Tourism Advisory Council Meeting
Wednesday, January 24, 2024
11:00 a.m. – 12:30 p.m.
633 Third Ave., New York City

Webcast address: https://youtube.com/live/thaG_cR8OZQ

I.	Attendance and Approval of Minutes	Cristyne Nicholas
II.	Chair's Report	Cristyne Nicholas
III.	I LOVE NY Report	Ross Levi
IV.	Guest Speaker: Madeleine Gionet, Director of Marketing at New York State Office of Parks, Recreation and Historic Preservation	
V.	Member Updates & New Business	

Next Meeting: Tuesday, April 9, 2024
11:00 a.m. – 12:30 p.m.
New York State Capitol Building
Second Floor – Blue Room
Albany, NY 12224

New York State Tourism Advisory Council

January 24, 2024

I ♥ NY

New York State Division of Tourism

NEW YORK STATE OF OPPORTUNITY | Empire State Development

Chair's Report

Sojourner Truth State Park Waterfront Completion

NEW YORK STATE OF OPPORTUNITY | Empire State Development

Opening of Ralph C. Wilson, Jr. Welcome Center

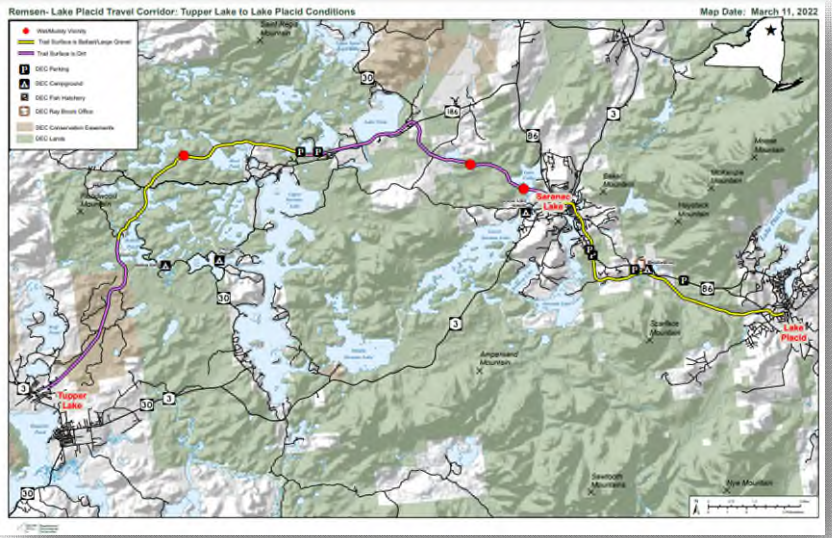
2024 Belmont Stakes at Saratoga Racetrack

BELMONT STAKES™

Supporting New York's Food and Beverage Industry

NEW YORK STATE OF OPPORTUNITY | Empire State Development

Adirondack Rail Trail First Phase Completion



NEW YORK STATE OF OPPORTUNITY | Empire State Development

Expanding Access to Broadway/Off-Broadway Shows

NEW YORK STATE OF OPPORTUNITY | Empire State Development

Ogdensburg International Airport Modernization

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I LOVE NY REPORT

NEW YORK STATE OF OPPORTUNITY | Empire State Development

State of the State and Executive Budget

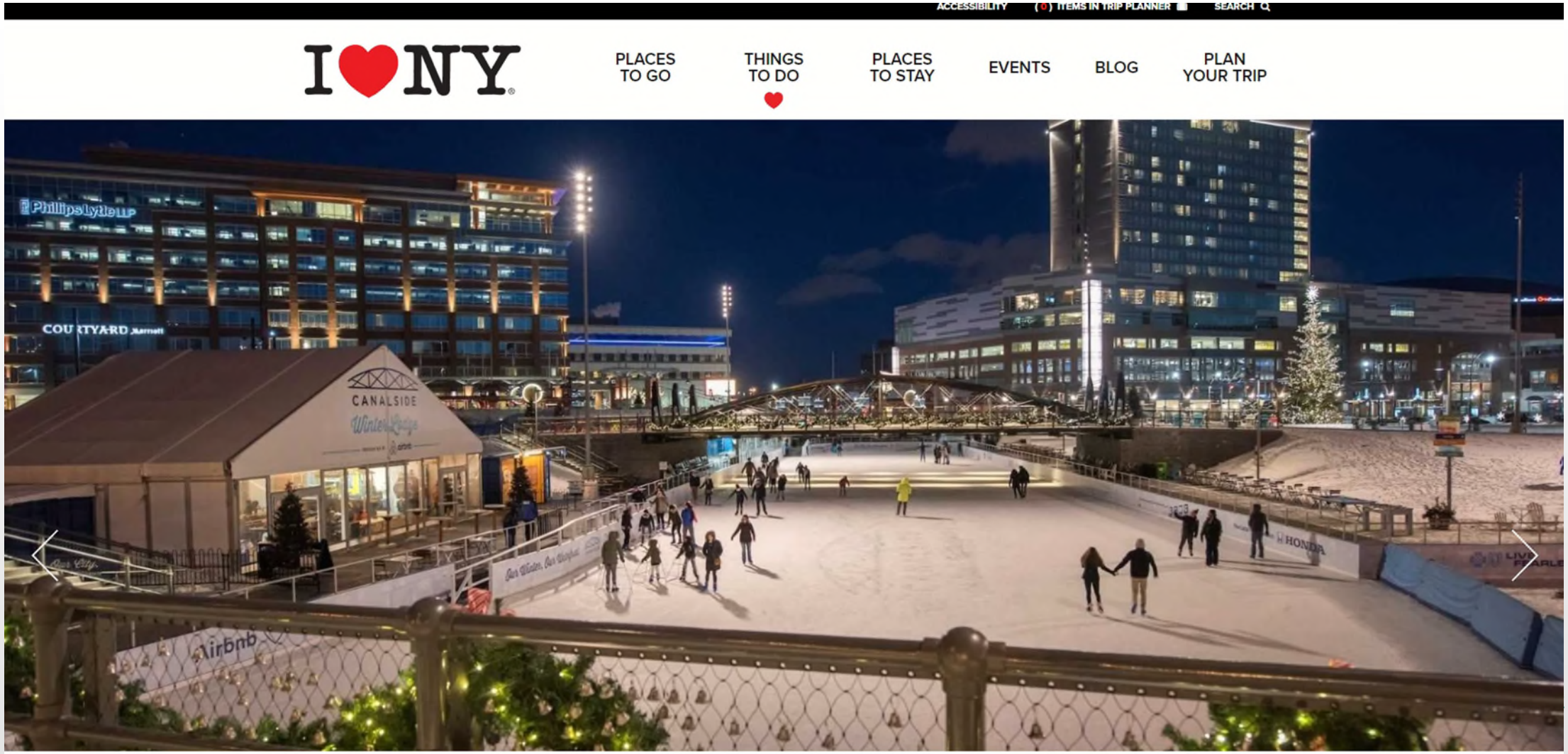
- $58.5 million for tourism promotion
- $15 million for Market New York
- Erie Canal Bicentennial Commission
- ORDA and PARKS capital funding
- Arts Pluribus Unum & additional NYSCA funding
- JFK International Airport upgrades

NEW YORK STATE OF OPPORTUNITY | Empire State Development

Winter Commercial

Empire State Development

Winter Digital Campaigns



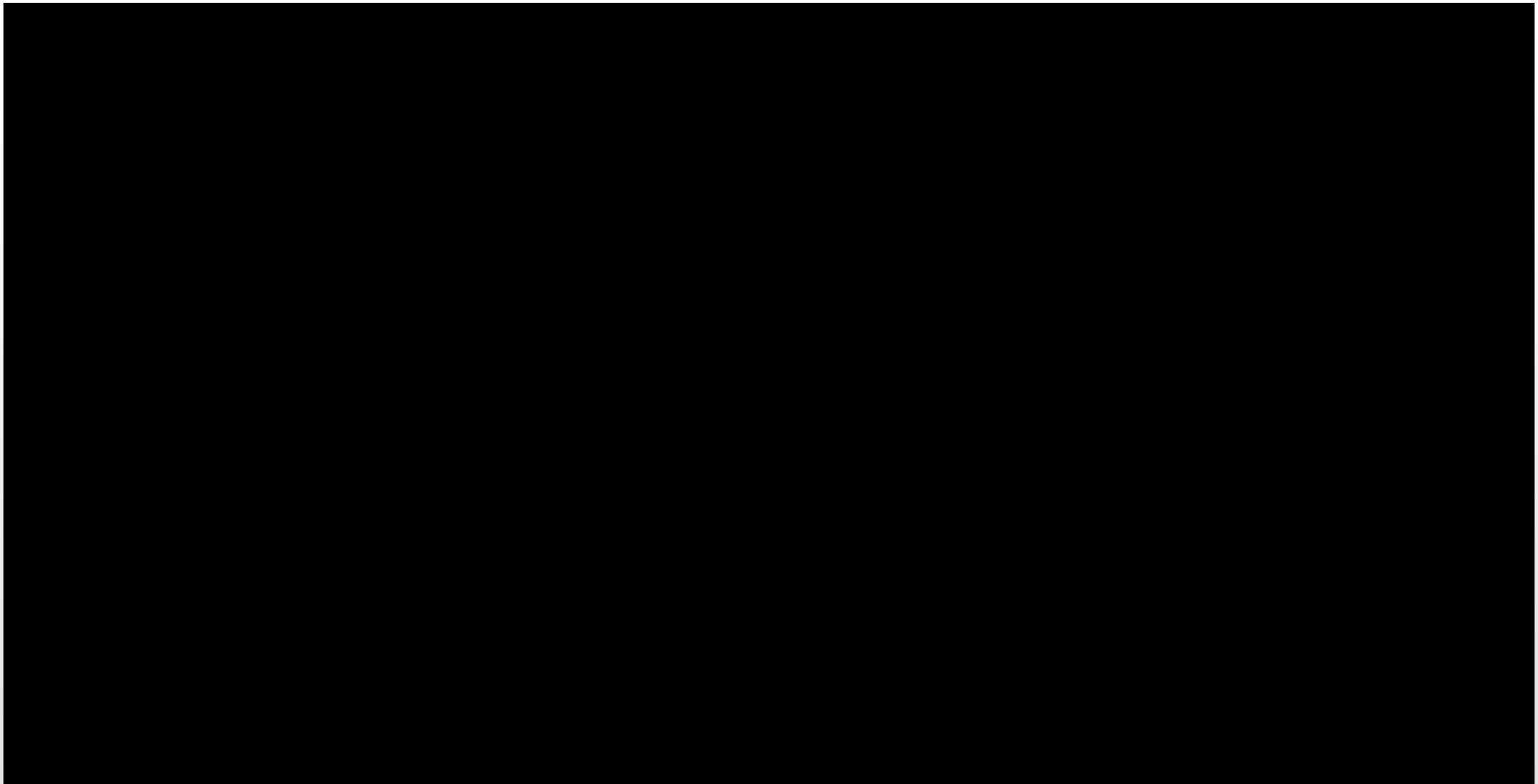
NYS Pride Ski Weekend

- January 20-21 at Belleayre Mountain
- Pride Center of the Capital Region, Belleayre Mountain, Ulster County Tourism, & I LOVE NY LBGTQ

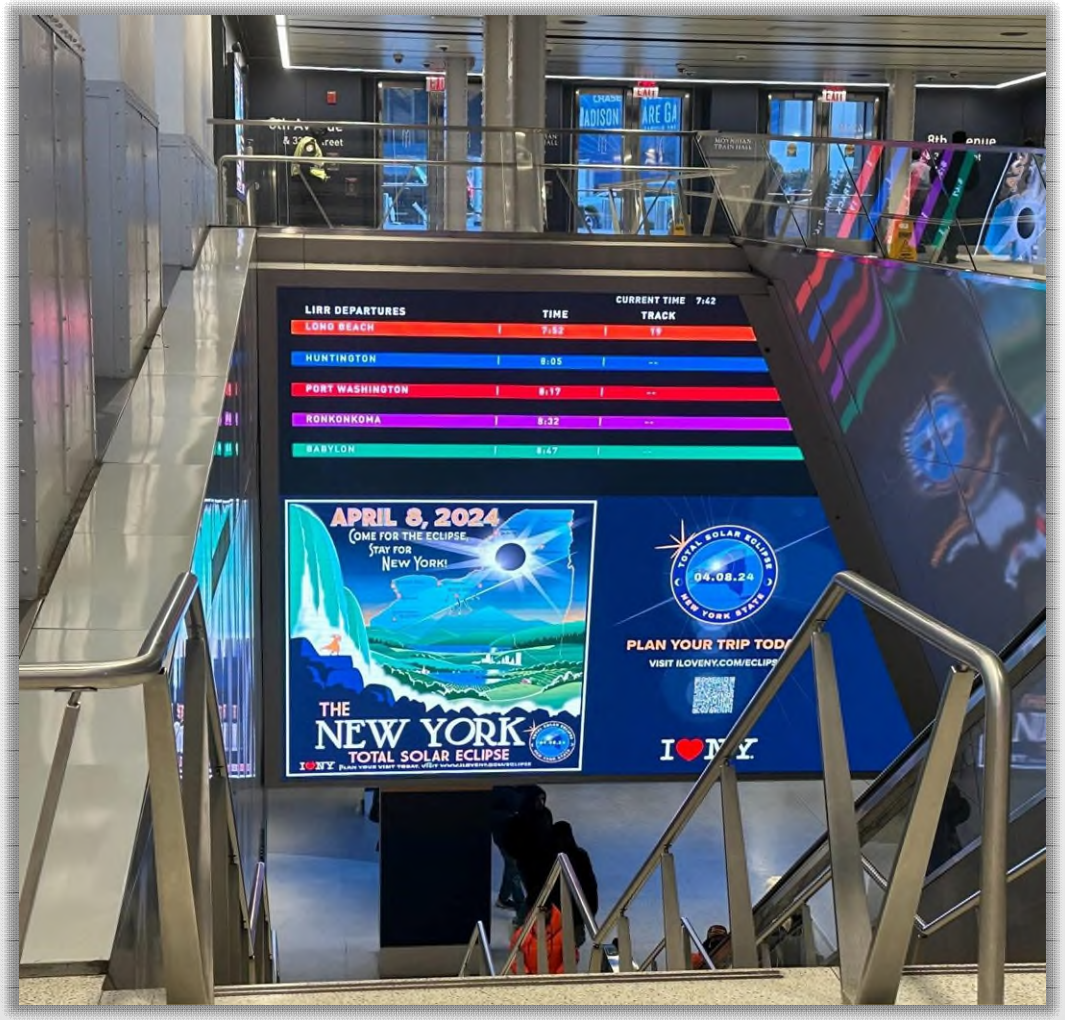
NEW YORK STATE OF OPPORTUNITY | Empire State Development

New York State Christmas Tree Lighting

2024 Total Solar Eclipse



2024 Total Solar Eclipse Updates



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American Bus Association

- January 13-16 in Nashville
- Over 300 tour operators and industry suppliers

Familiarization Trips

- Winter UK Holiday Movie FAM
  - December 6-11
  - NYC, Albany, Seneca Falls, & Rochester

- UK City & Ski FAM
  - January 9-14
  - NYC; Wyndham, Hunter & Gore Mountains
  - Winter Realms & Winter's Dream: Lake George

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Industry Relations

- Taste NY 10th Anniversary Event
- Adirondacks Welcome Center reached 1 million visitor milestone
- Winter's Dream and Winter Realms

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I LOVE NY LICENSING

- New licensing contract with Brand and Blend
- I LOVE NY for Swarovski

Funding Program Updates

- Market New York Round 13
- Tourism Matching Funds

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Look Ahead

- TravMedia's International Media Marketplace, January 24 in New York City
- DMO Meeting, February 1 in Cooperstown
- New York State Hospitality & Tourism Association Advocacy Conference, February 13 in Albany
- Museum Association of New York conference, April 6-9 in Albany
- Brand USA sales mission, February 13-25 in Australia & New Zealand

It's Easy To Love NY

NEW YORK STATE OF OPPORTUNITY | Empire State Development

Tourism Advisory Council Meeting Minutes

"Draft – Subject to Board Approval"

Date: Monday, November 13, 2023
Location: ESD Boardroom. New York, NY
Attendance:

TAC Members
In person: Cristyne Nicholas, Valerie Knoblauch, Elinor Tatum
Called in: Barbaralee Diamonstein-Spielvogel, Natasha Caputo, Kelly Blazosky, Alexandra Stanton, George Ntim, Dan Fuller

ESD / NYS Staff
Ross Levi, Richard Gagliano, Sara Emmert, Rhiannon Edlind, Lisa Soto, David Turley

Guests
Randall Bourscheidt, Kelly Curtain, Amas Dahr, Adam Sacks

Meeting called to order: 11:04 AM

Cristyne Nicholas

I. Attendance and Approval of Minutes

- Motion to approve minutes – Valerie Knoblauch
- Minutes approved – Elinor Tatum

II. Chair's Report

- It's hard to believe we are concluding another year of the council. As is our tradition for the last meeting of the year, we want to provide meeting dates for the upcoming year.
- We are planning to take a slightly different approach for 2024.
- By statute, the TAC must meet five times a year with at least three meetings before June.
- Previously, we've held four NYC-based meetings and one in Albany, usually in conjunction with Tourism Advocacy Day.
- This year, we want to have three NYC-based meetings, in January, May and November.
- January's meeting will take place here at 633 Third Avenue. ESD will be moving to new offices, so the May and November meetings will be across the street in ESD's new NYC offices.
- The April meeting will happen in Albany at the same time as the Museum Association of New York's statewide conference. And for the September meeting, we would like to go to another upstate destination and offer TAC members exposure to another region, and probably a specific tourism attraction. Location and date still TBD, but we will let you know more early next year.
- For now, please mark your calendars and hold those dates.

Dassai Blue Sake Brewery

- Since our September meeting, there were several announcements regarding new tourism-related destinations across the state, including two significant developments in the Hudson Valley.
- Governor Kathy Hochul announced that world renowned, premium sake maker, Dassai, recently opened a 55,000 square foot, state-of-the-art brewery and tasting room in Dutchess County, and launched a new U.S. brand, Dassai Blue.
- Over the past thirty years, Dassai has experienced exponential growth and the opening of the new Dassai Blue Brewery is their latest expansion into the global sake market. This facility in the Hudson Valley will be the only place in America making this premium type of craft sake.

- Empire State Development supported this expansion with more than $580,000 in performance-based Excelsior Jobs Program tax credits.
- Dassai has already invested $80 million in the facility and has promised to bring at least 32 new jobs to the area.
- Visitors to the architecturally unique brewery will be able to observe the brewing process through multiple windows looking into various production rooms. Additionally, Dassai is collaborating with the nearby Culinary Institute of America to further the education and awareness of sake in the United States. As part of the partnership, the CIA has developed curriculum, certification programs and public classes. These new unique programs will further the education of Japanese cuisine and culture for CIA students, food enthusiasts, food industry professionals and other visitors to the Hudson Valley.

Red Barn Event Space

- September also marked the completion of the Red Barn in Columbia County.
- This new multi-use space was supported by a $421,000 Market New York grant to provide more dining and shopping options for visitors to the region.
- The over $6 million project includes event and performance space, a full-service restaurant, retail wine store, as well as additional space for community activities.
- The site features a 6,500 square foot historic post and beam Barn building that has integrated comprehensive green energy measures to achieve 100% carbon neutral operations.

Gansevoort Peninsula in Hudson River Park

- Last month, Governor Hochul and Mayor Eric Adams welcomed the opening of Gansevoort Peninsula, a 5.5-acre green oasis that is now the largest stand-alone recreational space within Hudson River Park.
- The $73 million project features Manhattan's first public beachfront, with a rocky seating ledge and a new water access point for kayakers and other small boaters.
- Located in Hudson River Park, Gansevoort Peninsula delivers a wide array of spaces for lounging, fitness and fun, from direct access to the Hudson River for non-motorized boats, to a large picnic area with tables and benches that overlook the river.
- With the opening of Gansevoort Peninsula and the upcoming openings of Pier 97 and the Pier 26 Science Playground, the long-envisioned public portions of Hudson River Park are approximately 95 percent complete.

The People's Theatre: Centro Cultural Inmigrante

- Near the end of October, the governor was joined by Lin-Manuel Miranda in Manhattan's Inwood neighborhood to announce the groundbreaking of the People's Theatre: Centro Cultural Inmigrante.
- This 19,000-square foot performing arts center will serve to amplify the voices of New York City's diverse immigrant communities and cultivate work by local artists and arts organizations.
- During his remarks, Miranda said the creation of the theatre was a "dream come true" for many artists who grew up in Washington Heights and Inwood.
- The $37 million project is Latina-owned and is being supported with a $4 million capital grant.

James Newbury Hotel and the Wire Event Center

- The governor announced the grand opening of the James Newbury Hotel and The Wire event center in Greene County.
- The nearly $11 million redevelopment project transformed two former factory buildings into a 47-room boutique hotel and a 15,000-square foot event space with a waterfront bar and multiple community rooms.

- The hotel, which includes a lobby bar and restaurant onsite, will also be able to accommodate large events, weddings, business meetings, conferences and trade shows, offering a multi-use space for travelers and residents alike in the Catskills Region.
- The project was supported by $2 million in grants from ESD.

Capital Investments for Arts and Cultural Organizations

- Finally, the governor announced up to $37 million in capital funding is available to non-profit arts and culture organizations through the New York State Council on the Arts' Capital Projects Fund.
- This investment builds on the nearly $132 million in capital awards made by NYSCA earlier this year, including new multi-year funding to facilitate large-scale capital projects that prioritize community development and placemaking.
- NYSCA's Capital Projects Fund will support arts and cultural nonprofits seeking state funding for investments in capital improvements that allow organizations to sustain and expand cultural programming for diverse audiences, promote accessibility and environmental sustainability, preserve and create jobs, and ultimately contribute to the growth of New York's dynamic arts and tourism sectors.
- Applications for grants are now open until January 11, and NYSCA will be hosting webinars and virtual office sessions to help guide applicants through the process. All eligible New York State nonprofit arts and culture organizations are encouraged to apply for this opportunity.
- And that concludes my report. Any questions?
- Alright I'm going to hand it back to Ross.

III. I LOVE NY Report

Ross Levi

- We will be hearing from Adam Sacks later about our recently released tourism economic impact data from 2022 and some trends he is seeing from this year and beyond, but I wanted to take a second to report on how significant those numbers are.
- In 2022, New York State welcomed 291.5 million visitors – the most in state history.
- Those visitors generated more than $78.6 billion in direct spending and $123 billion in total economic impact – also record highs.
- Tourism is New York State's third-largest private sector employer, supporting an average of 870,000 in 2022. These figures represent staggering increases over 2021 and surpass previous records set in 2019 prior to the COVID-19 pandemic.
- The year-over-year increases from 2021 to 2022 were overwhelming, with a 22 percent increase in visitation, over 50 percent gain in spending, and a more than 43 percent jump in economic impact.
- Additionally, the industry generated $10 billion in state and local taxes, saving the average New York State household $1,300.
- Overall, the tourism industry not only appears to have recovered, but it is also on a statewide basis stronger than it has ever been. There are still segments of the industry such as international travel and meetings and conferences that have been slower to return to pre-COVID levels. However, in many cases, domestic visitation gains have leveled out losses in other travel segments.
- And from what we've seen from hotel occupancy rates and rev par, and employment numbers from the Department of Labor, it would appear 2023 is continuing an upward trajectory for the tourism industry.
- We won't have official 2023 tourism economic impact numbers until next year, but overall, the state continues to move in the right direction for tourism.

Fall TV Advertising

- Right after our last meeting at the beginning of September, the Division launched the fall seasonal advertising campaign.
- That effort included our fall commercial, which continued the use of our “Easy to love NY” campaign theme that premiered in this year’s summer commercials.
- This campaign included various themes of what to do in the fall including pumpkin picking, haunted hayrides, wine tasting, as well as showcasing the expansion of the Strong Museum of Play in Rochester after its opening in June.
- PLAYS VIDEO
- This commercial ran through September and October and was complemented by our digital efforts online, including our most popular digital promotion – the I LOVE NY Fall Foliage report.

Fall Foliage Report

- Our foliage campaign featured eight weekly reports, beginning September 13 and running through November 1, which were compiled using on-location field observations from I LOVE NY's team of more than 85 volunteer leaf spotters.
- The report featured an interactive foliage map, which was featured on social media and linked to our recommendations of popular foliage viewing locations across the state, as well as an option to filter attractions by category, like food & drink or arts & culture.
- The fall foliage report remains one of our most popular content drivers on iloveny.com with over 739,000 pageviews, accounting for 29% of total pageviews on the site this year.
- The foliage report videos also garnered 1.2 million video views on I LOVE NY's social channels.

Fall Broadcast Media Tour

- A new press initiative that we’ve been looking to do for some time was a broadcast media tour, where we would offer interviews from our ESD studios to broadcast outlets around the state.
- This past September, we were able to make that a reality with a pilot program that proactively pitched fall travel segments to local broadcast media in New York State.
- This effort helped generate press interest in lieu of a stand-alone NYC media event, allowing us to expand our coverage more deeply into local markets in New York State, beyond the national outlets based in NYC that we typically attract to our I LOVE NY media nights.
- We conducted seven interviews across the state including Buffalo, Binghamton, Syracuse, Plattsburgh, PIX 11 in New York City and Spectrum News which runs on cable television across Upstate New York.
- PLAYS VIDEO
- Because of the success of this pilot, we will consider revisiting this strategy in the future.

Fall Path Through History Weekend

- And finally on the fall consumer marketing front, we held our second Path Through History weekend event of the year over Columbus Day Weekend from October 7 to 9.
- Over 100 events were held at historic and heritage sites across the state in all 11 vacation regions.
- Overall feedback was positive despite less than desirable weather during the weekend.
- Some examples of event held across the state:
    - Fenton History’s Saints & Sinners Cemetery Tour welcomed over 250 visitors, including many from Buffalo, Niagara and Rochester, to hear costumed actors tell stories of Jamestown’s famous and infamous former residents during a walking tour of Lake View Cemetery.
    - Phelps Mansion Museum hosted a special Isaac Perry Trolley Tour exploring his architecture throughout Binghamton. They welcome 58 visitors in addition to their full trolley tour and reported a number of visitors became new members of the museum!

    - Railroad Museum of Long Island invited guests to step back in history and enjoy an afternoon of traditional American Music from Boxcar #759. They reported welcoming visitors who traveled more than 70 miles to attend the event and credit PTHW with helping them to reach new audiences.
- The Division is currently collecting feedback from participating sites via online survey to track attendance, better understand ways the program can improve and to gauge any current planning for the upcoming America250.

Winter advertising

- While the I LOVE NY website is still reflecting the fall season, we will soon be switching over to winter, promoting popular skiing locations, outdoor and indoor winter activities all season long, meaning that as far as I LOVE NY is concerned, the winter season begins shortly after Thanksgiving. And some of our winter promotions have already begun.
- For example, we held our second media night of the year on November 1 at One World Observatory in partnership with ORDA and SANY.
- Over 50 travel journalists attended from outlets that include Conde Nast Traveler, Wall Street Journal, Today Show, and Time Out New York.
- We featured an Elevated Experiences theme with our tourism regions, agency partners, nine ski areas and four activation areas:
    - Rochester Museum and Science Center did giveaways and demonstrations promoting the solar eclipse in April 2024
    - NYS Maple Producers Association did tastings of maple syrup and candy, promoting maple weekend in March 2024
    - Buffalo AKG Art Museum had a drawing activity and discussed their recent expansion.
    - ORDA with Olympic memorabilia and 1980 Olympic mascot Roni the Racoon.
- Our other winter promotions will be coming online as the season progresses including making daily ski reports available from SKI/NY and the Cross-Country Ski Areas of NY on iloveny.com and 1-800-ILOVENY.

Travel Trade

Brand USA Travel Week

- Brand USA, the official DMO for the United States, held its fifth consecutive travel week in London from October 15 to 18
- This event brings together key tourism partners from the U.S., U.K. and European travel industry to discuss trends, challenges, innovations and opportunities to spur travel to the U.S.
- Markly and I attended from the Division. Markly and our UK rep met with 39 top European tour operators during the event, and I participated in the CEO Summit, which was designed to bring the leading U.S. partner CEOs together with leaders in the travel trade, from media to aviation. After the conclusion of the CEO Summit, I also participated in the 2nd day of the Media Marketplace and met with 13 journalists from Germany, Italy, and United Kingdom

Germany/UK Sales Mission

- Also in October, Heather McElhiney participated in a marathon 14-day Germany/ UK sales mission.
- For the Germany portion, I LOVE NY and 4 NYS partners (Discover Long Island, Visit Ithaca, Wine, Water and Wonders, and Visit Syracuse) hosted media events and trainings in Munich, Berlin, Hamburg and Frankfurt, while meeting with over 250 people over the course of 7 days.
- We conducted a one-hour travel agent training at CANUSA and a did a presentation to travel agents at the Visit USA Germany Committee meeting, where we gave in-depth information on New York State including key selling points and tips for booking travel to the state.

- The UK portion of the sales mission included 10 meetings with product managers as well as evening events where New York State hosted 135 travel agents for networking and one-on-one training sessions with NYS partners from Discover Long Island, Beyond the Big Apple, Wine, Water and Wonders, The National Comedy Center and Visit Syracuse.

Familiarization trips

- In October, two groups of international journalists explored the state and experienced all things fall from haunted tours, colorful hikes and harvest themed glassmaking.
- From October 1 to 7, three top journalists from Germany and our German rep visited Albany, Saratoga, Lake Placid, 1000 Islands and Syracuse to experience fall in New York State. The group took the Haunted History tour at the NYS Capitol and went kayaking on the St. Lawrence River
- From October 9 to 14, three top Australian journalists and our Australian rep visited the Hudson Valley and Finger Lakes region for a fall-themed fam tour, featuring a bi-plane ride, hiking at Watkins Glen and glass making class at the Corning Museum of Glass.

Travel Trade Shows

- On the domestic side, the Division continues to work on travel trade shows including recently participating at IMEX in Las Vegas last month with NYC Tourism and Conventions. IMEX America is the largest trade show in the US bringing together thousands of buyers, meeting planners and suppliers from every sector of the global meetings industry. We focused on the meeting planning market for this show, and held 35 scheduled appointments, as well as attended networking events with receptive operators, incentive travel planners, and a variety of event planners.
- The Division also attended the Bus Association of NY Annual Meeting and Marketplace in Callicoon at the Villa Roma Resort. The Division attended this conference to both support the NYS based group tour and motorcoach industry and to promote statewide attractions and events to the tour operators and product managers in attendance. Our vendor met with 40 buyers at that show.
- This is our first year of membership with these organizations, and we are working to build open lines of communication and information sharing with the membership to help foster a stronger and more robust NYS group tour product.
- Finally, the Division also sponsored the International Travel Show for the second year in a row at the Javits Center in NYC.
- We participated in over 25 appointments with key travel trade vendors as part of NYS Tourism Industry Association's pavilion.
- We received the opportunity to present to member of the travel trade industry through a Friday morning panel on marketing to diverse audiences that featured an overview of our LBGTQ, Accessibility and Black Travel programs.
- On Friday afternoon, we held a briefing for travel media where we previewed what's new for 2024 and beyond in New York State. The preview was attended by approximately 35 travel trade, influencers and media including Forbes and New York Lifestyle Magazine. We utilized an engaging trivia format that promoted notable 2024 events and openings such as NYS Parks Centennial, the opening of Stonewall National Monument Visitors Center and America250.

<u>Industry Relations</u>

NYSTIA annual meeting recap

- NYSTIA Annual meeting took place in Rochester with over 200 people in attendance.
- Provided a welcome address to the conference at breakfast on Thursday.
- I LOVE NY held a TPA meeting to give updates and hear feedback on programming.
- Kelly Ann Curtin finished her term as NYSTIA chair and welcomed Corey Fram, from 1000 Islands International to the position.

- NYSTIA 2024 Annual meeting is set for April 17-19 in Niagara Falls

DMO meeting – Long Island

- DMO quarterly meeting was held in Long Beach on Long Island
- Provided an I LOVE NY update on Friday morning to the 20 local DMO CEOs in attendance.

Funding Updates

Market New York Round 13

- Applications closed for Round 13 on July 28, 2023
- 135 applicants requested over $43 Million of the $15 Million available
- Additional consideration for projects that align with state's tourism programming: Unique, world-class destinations; projects involving large-scale special events including those related to the 2024 total solar eclipse; and niche tourism segments including but not limited to accessible travel, LGBTQ tourism, Black tourism, international tourism, outdoor recreation, and historic sites and museums.

Tourism Matching Funds

- 2024 guidelines & application have been made available
- Application Part 1 was due October 31
- 2024 Award Estimates have been sent to all eligible TPAs
- Application Part II will be due December 5

IV. Guest Speaker

Cristyne Nicholas

- I'm happy to introduce our guest speaker, Adam Sacks, who is joining us remotely today. Adam is the President of Tourism Economics - an Oxford Economics company dedicated to unlocking the power of economics for the travel sector.
- For more than 25 years, Adam has worked with destinations, industry associations, and companies around the world in the areas of policy analysis, market assessments, and economic impact.
- He is an authority on measuring the economic impact of visitor activity and his work regularly informs national and local government policy.
- Adam will be presenting on the recently released 2022 tourism economic impact report for New York State, as well as giving his perspective on tourism trends to be on the lookout for the coming year.
- Thank you for joining us, Adam.

Adam Sacks

- What I want to share with you is how is New York State tourism performing and where do we think its headed. Looking at it in terms of the last five years, what a comeback story. Visitor volumes in 2022, 291 million. Not only is that 23% growth over the prior year but that's 9% ahead of the prior pre-pandemic peak.
- In terms of spending, we hit just about $79 billion in visitor spending; that's 7% ahead of 2019 levels. Canada is just over $1 billion in 2022; that's still about 26% behind pre-pandemic levels. And then overseas at $10 billion, that's 46% behind.
- What I'm seeing in the data for 2023 is that things are recovering quite briskly from those markets, but it's been domestic that has really won the day – in 2022, some 27% ahead of 2019; $47 billion there.
- One of the ways we model this is we look at the $78.7 billion as a direct injection of spending in the economy, and we track what does that generate through the supply chain in additional business activity; that's the indirect sales. And then further, what does that generate as employees who earn their incomes because of that visitor spending, spend those incomes in the local economy. Those are the induced impacts on business activity. You add that up and you get $123 billion.
- That answers the question "what if tourism was lost and if visitors didn't come in 2022?" That's what would be felt on the economy- $123 billion. On the right, you see how that breaks out in sectors. It's a

diverse industry. It of course the lodging sector, food and beverage, restaurants, finance, insurance and real estate, retail, recreation and entertainment, business services; because everybody's got a stake in this, either directly or indirectly.

- Visitor spending of $79 billion then generated $123 billion in economic impact, generated some $10 billion in state and local taxes. That if you divide it by the number of households is $1,300 per household. If visitors weren't picking up the tab, presumably to generate the revenue for public services, the households would need to pay $1,300 per household.
- 2023 has seen generally continued improvement. If you look at hotel room demands, in September it was just 4% behind the same month in 2019, 6% ahead of last year. So you're seeing progress but overall for the first nine months of the year, we're still 7% behind on room demand on the hotel side. But room revenue is ahead and in fact for the first nine months of the year, we're 10% ahead in terms of hotel room revenue relative to 2019. So good, strong rate growth that's driving the revenue gains there.
- Another lens on this is airport activity. Looking at past years going through TSA throughput but we can track a good measure of airport activity and what we see is that for those first nine months of 2023, we've made gains on the prior year – 11% ahead of 2022. We're still 9% behind 2019 so some recovery yet on the air transport side.
- Looking forward, I think a helpful metaphor has been a tug-of-war. And the tug-of-war that's going to define where we go from here, particularly looking ahead to 2024, is that on the one side we have what we believe is an imminent economic slowdown. On the other side we need to begin to think about how travelers are going to respond to that and that's going to define whether we're able to continue to experience growth or whether things plateau or even pull back. And I'll try to answer that question.
- The labor market does remain strong. In October we only posted about 130,000 jobs, so a big slowdown but as expected, the labor market did begin to let up in October. If you look at consumer sentiment data, you can see that all of it has fallen off from where it was certainly before the pandemic, but even in 2021; much better readings than we have right now.
- All of that really does trace back to what's going on - inflation and welcome that we see even to the left that forecast vertical line inflation has come down quite a lot. On the core side you're looking at higher prices that are still over 3% higher than they were a year ago. That's continuing to take a bite out of incomes, and of course is causing the FED to do everything it can to bring down inflation - including tap the breaks on the economy. We've never seen an increase in the FED funds rate as sharp over such a short period of time as we've seen over the last year and a half. And so these interest rates, now at over 5%, we expect the FED to begin to pull those back and actually in the fall of 2024 the feds can start lowing rates. But these higher rates are having their designed effect and one of the areas we're seeing it most acutely is in the housing market with mortgage rates now between 7 and 8% for a 30-year fixed. It's just absolutely slammed the breaks on home sales on the right-hand side. So you could say the housing market already is in recession in one sense.
- Manufacturing has also been on a weak footing. This ISM index, the way to interpret it is that anything below that 50 line means manufacturing is contracting. And that's what's been happening now for a year.
- Banks are beginning to tighten credit on consumers and you see that on both revolving and non-revolving consumer debts; think credit cards as well as car loans. And that's going to begin to take its toll on consumer spending, which we think is going to begin to slow substantially in the coming months. We see signs of it already. The savings rate has fallen dramatically over the last year, and the amount of excess savings in household bank accounts has been coming down month after month. That excess savings is concentrated among higher income households and that has implications for the travel industry that we'll talk about. But overall it means that consumers are going to start hitting some headwinds and very soon.
- Another reason for that is that student loan payments are coming to roost and so that additionally for millions of households is going to pull back on purchasing power. Overall in the jobs market you do see workers kind of losing their mojo just a little bit. If you look at it by quit rates, the quit rate was historically high a year and a half ago. That's coming down. Wages are also beginning to increase at a slower rate. That's a good thing – it means inflation is coming down. We expect that to continue as we move forward.

- All of that to say that we expect GDP to slow dramatically in the coming months. You may have seen this 4.9% reading; absolutely incredible for the third quarter, ahead of economists' expectations. But you're going to see different versions of this if you follow different economists - but they're different versions of the same story - which is that the US economy is set slow. Importantly this does not include a technical recession. The main theme hasn't changed whether it be a mild recession or a soft landing, you're kind of within a pretty narrow range if a forecast there. And you can see that we're expecting a dramatic slowdown in the fourth quarter and no growth in Q1 and Q2 next year. For the year next year, we expect GDP growth to be just 1% for the year 2024, and that's pretty modest historic growth.
- So how are travelers going to respond? If you look at Longwood's data, we'd say that travelers are hanging in there. 92% of travelers say they have travel plans over the next 6 months and that has not let up in the latest data. You do see some slippage among those earning less than $50,000 a year. Inflation is highly regressive and the savings are really up here. The combination of those things means that you see resilience on the upper end, weakness on the lower end. The good news is that most of our travelers and most of our business is up here on the right-hand side.
- International is coming back and you can see the upward slope throughout the year of 2023 across all major regions to the US. Even if there is no further improvement, and I believe there will be, 2024 is going to be much better than 2023 if it holds at these latest readings. Because 2022 started really, really soft. You had overseas at just 50% recovered in the early part of 2022 and then 2023 you're only up about 60% recovered. Now we're at overseas 84% recovered in September. We think it's going to make further gains in 2024, but we're going to be net-positive on international in 2024 relative to 2023.
- Looking at the same data for arrivals to New York, you can see such a strength already in the latest data. This is all an index relative to the same month in 2019 which would be 100 if you match it. And you see India well ahead of 2019 benchmarks. Mexico just about fully recovered there. And also strength in Germany and France and Brazil all teetering around 90% recovered. Really encouraging numbers for New York in particular.
- On the business travel front, things are holding. If I look at the latest data for the second quarter that we track with JD Power business travel intentions for internal meetings, around 82% said yes; that's about the same as it was in the first quarter, but you see gains on conferences and trade shows Q1 to Q2, and a gain on customer meetings from 74% to 78%. In past economic slowdowns, businesses will look at business travel as an expense to cut; we don't think that's the case right now because there's just not much fat on the bone. We're still not fully recovered and so the need to maintain that business travel, and even continue to rebuild, we think is going to be in play as we move through the coming year.
- You've seen in what CVBs are booking in terms of future events and here we're seeing bookings at CVBs well ahead of 2019. Now these are for events that are anywhere in the future, but now for the better part of 2023, CVBs are booking more events month after month than they did in those same months of 2019 for future events.
- And then lastly on the meetings side, Northstar run a survey that I think is instructive. Generally, meeting planers are getting more optimistic or report no change. You look at the August data, that's the lowest "less optimistic" that we've seen in some time. Overall, the meeting sector seems to be gathering force as well.
- IHG says, "Groups, which has been the slowest demand driver to recover continues to advance and forward booking data suggest that there will be further progressive improvement to come. …meetings and events bookings have been ahead of 2019 levels for six months now."
- American Airlines pointed out, "We've seen steady improvement in business travel with encouraging signs from both managed and unmanaged corporate side… [and] strong international demand and historically high premium revenue…"
- In the face of this economic slowdown we think it imminent, we think leisure travel is going to be resilient, we think that business and group travel is going to continue to rebuild as it has not yet fully recovered, and international is going to return to a surplus where that inbound begins to exceed outbound again, which is has historically. And we think the net effect of that is that we'll see travel in New York not contract, in fact continue to grow through the end of 2023 and into 2024 even if it's at a modest rate.

- Alright so I'm happy to answer any questions that you may have or leave it at that.

Cristyne Nicholas: Thank you, Adam. Anybody have a question?

Rich Gagliano: Just one point about the international. Remember, there wasn't a magic open date after the pandemic. Things slowly started to open when domestic opened up. That means hotels were open again, people can travel via car and we saw that pick up and so over the two years we made the comeback. International though is probably almost a year behind that in terms of the ability to even travel. So when we were opened up domestically that didn't mean that the international airports were opened up as freely as we were to travel domestically to a lot of countries whether their rules or our rules prevented people from coming in. That sort of shows that lag why international is a bit behind. It's not the ultimate reason why, but it wasn't like everything opened up at the exact same time in domestic. There was at least a few more months after that if not a year depending on the country of what the ability to travel internationally even was affected by.

Valerie Knoblauch: I'm interested if Adam can clarify in any way the Canadian market question because is it just lagging data? Is it some real data? Just in generally talk about that.

Adam Sacks: I can pull the latest Canadian boarder crossing data for you. It'll give you what kind of the pace of recovery. It's from the Bureau of Transportation statistics. It's not in the data sets that I was using for today's presentation. The 2022 data that I shared I think, I can just go back and make sure I quoted correctly, showed that Canada was $1.4 billion spending in 2019 in New York, and just over $1 billion in 2022. So still 25% back of 2019 levels but keep in mind 2022 – and it's hard to even remember this – included the Omicron variant in the first part of the year. So you basically lost a better part of a quarter of almost no travel in 2022. So 2023 is certainly looking better than that. I could pull some of that monthly data and give you a snapshot of how that's evolving as well as a forecast if you'd like.

Cristyne Nicholas: Thank you, Adam. Just a question to address one of our TAC members, George Ntim, who's on the line about perception, reality, if any of the factors that impact tourism to New York, well meaning New York City but overall we count all of the visitors to New York State. Are any of the issues regarding the migrant situation, world events that are happening in the Middle East that could impact people's views of New York in particular with our closeness with the Middle East. Do you see that impacting our future in 2024?

Adam Sacks: So, in terms of New York City performance, New York City has continued to experience continued growth through this year. So we haven't observed any negative effects in terms of a pull back in travel to the city. On the international front, it represents a real risk certainly if war spreads beyond the current conflict, but if it remains concentrated within the boundaries of Israel then we don't think it's going to be noticeable.

Elinor Tatum: Adam, can you give us any insight as to the new rules with Airbnb and what that possibly will do?

Adam Sacks: I think we'll likely see at least the official numbers for short-term rentals come down. The way that we track it is through scraped website data. That's going to give us some interesting perspectives that may not be what's officially reported by Airbnb. We'll see some substitution right back to hotels of course, so that's a factor. But in the past where there have been major Airbnb restrictions, we do see that there's part of the market that you lose. And I or my team hasn't done any deep dives on this for New York City so it's difficult for me to say exactly, but I think it probably makes sense to see that as a headwind you're going to lose part of the short-term rental market through that legislation.

Elinor Tatum: And also the fact that we've got limited hotel resources and I think the number that was 100 hotels are being used for migrants, but I don't know.

Cristyne Nicholas: How many rooms is that?

Kelly Curtain: In 2019 we had about 127,000 active rooms in inventory. Right now we have about 120,000 so that's our last report. There were some hotels – big ones – that closed during the pandemic like the Roosevelt, like the Hotel Penn, Milford; there were also a lot of hotels in the pipeline – a lot of many small boutique hotels were in the pipeline that have opened; literally in Times Square there's four new Hilton properties. So there's a lot going on. Some closed but then there were new ones that opened and then some of them went to be migrant housing, so if you put it all in it's about looks like we're 7,000 rooms off.

Cristyne Nicholas: And it seems like the city administration's policy is shifting out of hotels and into the migrant centers which is going to take probably six months in order to take hold, but that might have an impact.
Elinor Tatum: And also make it harder for new hotels to open.

Cristyne Nicholas: That's the legislation that went through like two years ago.

Kelly Curtain: Right, so the pipeline isn't as robust as it was a few years ago where we were looking at a lot of new hotels opening.

Cristyne Nicholas: Is there anything we should be doing, Adam, that other states are doing, that New York State isn't doing that can help us push our tourism numbers even higher?

Adam Sacks: I mean having just enjoyed a walkthrough of all the things you're doing, I'll just say I think you're covering a tremendous amount of ground and the programs you're got in place are leveraging the resources very well. So nothing comes to mind, I'm sorry.

Kelly Curtain: But so interesting you know, we mentioned the ADR so for the week ending November 4th, the average daily rate in New York City was $341 – and that's the average; I know a lot of hotels were going for 500, 600, $800. And versus the same week in 2019 it was $291.

Cristyne Nicholas: And it's only going to go up now during this peak season that we're in right now. Okay great. Thank you, Adam.

Valerie Knoblauch: I really enjoyed that and think the other TPA's would enjoy a distillation of that so maybe at a future NYSTIA event or zoom call or something, it would be great to bring that down to answer the same question that Cristyne just asked. What could we do to feed that back up again.

Cristyne Nicholas: We'll give you time to answer that, Adam at a future meeting; help us share some insights from the other states you're working with.

Ross Levi: Thank you so much, Adam.

Cristyne Nicholas: So now I'd just like to open the floor up to new business or suggestions, questions.

Ross Levi: I actually had a piece of new business, which was to let TAC members know there was a new law passed in New York State about transparency of state boards and advisory councils like TAC that requires online information on the bodies. We've already had most of that online; we post our meeting notices online, meeting streams, minutes, all the materials you see there are online, etc. There are some other things though that we've had to add, it is all available on the ESD website. The other piece will need to be information on our membership which includes the name of the TAC members, county of residence, and a little information on who you are. So we're going to be reaching

out over the next couple weeks – Rhiannon or Sara will be doing that probably, and asking for basically a one-line bio just to identify who you are. I mention it now just to be on the lookout for that email and please respond because that's just us complying with the law.

Cristyne Nicholas: Did you have a question Kelly?

Kelly Curtain: I did. Just in terms of America 250 in broad strokes, what is the State's plan?

Ross Levi: Well first of all there is a state commission that has been created by statute that has not convened yet so to some degree we're waiting to hear on that. Just overall though; that's not a tourism body. They're going to be talking about education and all kinds of other things. For the tourism front, it's still a little way out for us but we've already been talking about it. I did 13 interviews at brand USA and they were all interested in hearing about it. We've been talking about it but in terms of more specifics than that we're getting closer but not quite there yet.

Cristyne: Thank you very much, everyone. I need motion to adjourn.

Meeting adjourned: 12:04pm

- Motion approved by Natasha Caputo
- Motion second by David Filipiak

Next TAC meeting: January 24th at 11:00am in NYC