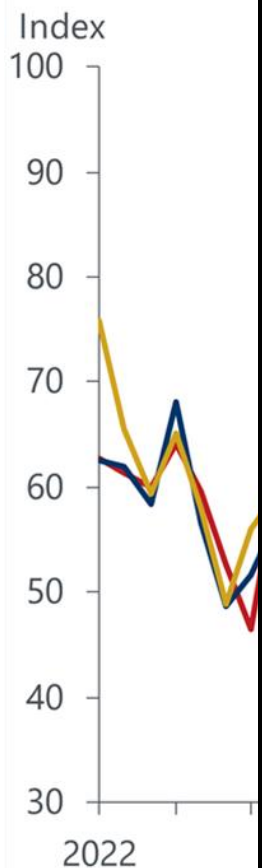
News

Products

Contact

mains

US: Sentime



News in Focus

Business & Money

Science & Tech

Lifestyle & Health

Policy & Public Interest

Top 10% of U.S. Households Now Drive Majority of Consumer Spending, and \$544 Billion in Annual Leisure Travel

pending
ases and

NEWS PROVIDED BY

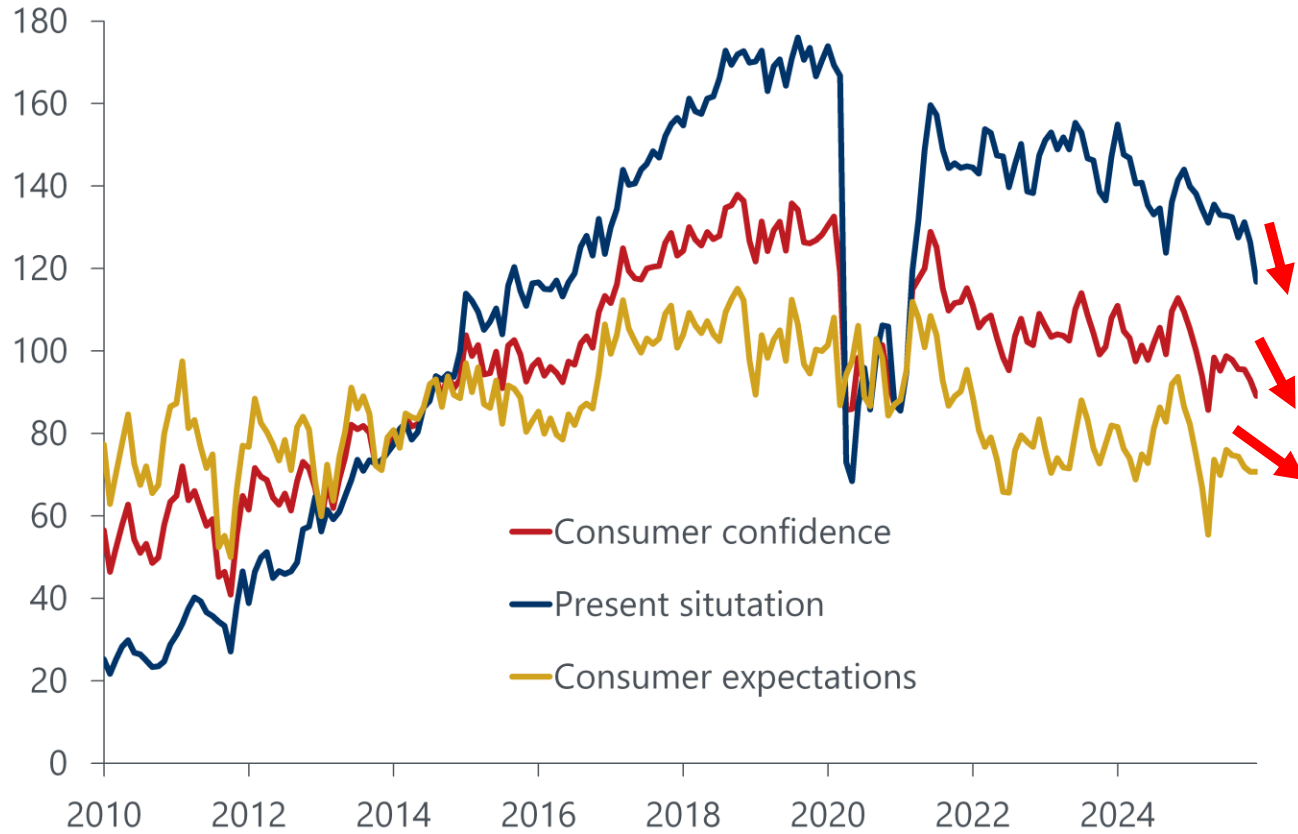
Resonance Consultancy Ltd. →

Jan 27, 2026, 06:00 ET

Consumers are worried

US: Consumer confidence

1985Q1=100



Source: Conference Board

News & Commentary / The Itinerary

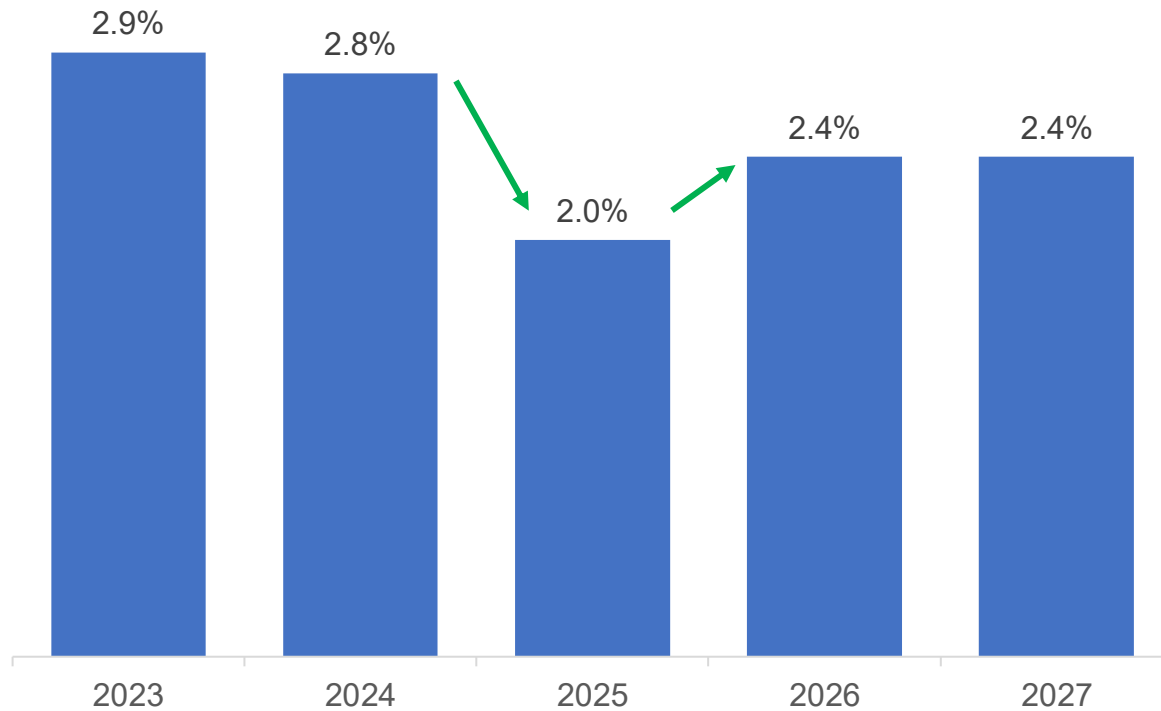
The Government Shutdown's \$6 Billion Toll on Travel and the U.S. Economy

January 07, 2026 | *By Joshua Friedlander, Vice President, Research*

Economy has slowed but should pick up in 2026

US Real GDP

\$ annualized

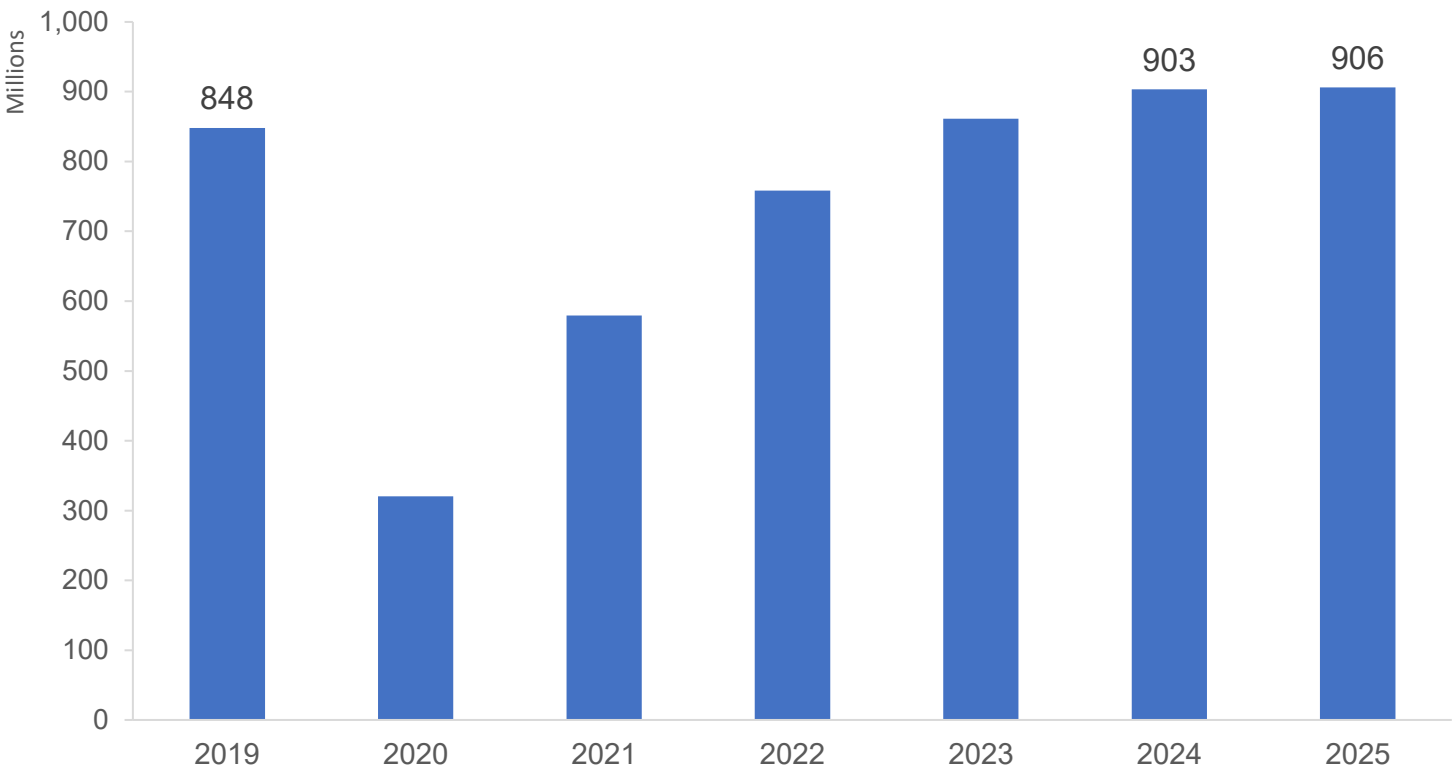


Source: Oxford Economics

How is Travel Reacting?

Air travel has remained steady

US Airport Volume
Jan-Dec



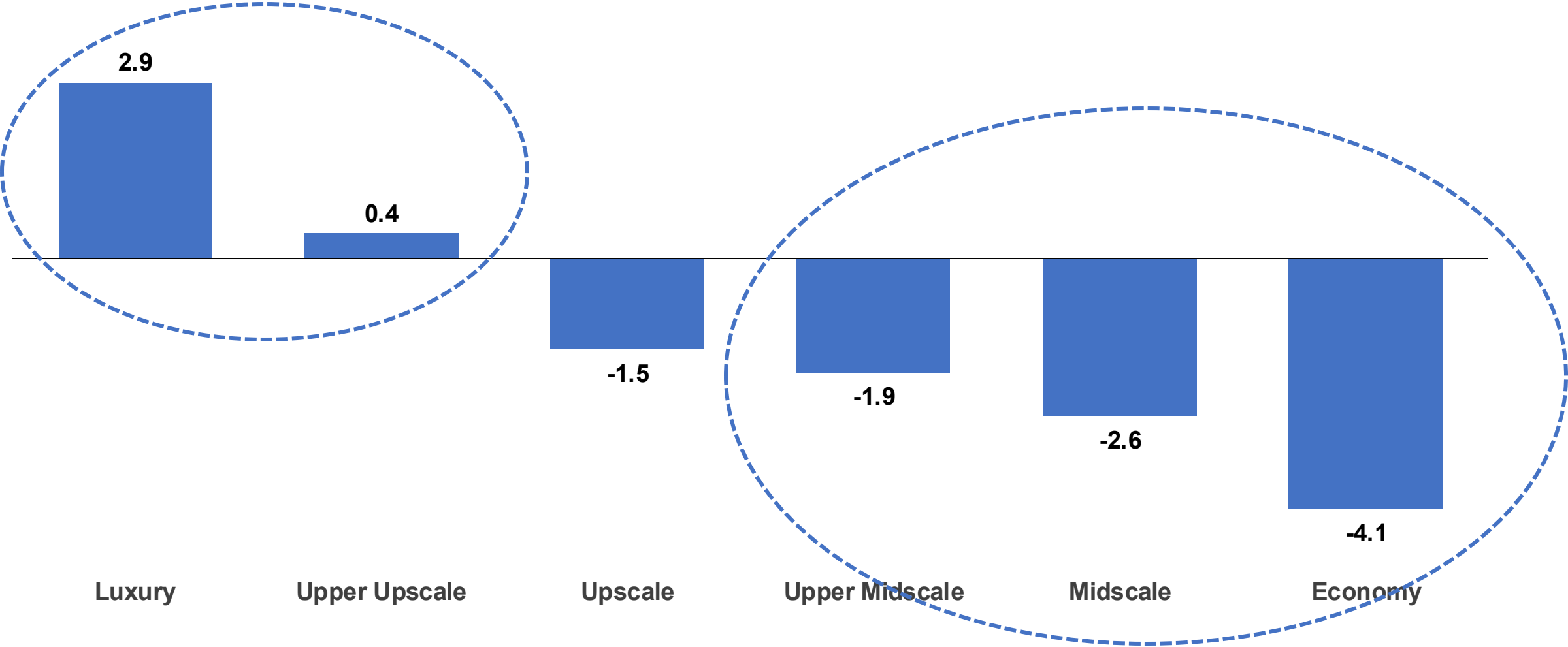
+6.8% vs 2019

Flat vs. 2024

Source: TSA

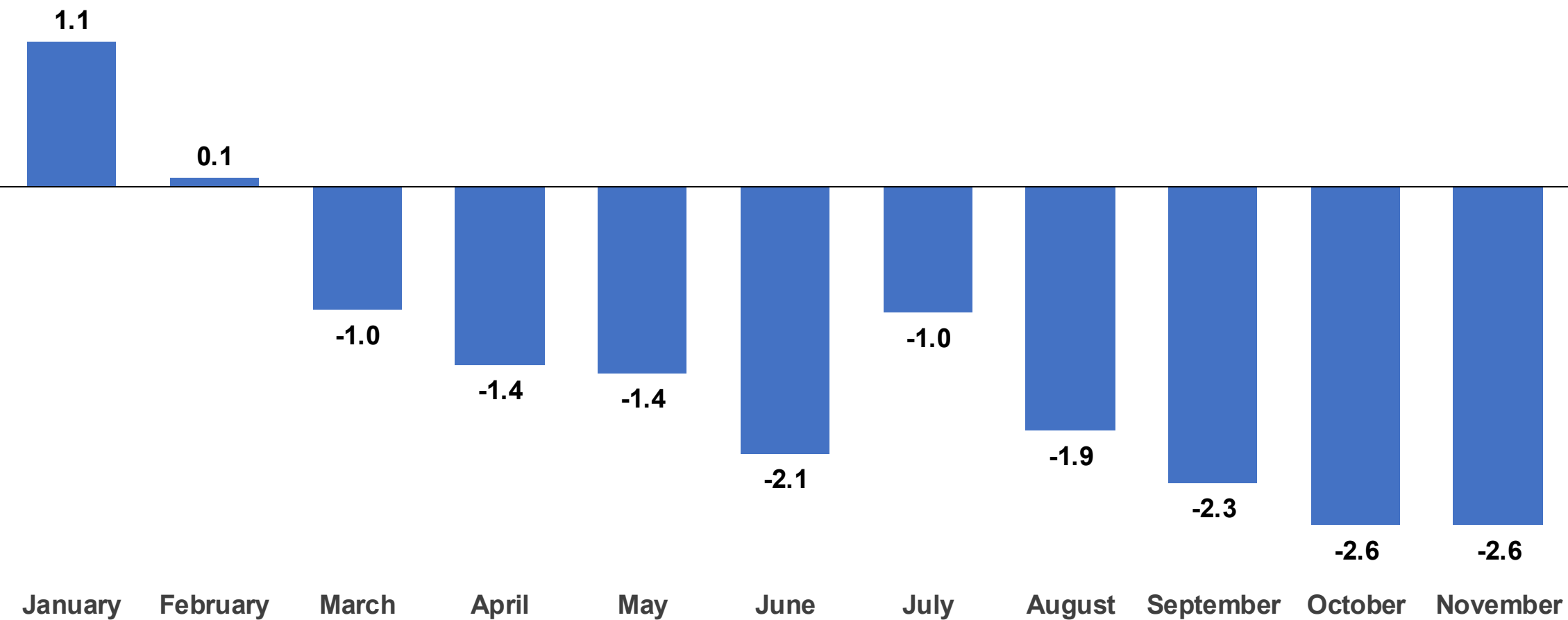
RevPAR change by class: Bifurcated results

U.S. RevPAR % change, change by class, YTD November 2025



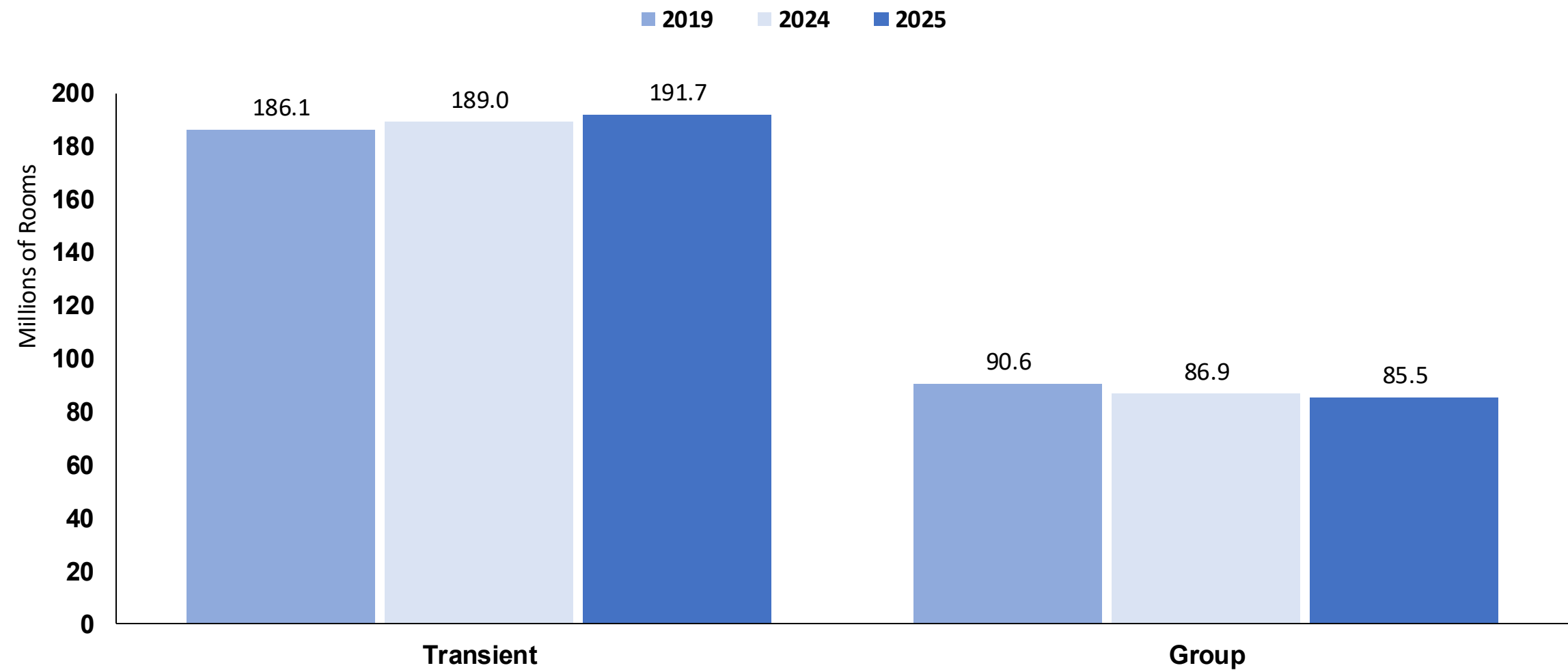
Weekday occupancy change: Business travel stalls

U.S. Weekday Occupancy % change by month, 2025



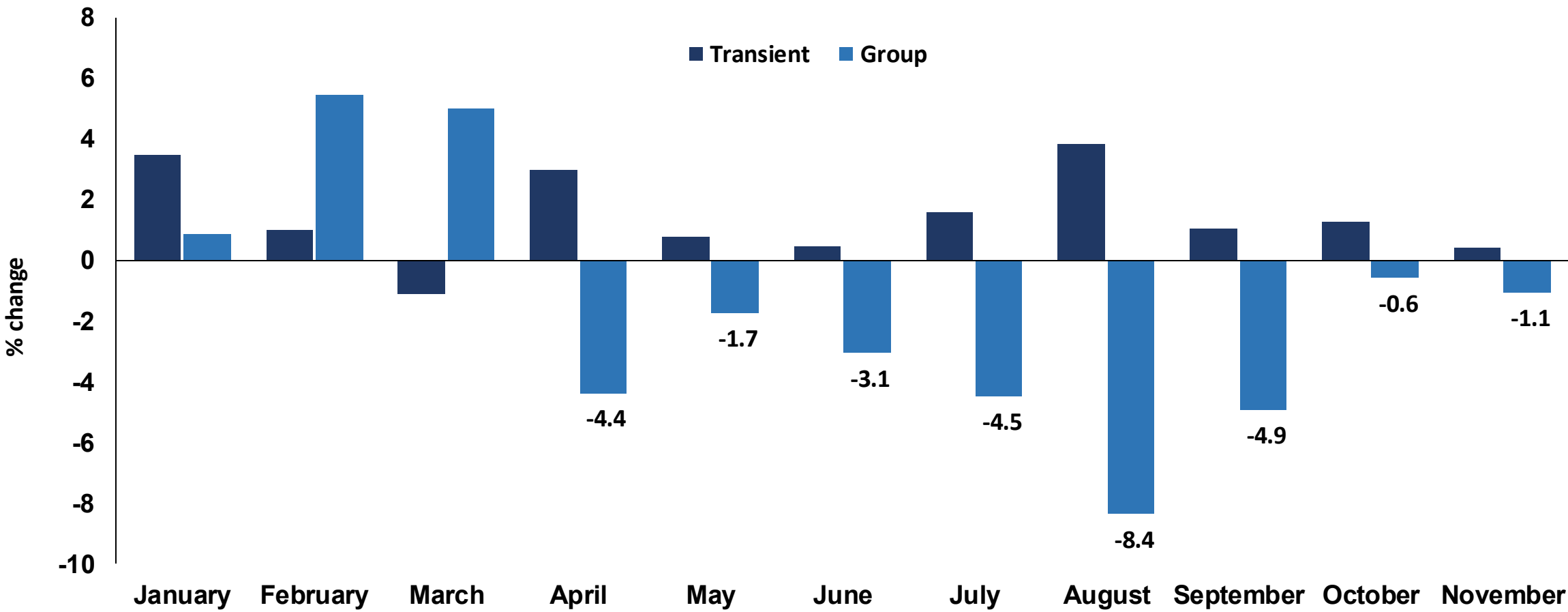
Transient demand healthy-ish. Group demand sluggish

Segmentation demand, YTD October 2019, 2024, 2025



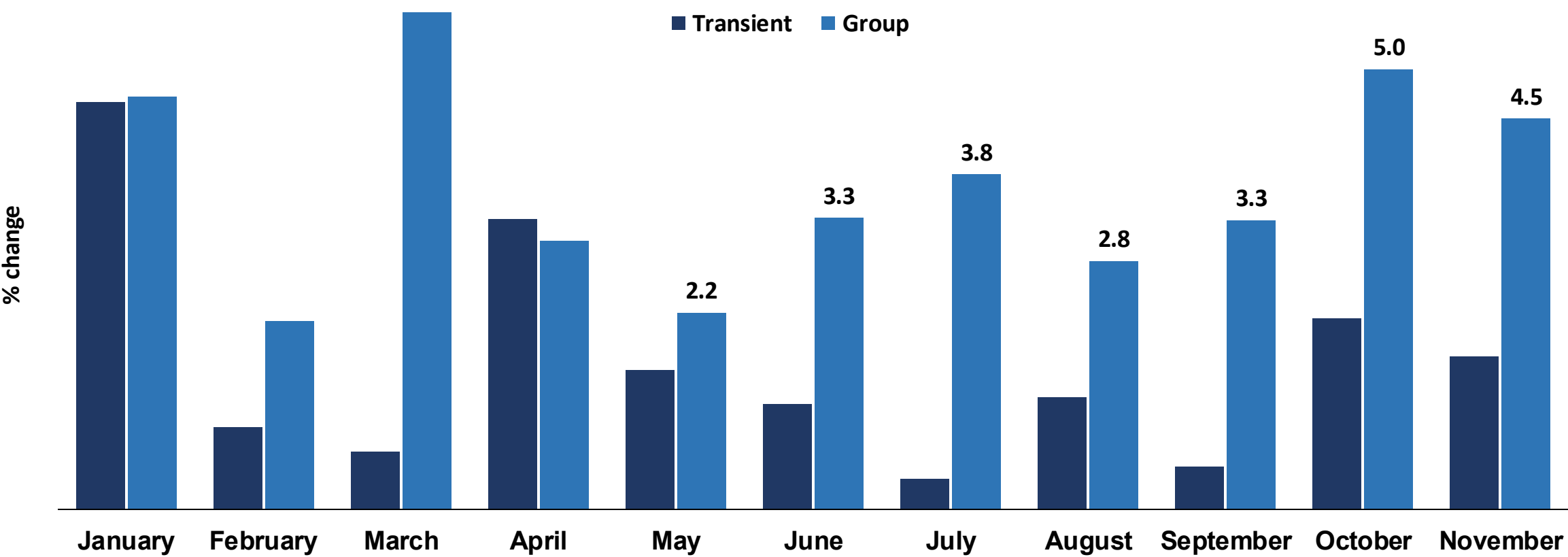
Group demand declined eight straight months

Segmentation demand % change, by month, 2025



Group ADR growth continues at robust pace

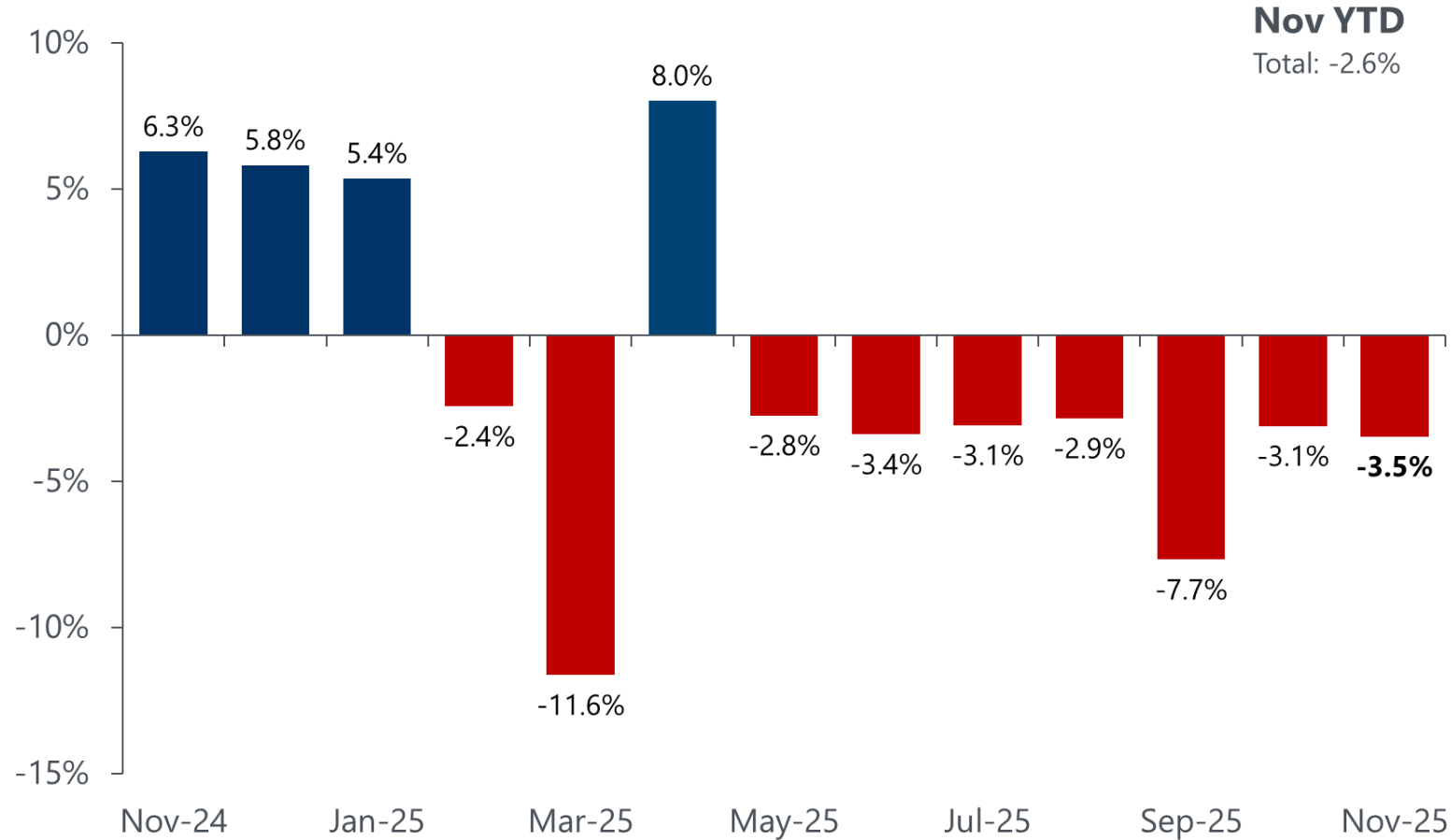
Segmentation ADR % change, by month, 2025



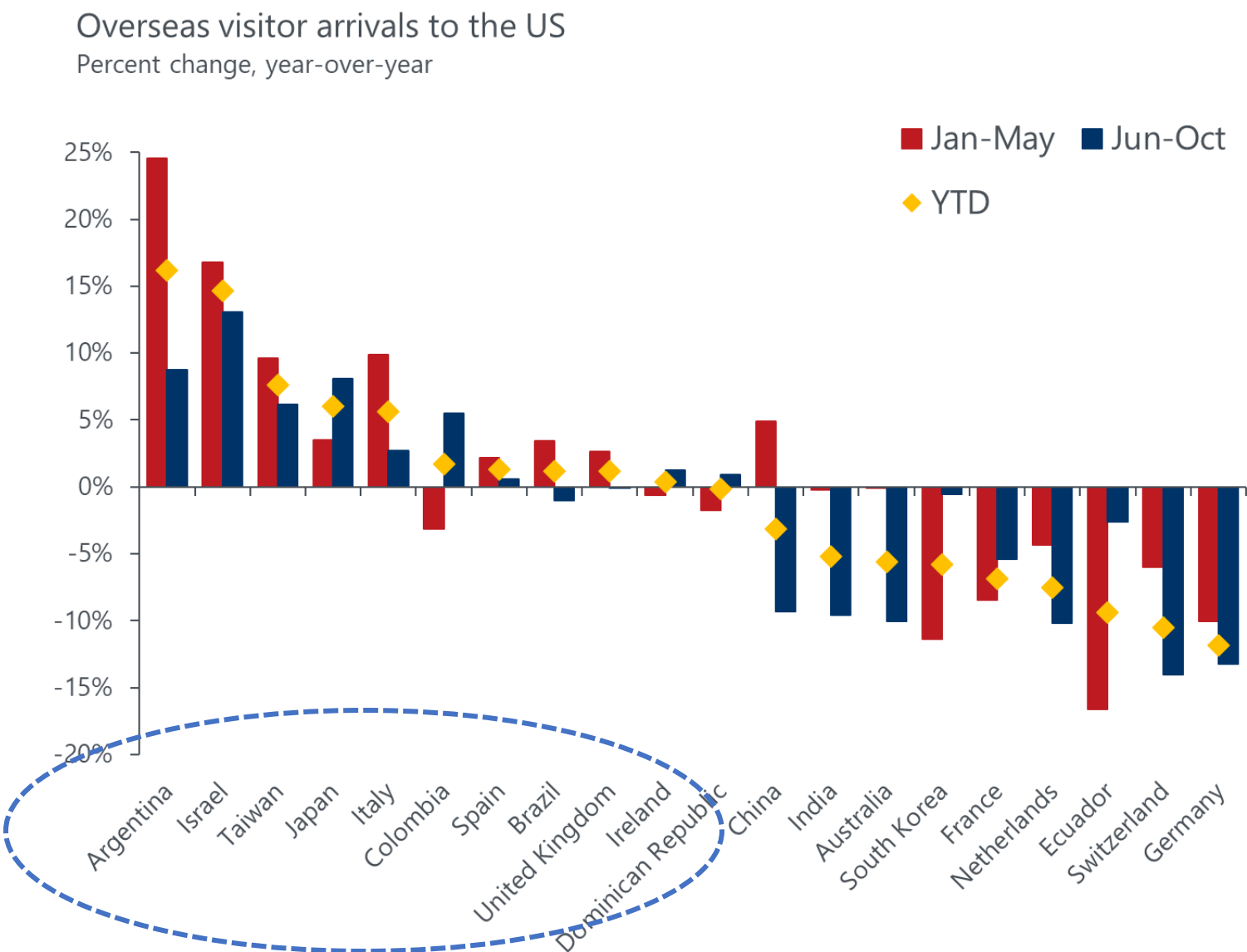
Overseas visitors to the US in decline

Overseas visitor arrivals to the US

Year-over-year change



Some markets are resilient but overall trend is negative

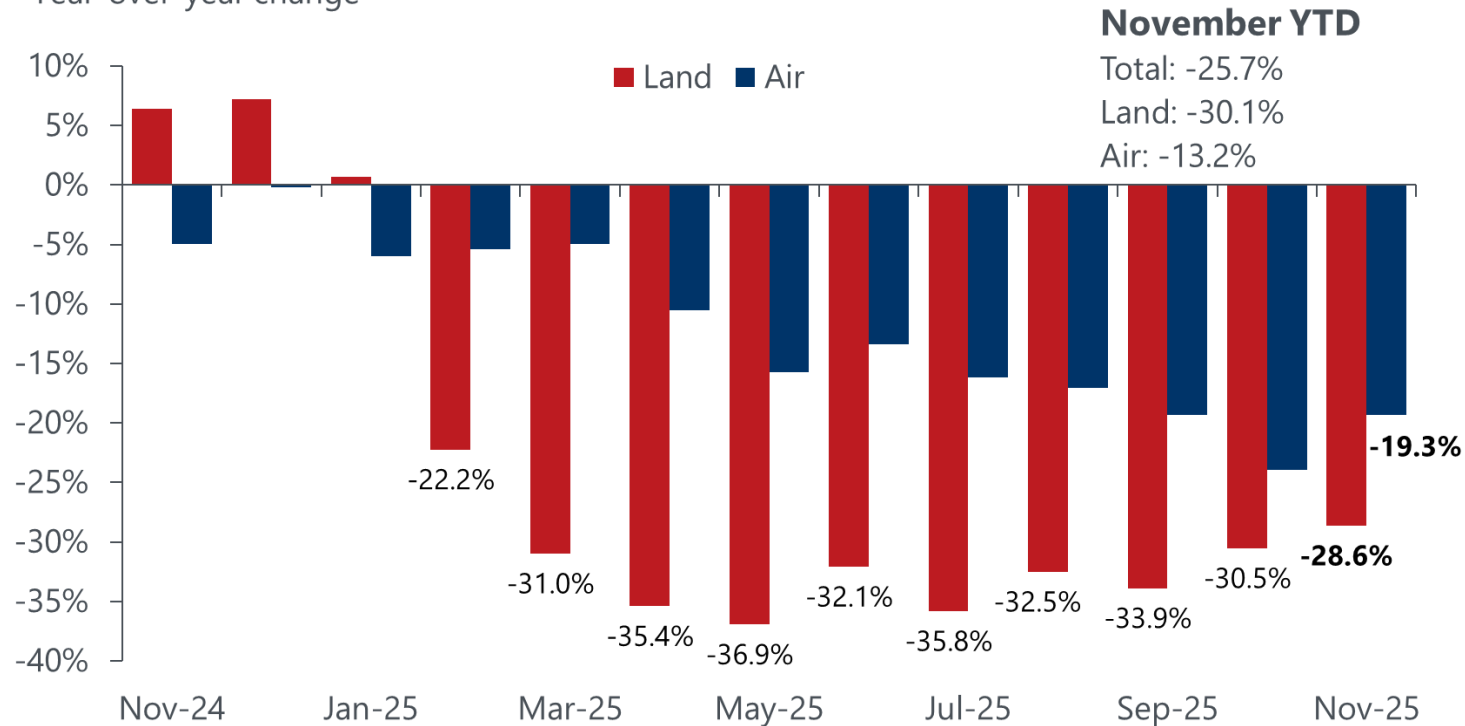


Source: National Travel and Tourism Office

US visits from Canada have fallen sharply

Canadian visitor arrivals to the US

Year-over-year change



Canadian travel to other world regions has increased 8% this year.

Source: Statistics Canada

Nov and Oct 2025 data based on leading indicator data measuring Canadian-resident US return trips.

A person wearing a white suit and a black watch is pulling a teal suitcase. The background is a blurred airport or travel setting with yellow overhead lights and other people in the distance.

Better news...

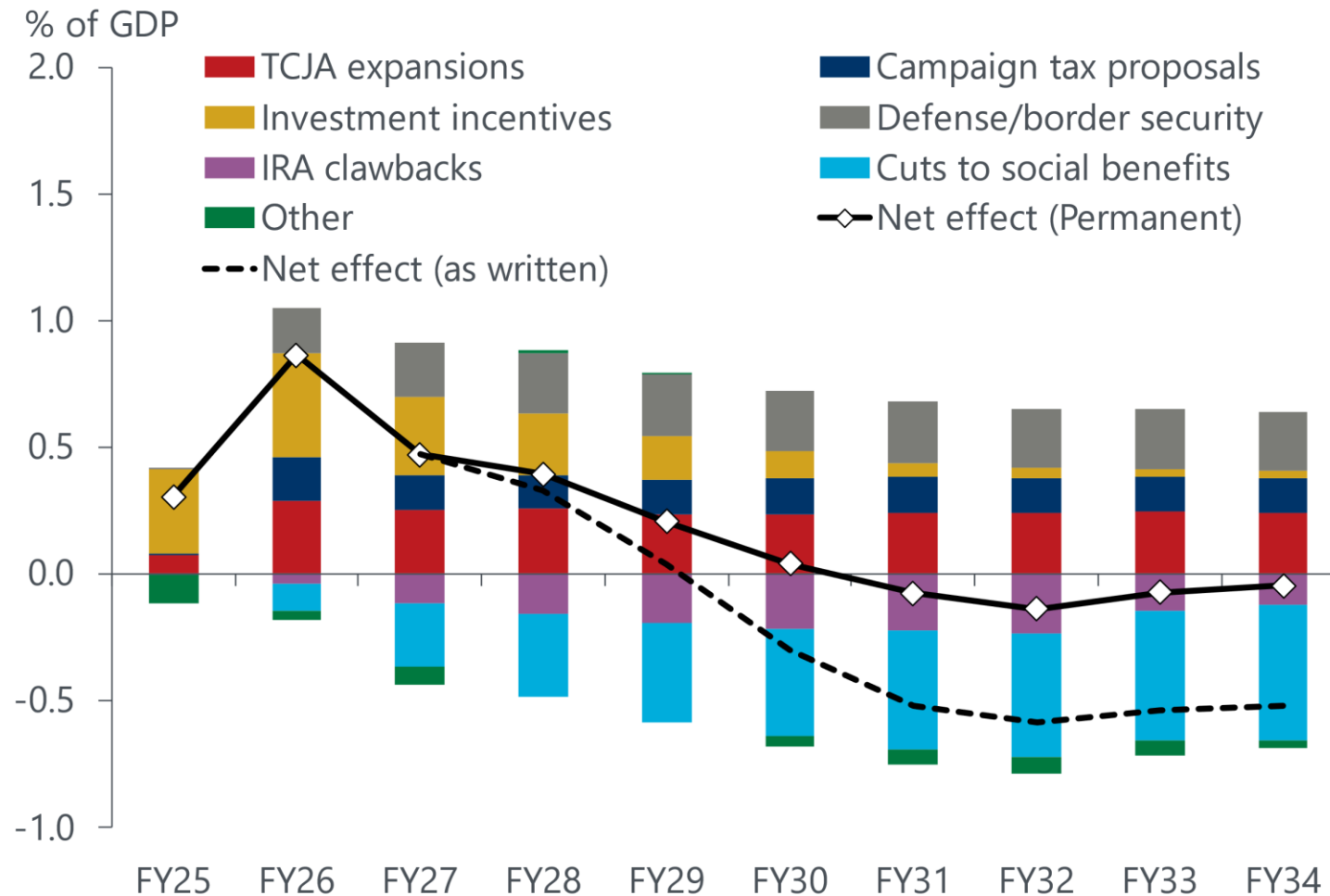
World Cup to drive international rebound next year



Sources: Tourism Economics (Global Travel Service - October 2025 Release)

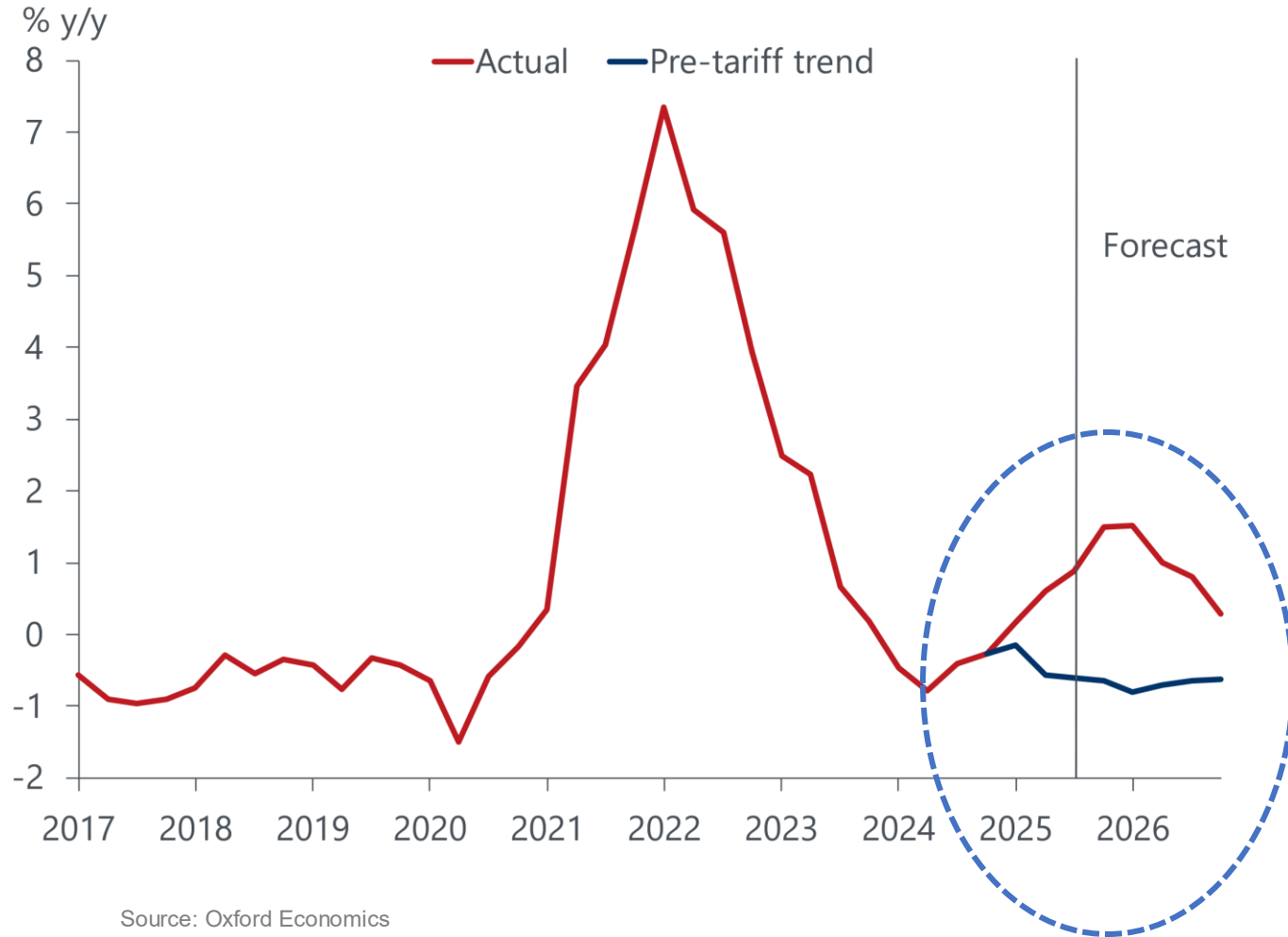
Fiscal policy will boost growth next year

US: Fiscal effect of Senate OBBB versus current policy



Inflation will subside in 2026

US: Core goods PCE index



Real wages are still rising

US: Average hourly earnings

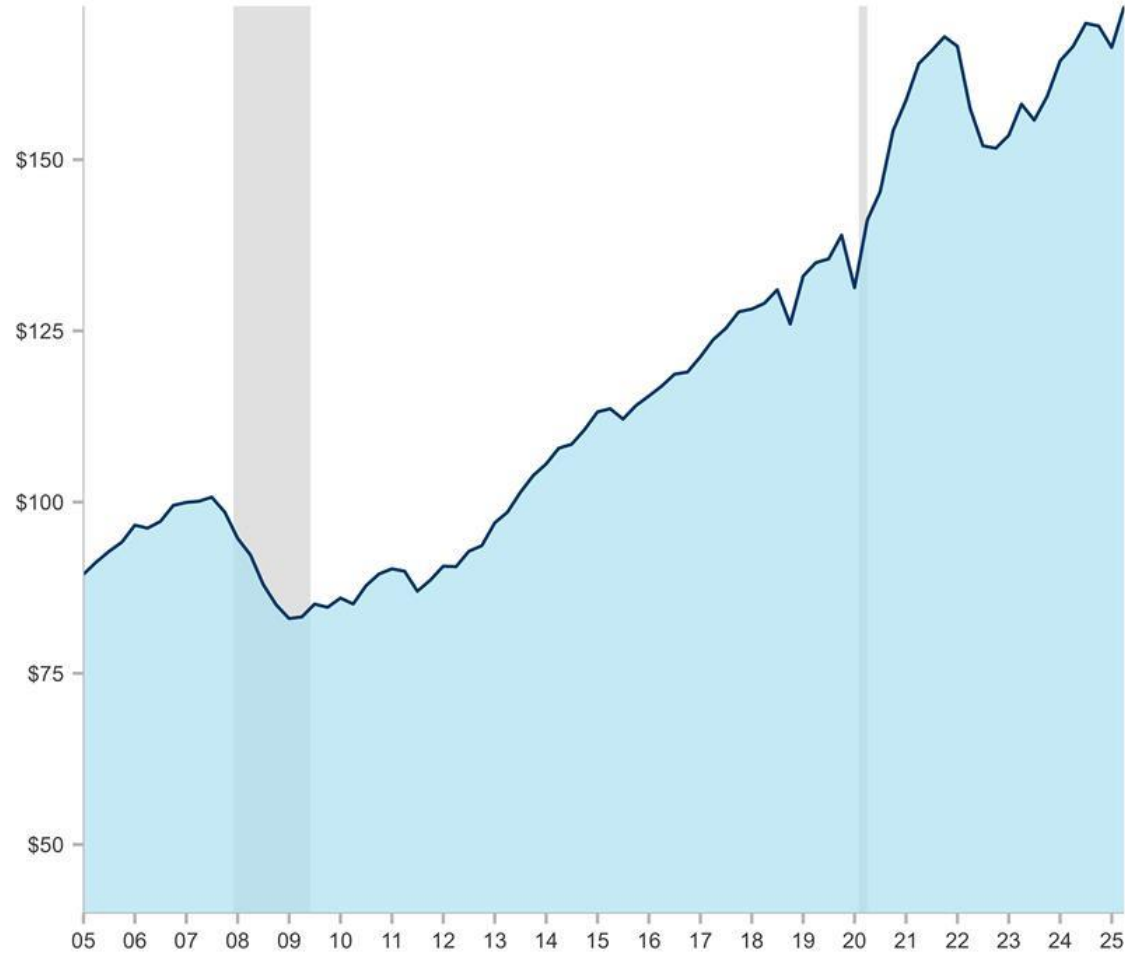
Y/Y % change



Strong gains to household balance sheets

Household net worth

In trillions, real

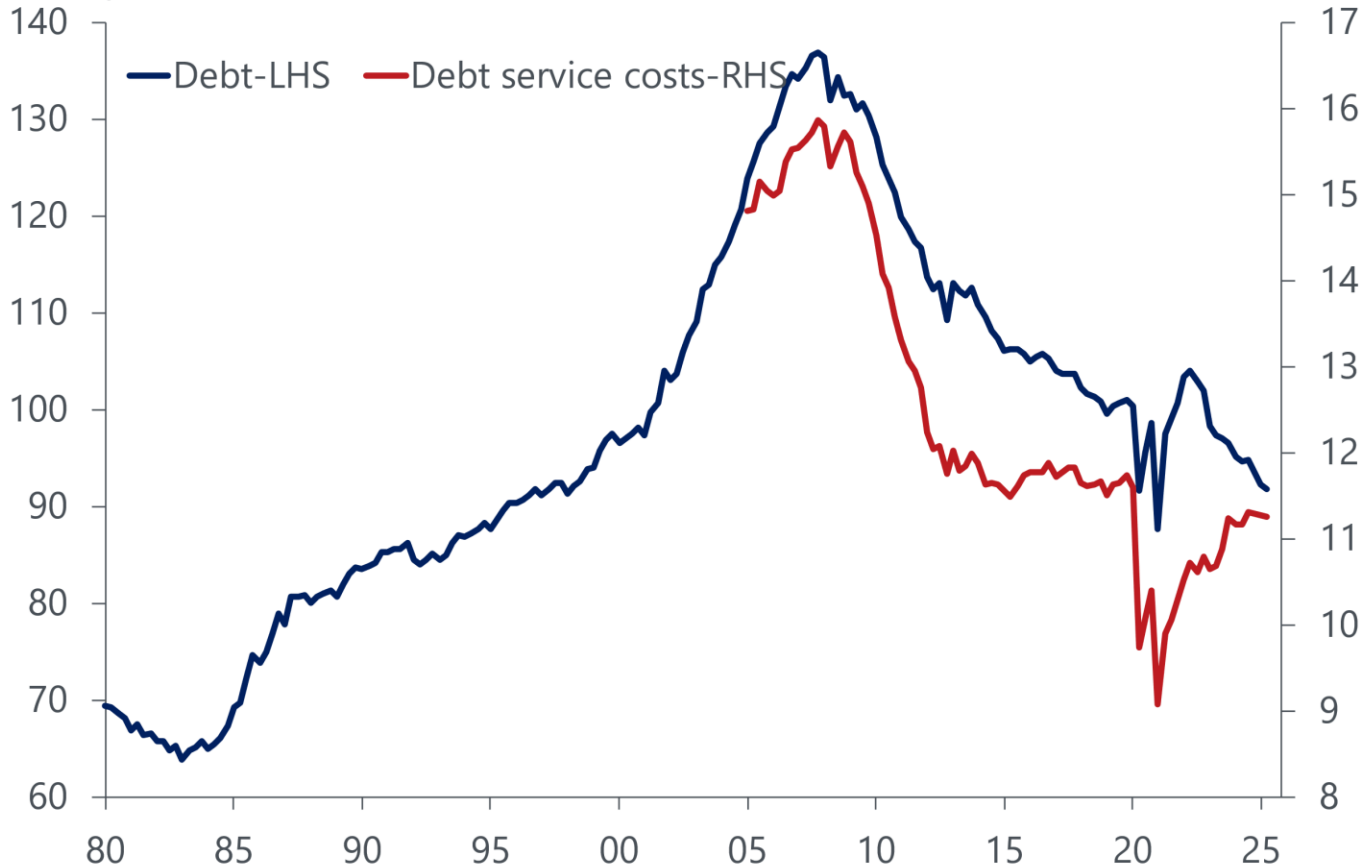


Note: 2024 dollars. Quarterly data through 2025Q2. Net worth of households and nonprofit organizations. Measures housing and financial assets, minus liabilities. Source: Federal Reserve, NBER

Household debt has come down in recent years

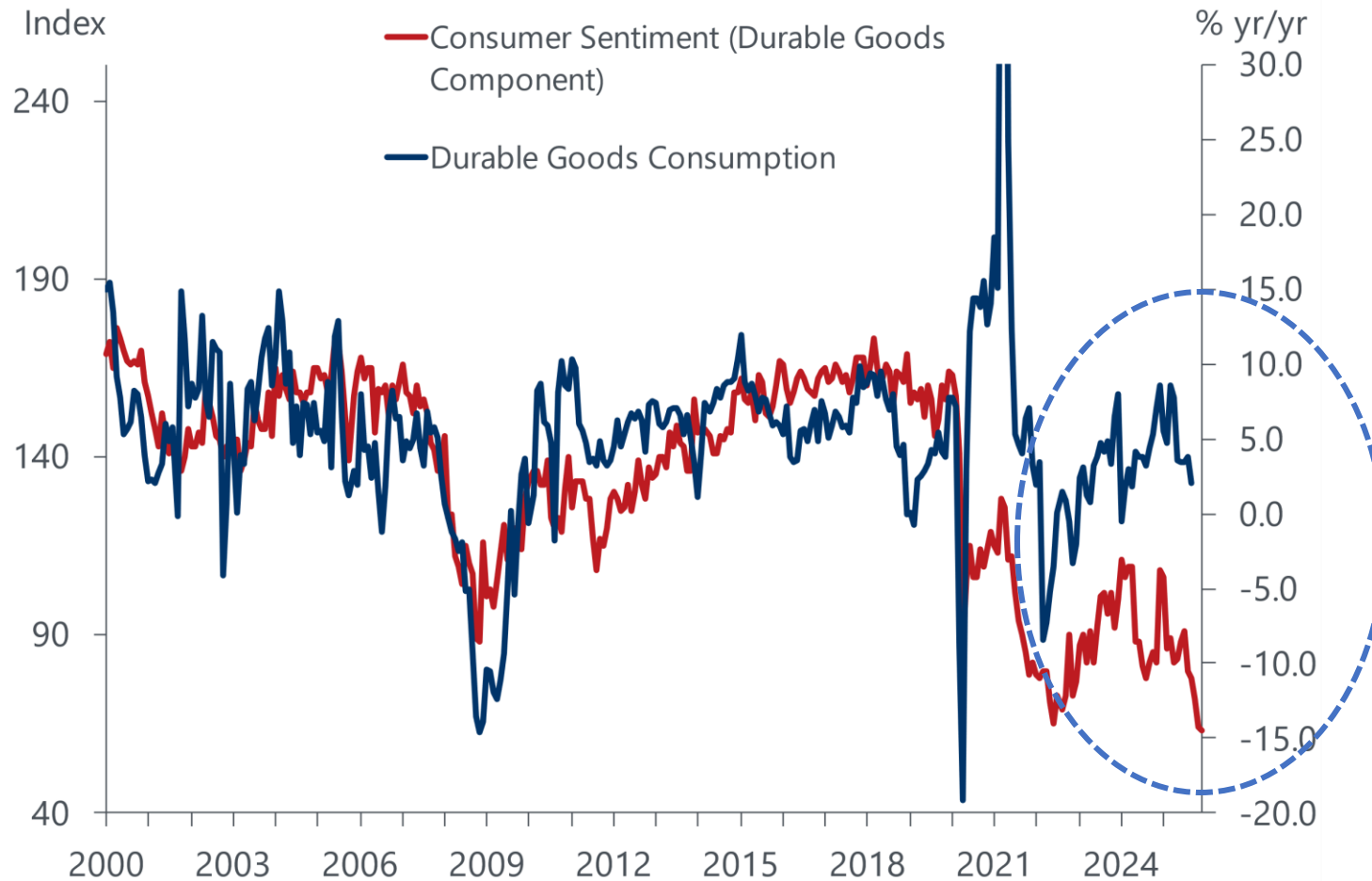
US: Household debt

% disposable income



Unhappy spending

US: Consumer Sentiment & Durable Good Consumption



Source: Oxford Economics/Haver Analytics

Experiences > stuff

US: Inflation-adjusted spending

%3m. annualized



Source: Oxford Economics/Haver Analytics



Visit Santa Barbara

Tourism Market Review (Jan – Nov 2025)

California exceeding national average in demand growth



↗ **+0.2%**

November 2025 YOY
Air Passengers
(Airline Data Inc; TSA)



↘ **-0.5%**

November 2025 YOY
Hotel Demand
(STR)

US Travel Indicators
November 2025 YTD

California Travel Indicators
November 2025 YTD



↘ **-0.9%**

November 2025 YOY
Air Passengers
(Airline Data Inc; TSA)



↗ **+0.8%**

November 2025 YOY
Hotel Demand
(STR)

×

Report Region

Santa Barbara Sou...

From

January 2025

To

December 2025

Compare to

Previous Year

To view percent change please limit date range to 12 months or less

Aggregated Hotel Performance

Period: January 2025 to December 2025

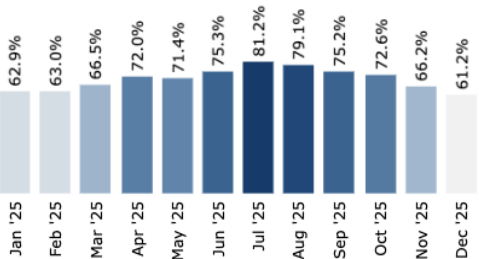
Occupancy	ADR	RevPAR	Supply	Demand	Revenue
70.6%	\$344	\$243	1.9M	1.4M	\$465.9M
-0.4%	+2.3%	+1.9%	+0.6%	+0.2%	+2.5%

Monthly Hotel Performance

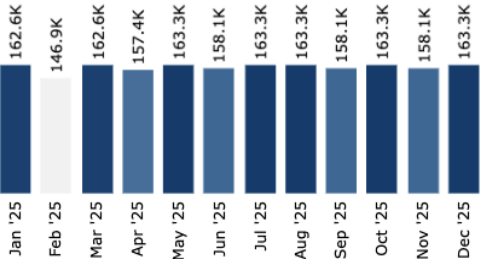
January 2025 to December 2025 compared to the same months in Previous Year

	Occ	YOY	ADR	YOY	RevPAR	YOY	Supply	YOY	Demand	YOY	Revenue	YOY
Jan 2025	62.9%	+9.8%	\$280	+14.3%	\$176	+25.5%	162.6K	+1.1%	102.4K	+11.0%	\$28.6M	+26.9%
Feb 2025	63.0%	+0.7%	\$277	+8.3%	\$174	+9.0%	146.9K	+1.1%	92.5K	+1.8%	\$25.6M	+10.2%
Mar 2025	66.5%	-4.6%	\$279	+0.2%	\$185	-4.4%	162.6K	+1.1%	108.1K	-3.6%	\$30.1M	-3.4%
Apr 2025	72.0%	+0.3%	\$320	-2.3%	\$230	-1.9%	157.4K	+0.2%	113.3K	+0.5%	\$36.3M	-1.8%
May 2025	71.4%	+1.3%	\$362	+6.6%	\$259	+7.9%	163.3K	+0.4%	116.6K	+1.7%	\$42.2M	+8.4%
Jun 2025	75.3%	-3.2%	\$372	+1.3%	\$280	-2.0%	158.1K	+0.4%	119.0K	-2.8%	\$44.3M	-1.5%
Jul 2025	81.2%	-0.6%	\$392	-1.4%	\$318	-2.0%	163.3K	+0.4%	132.6K	-0.2%	\$52.0M	-1.6%
Aug 2025	79.1%	-1.8%	\$423	+2.4%	\$335	+0.5%	163.3K	+0.4%	129.2K	-1.4%	\$54.7M	+0.9%
Sep 2025	75.2%	-2.1%	\$376	-1.9%	\$283	-3.9%	158.1K	+0.4%	118.9K	-1.7%	\$44.7M	-3.5%
Oct 2025	72.6%	-2.3%	\$368	+5.3%	\$267	+2.9%	163.3K	+0.4%	118.5K	-1.9%	\$43.6M	+3.3%
Nov 2025	66.2%	-1.6%	\$329	+5.2%	\$218	+3.5%	158.1K	+0.4%	104.7K	-1.2%	\$34.5M	+4.0%
Dec 2025	61.2%	+2.7%	\$293	+1.1%	\$179	+3.9%	163.3K	+0.4%	100.0K	+3.2%	\$29.3M	+4.3%

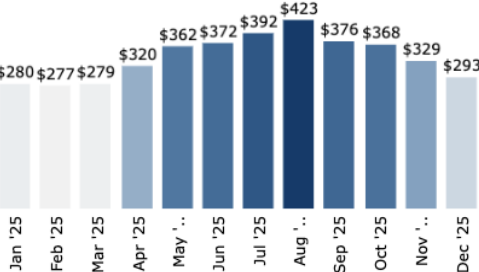
Occupancy



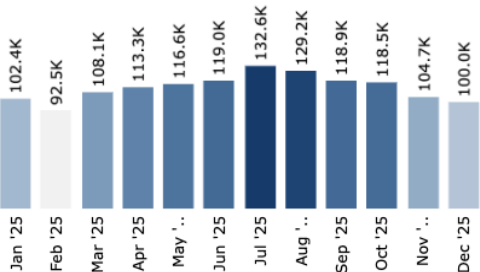
Supply



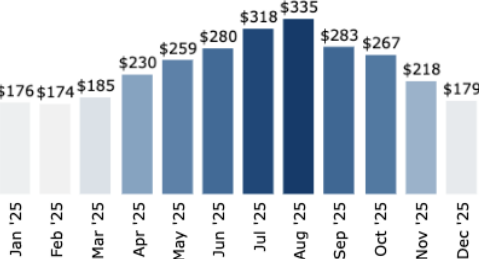
ADR



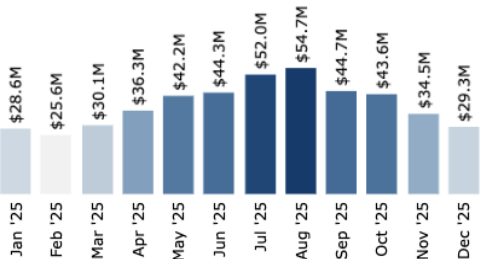
Demand



RevPAR



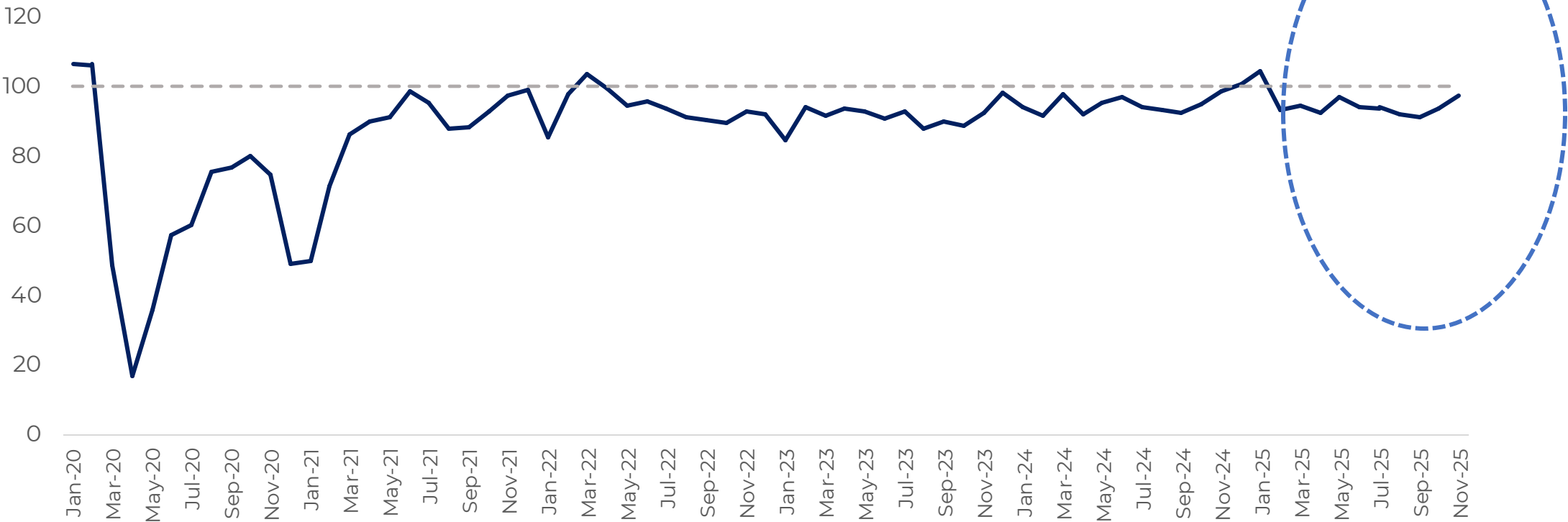
Revenue



Hotel Demand Near But Below 2019 Levels

Hotel Demand Index

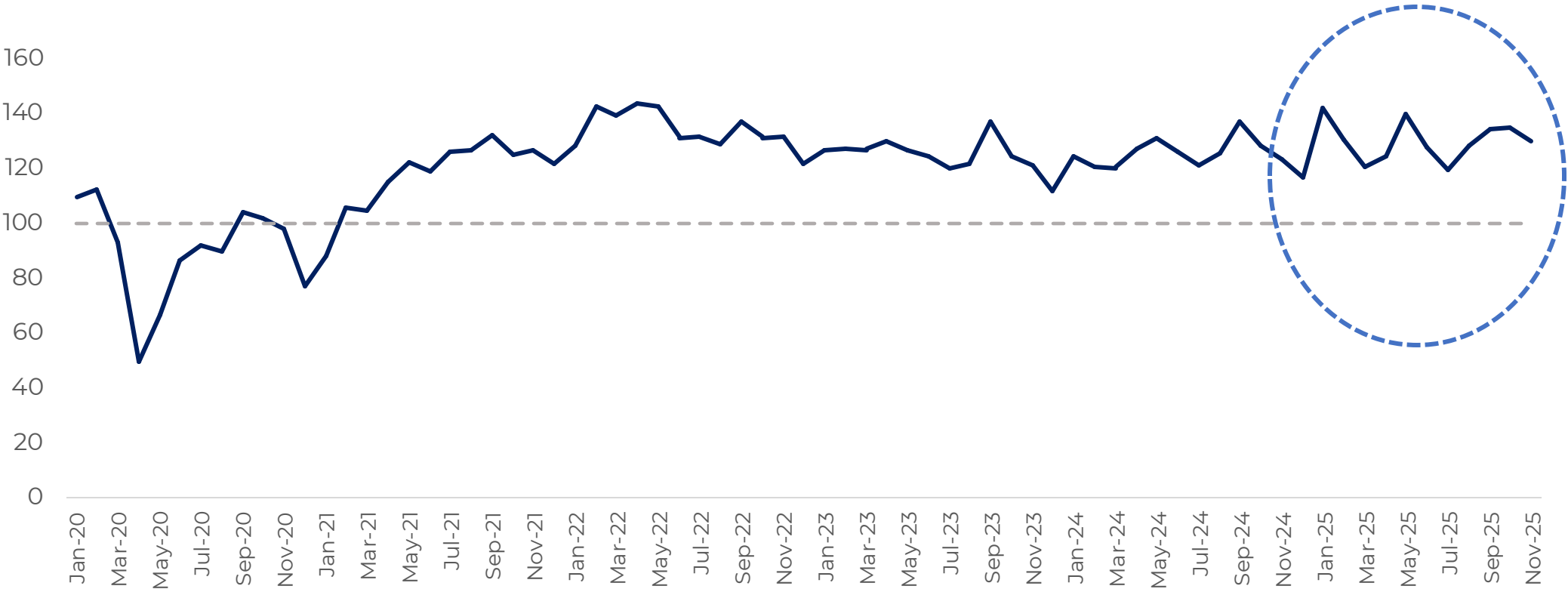
Santa Barbara South Coast TBID+, % recovered vs. same period in 2019 (index, 2019 = 100)



Rates Have Stabilized Above 2019 Levels

Hotel ADR Index

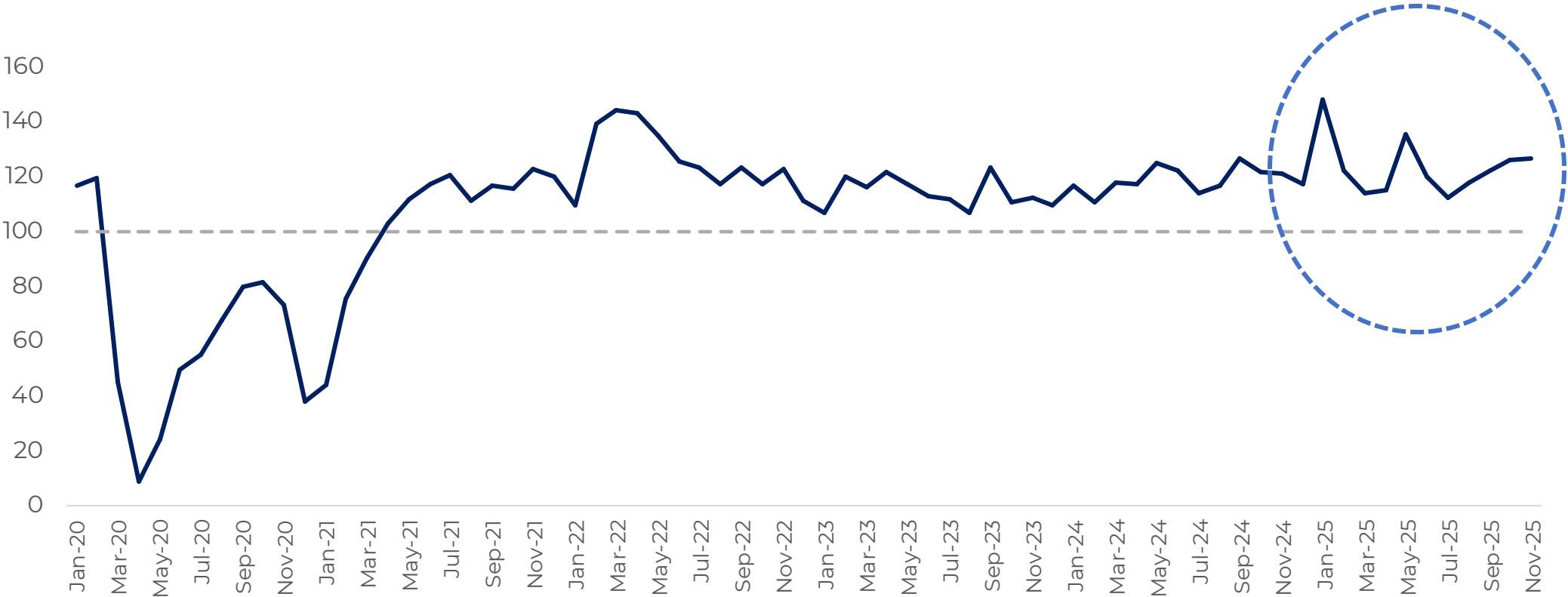
Santa Barbara South Coast TBID+, % recovered vs. same period in 2019 (index, 2019 = 100)



Revenue Growth Largely Rate-Driven

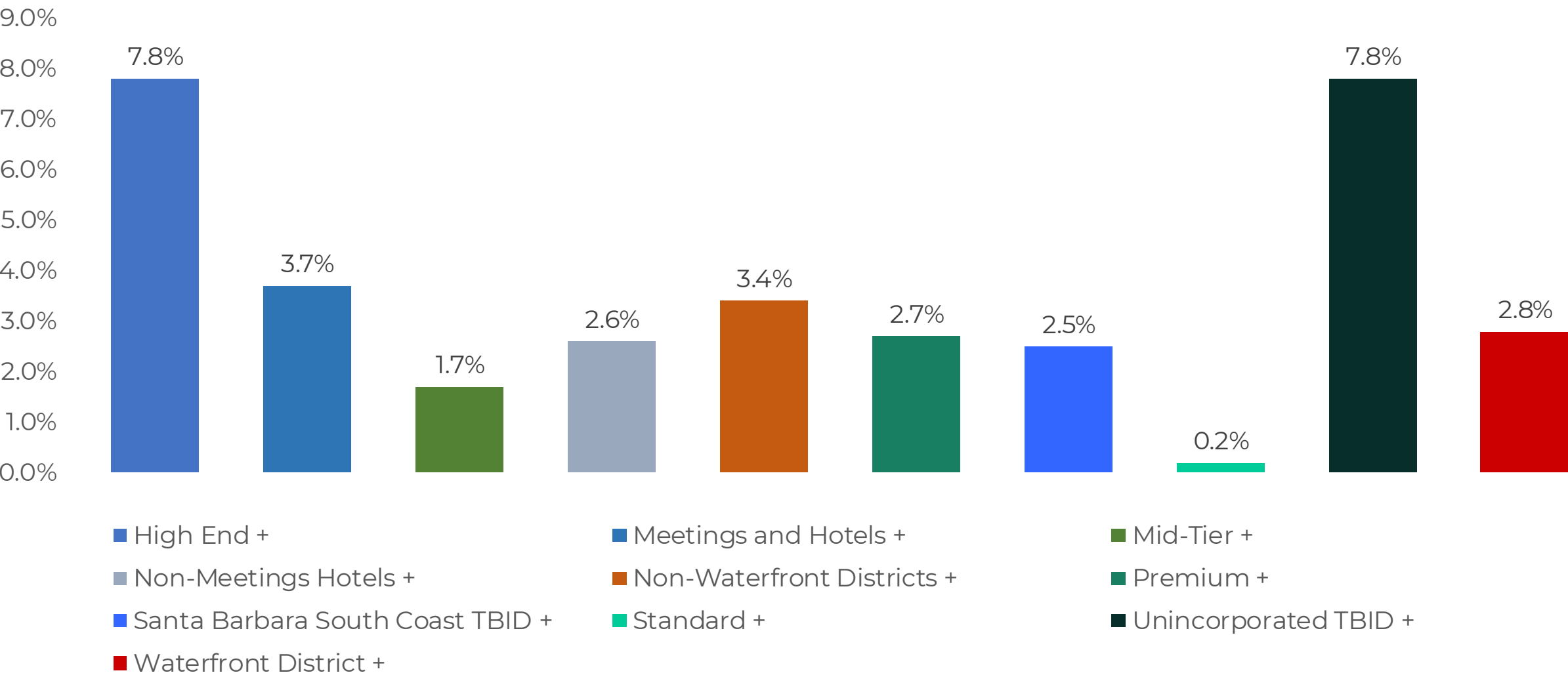
Hotel Revenue Index

Santa Barbara South Coast TBID+, % recovered vs. same period in 2019 (index, 2019 = 100)

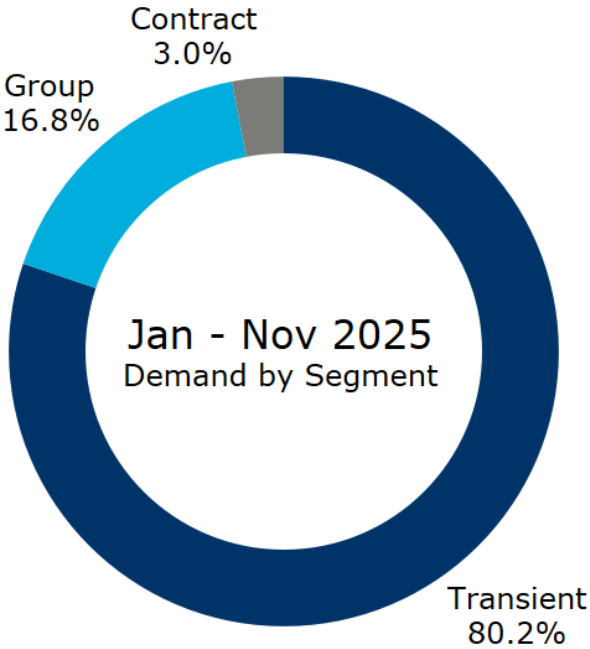


Rates up across the board compared to last year

% Change ADR (Jan - Nov 2025) by Submarket

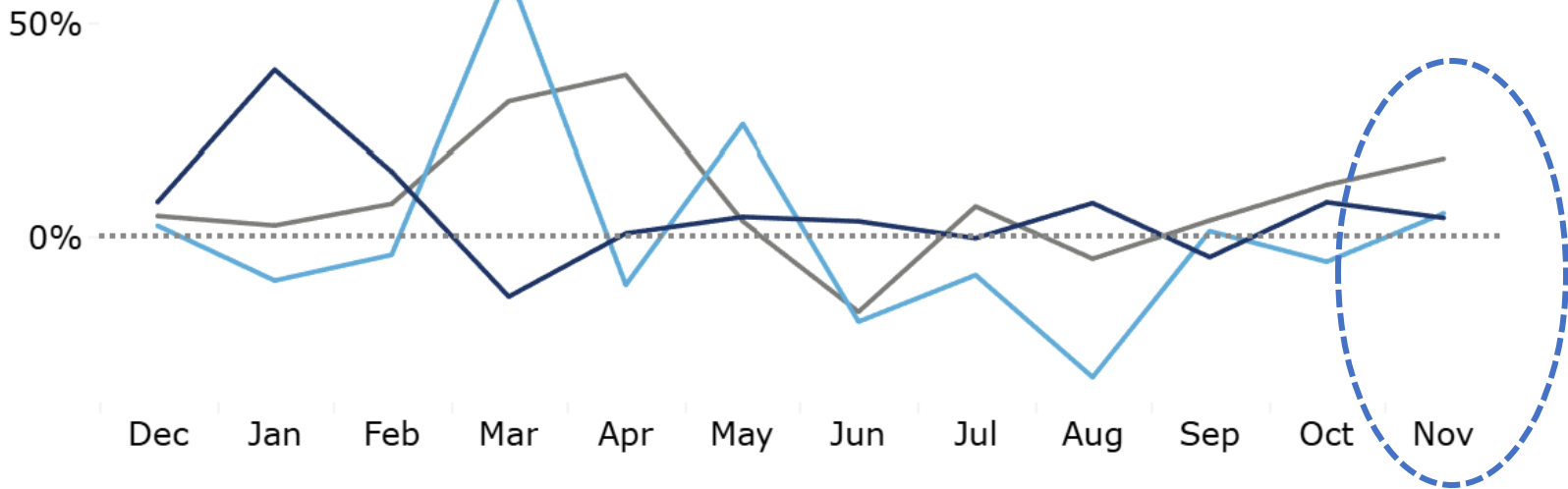


Strong November across booking segments



Room Revenue vs. Same Month in Previous Year

Santa Barbara South Coast TBID+, Last 12 Months

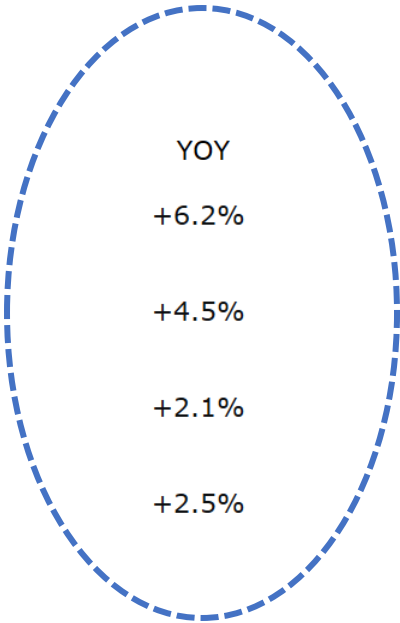


YTD rate growth up across all segments

Santa Barbara South Coast TBID+ KPIs by Segment

Jan - Nov 2025 vs. Previous Year

	Demand	YOY	ADR
Contract	37,885	+0.0%	\$187
Group	211,150	-7.1%	\$387
Transient	1,007,305	+1.6%	\$346
Total	1,256,341	+0.0%	\$348

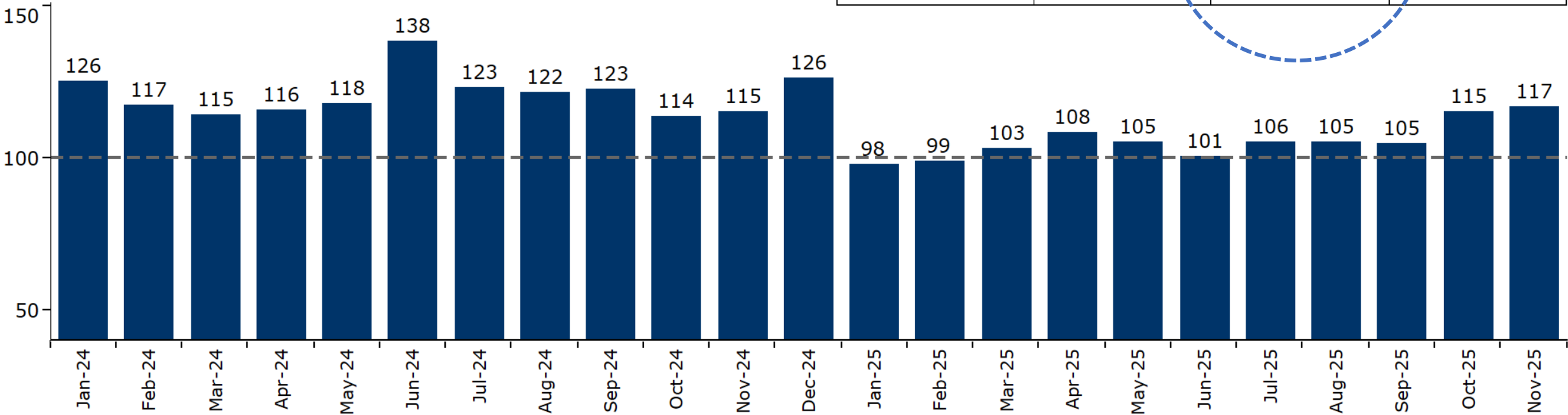


History for markets varies.

Source: STR

Total Visitor Arrivals

Excluding locals, YOY growth index (prior year=100)



YTD Arrivals Breakdown

Total arrivals, excluding locals

	YTD Passenger Count	YOY YTD Change	% Share
Domestic Arrivals	371K	+5.5%	95.4%
International Arrivals	18K	+14.2%	4.6%
Grand Total	389K	+5.9%	100.0%

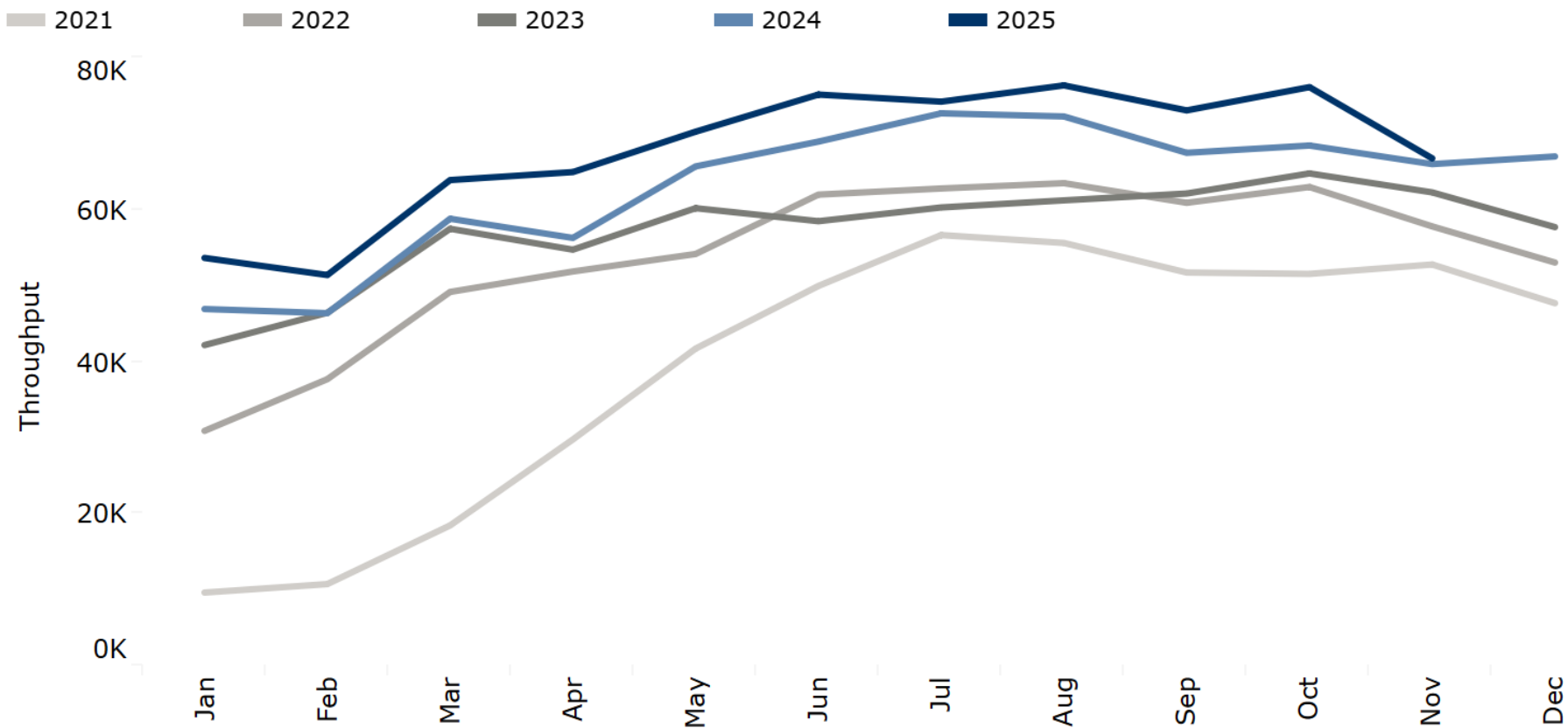
Note: All trips originating in Santa Barbara, CA are excluded. This means travelers returning from trips to other cities or countries are not included.

Source: OAG

TSA Checkpoint Volume Exceed Previous Years in Every Month of 2025

TSA Checkpoint Volume by Month

Last Five Calendar Years



Source: Transportation Security Administration

The Forecast – What's ahead for Santa Barbara?

Forecast Summary

Custom Santa Barbara South Coast

	2019	2020	2021	2022	2023	2024	2025	2026	2027
Levels									
Supply (millions)	1.93	1.93	1.90	1.92	1.98	2.00	2.02	2.03	2.07
Demand (millions)	1.43	0.96	1.29	1.37	1.36	1.43	1.43	1.43	1.46
Occupancy	74.3%	49.7%	67.6%	71.5%	68.6%	71.2%	70.9%	70.5%	70.6%
ADR	\$243.92	\$242.93	\$332.56	\$359.55	\$333.61	\$333.91	\$341.22	\$342.29	\$349.41
ADR, Real	\$243.92	\$240.12	\$315.26	\$320.32	\$286.45	\$279.46	\$278.29	\$272.25	\$272.15
RevPAR	\$181.28	\$120.83	\$224.81	\$257.13	\$228.78	\$237.88	\$242.03	\$241.48	\$246.53
RevPAR, Real	\$181.28	\$119.43	\$213.11	\$229.07	\$196.44	\$199.09	\$197.40	\$192.07	\$192.02
Room Revenue (millions)	\$349.7	\$233.7	\$427.9	\$493.7	\$452.9	\$476.2	\$488.0	\$490.4	\$509.7
Growth									
Supply		0.3%	-1.6%	0.9%	3.1%	1.1%	0.7%	0.7%	1.8%
Demand		-32.9%	33.7%	6.7%	-1.1%	5.1%	0.3%	0.2%	1.8%
Occupancy		-33.1%	35.9%	5.8%	-4.1%	3.9%	-0.4%	-0.5%	0.0%
ADR		-0.4%	36.9%	8.1%	-7.2%	0.1%	2.2%	0.3%	2.1%
RevPAR		-33.3%	86.1%	14.4%	-11.0%	4.0%	1.7%	-0.2%	2.1%
Room Revenue		-33.2%	83.1%	15.4%	-8.3%	5.2%	2.5%	0.5%	3.9%
Relative to 2019		-33.2%	22.4%	41.2%	29.5%	36.2%	39.6%	40.3%	45.8%

Source: STR, Tourism Economics



Forecast Summary

- Room Revenue - After declining 8.3% in 2023, **four straight years of growth, up 5.2% in 2024 and 2.5% in 2025, then 0.5% in 2026 and 3.9% in 2027**
- Demand - Remains flat in 2026, with small increase in supply (Biltmore reopening 108 rooms, second half). **Q1 soft compared to 2025, when LA fires drove demand and ADR**
- Demand – **Increasing in 2027 with additional supply** (Biltmore reopening 108 full year + 53 additional rooms, second half)

Key Findings...

Room Revenue

Annual

Room Revenue: Annual

Custom Santa Barbara South Coast, in millions



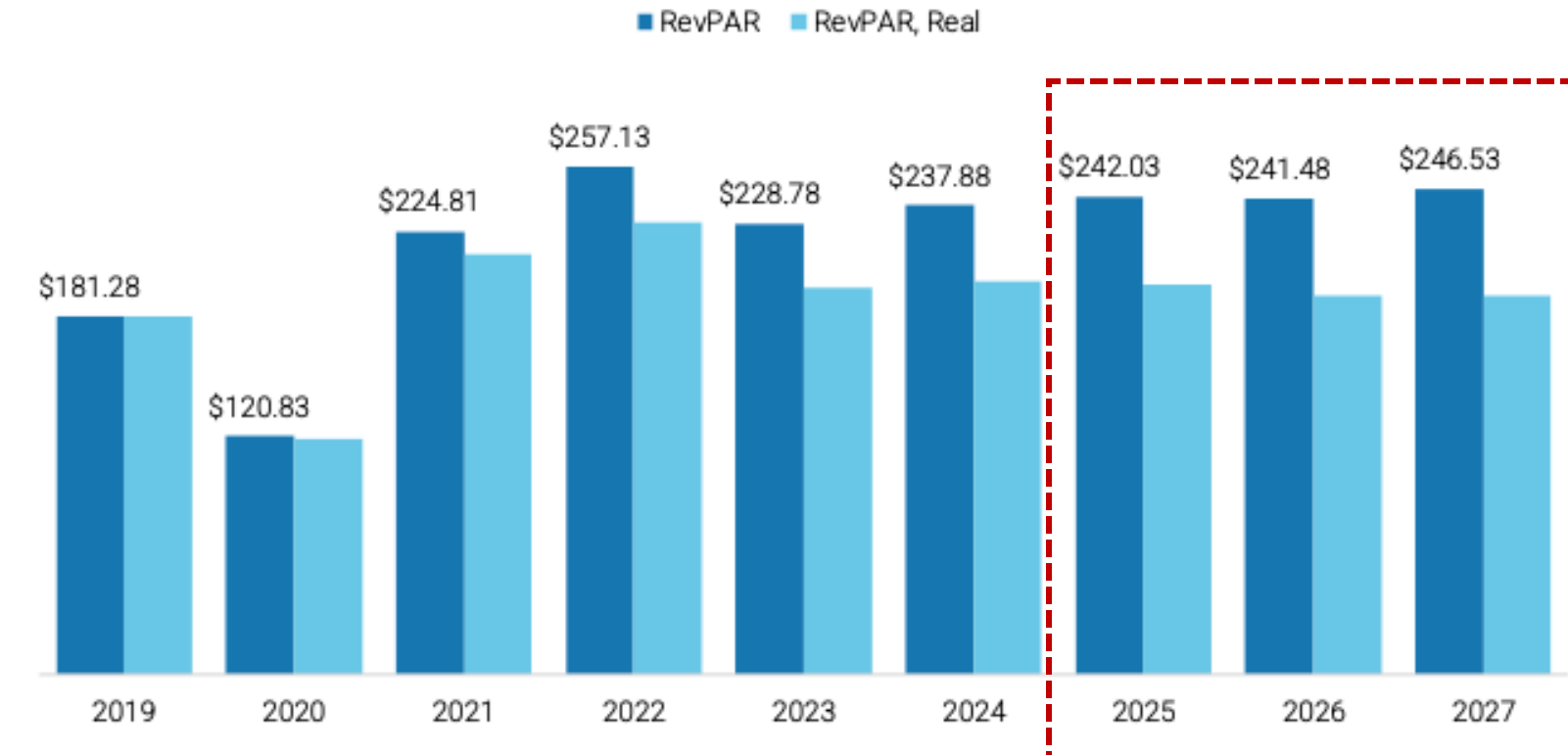
In 2026, room revenue is projected to increase by 0.5%. Demand and ADR are both expected to contribute, up 0.2% and 0.3%, respectively.

RevPAR

Annual

RevPAR: Annual

Custom Santa Barbara South Coast



Sources: STR, Tourism Economics

After adjusting for inflation, real RevPAR is expected to contract 2026, down 2.7%.

Summary

The near-term outlook is soft and risky

- US economy working through headwinds of stubborn inflation, weaker labor markets, policy uncertainty, tepid investment, and weak sentiment

The outlook is more promising, if you look out a little farther

- Domestic travel is resilient and International will rebound
- Economic strengthening through 2027 with less uncertainty
- Higher-income households are in a strong wealth position and will benefit from continued tax cuts
- Visit Santa Barbara is holding strong versus other destinations – Well done!

Thank You

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