



ceir
predict

Annual Exhibition Industry Outlook Conference

12-13 SEP 2024

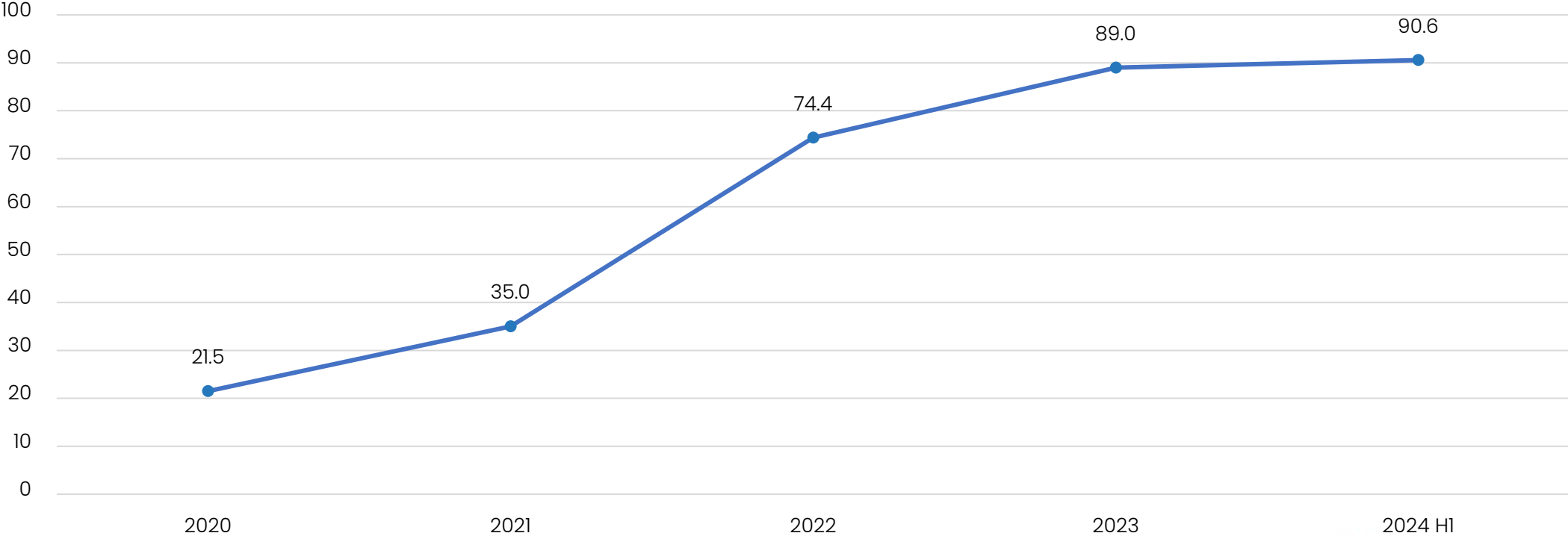
MGM NATIONAL HARBOR

**Navigating the Global Landscape: Insights
on Economy, Geopolitics, and Exhibitions**

Adam Sacks

The *CEIR Total Index* registered 9.4% below 2019 in the first half of 2024

CEIR Total Index, 2020-2024

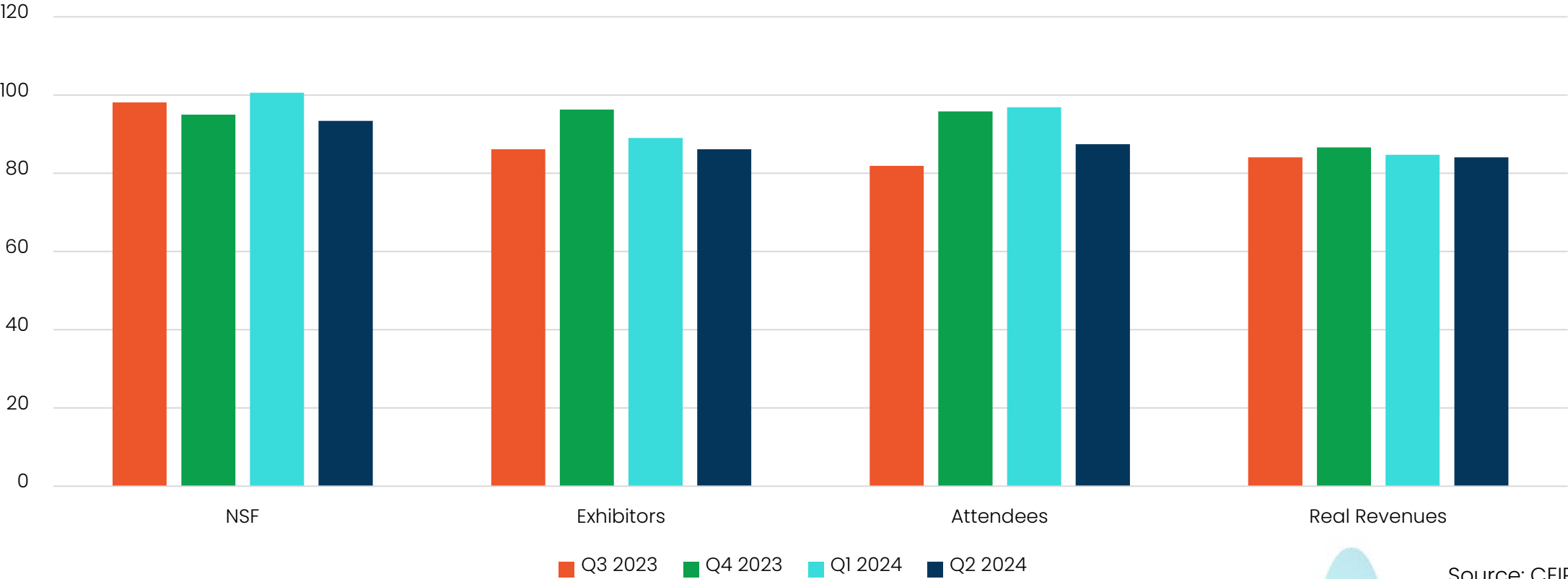


Source: CEIR

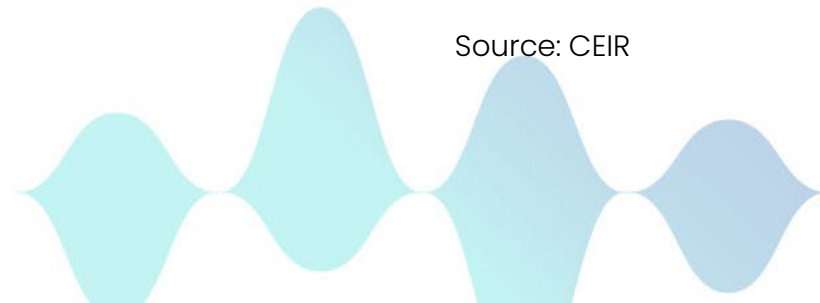


Net Sq Feet recovery has led all components

Quarterly CEIR Metric Performance, 2023

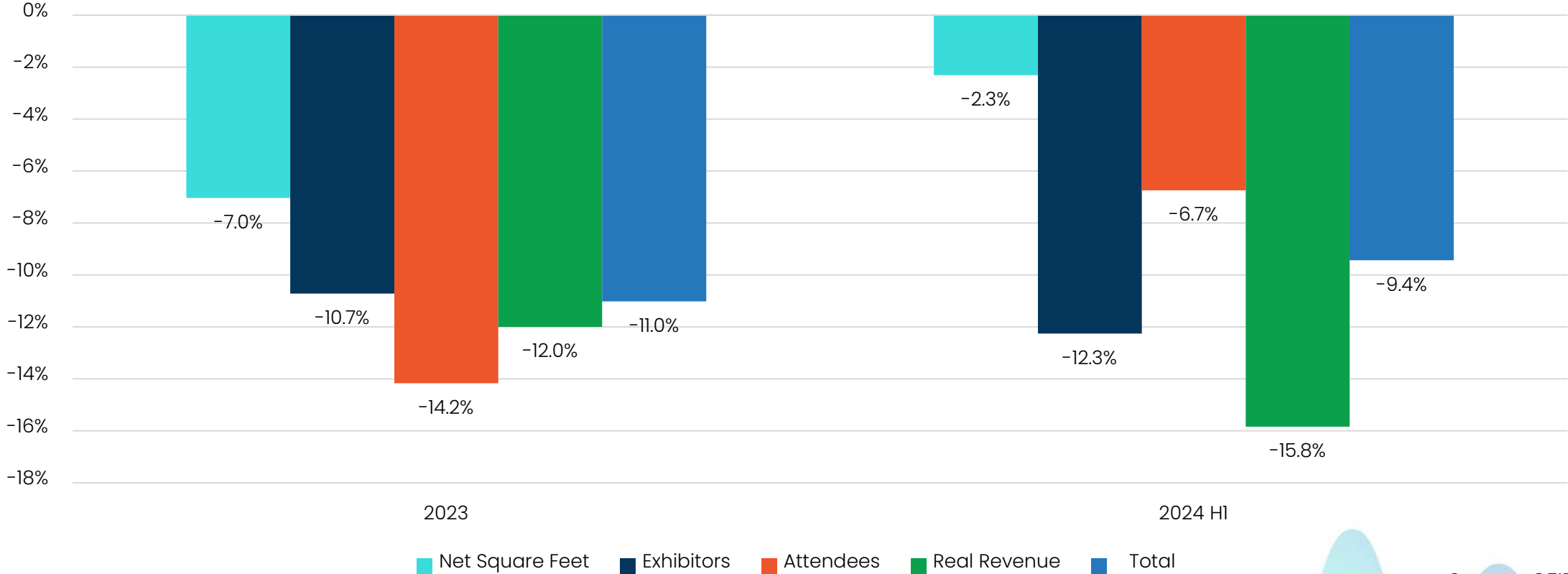


Source: CEIR

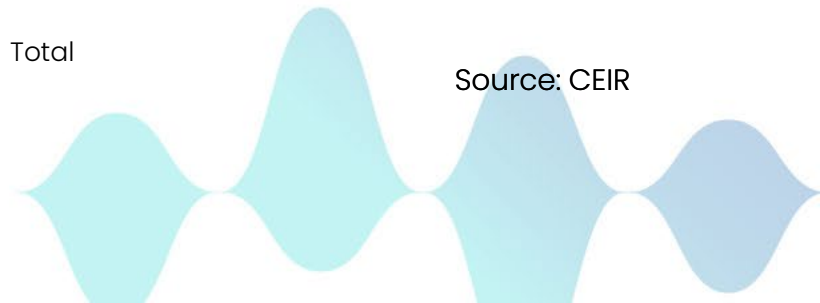


NSF and Attendance are both seeing improvements in 2024

Metric Performance for the Overall Exhibition Industry % Change from 2019



Source: CEIR



Most travel indicators showing growth in 2024

Travel Indicators

% change relative to same month vs. Previous Year

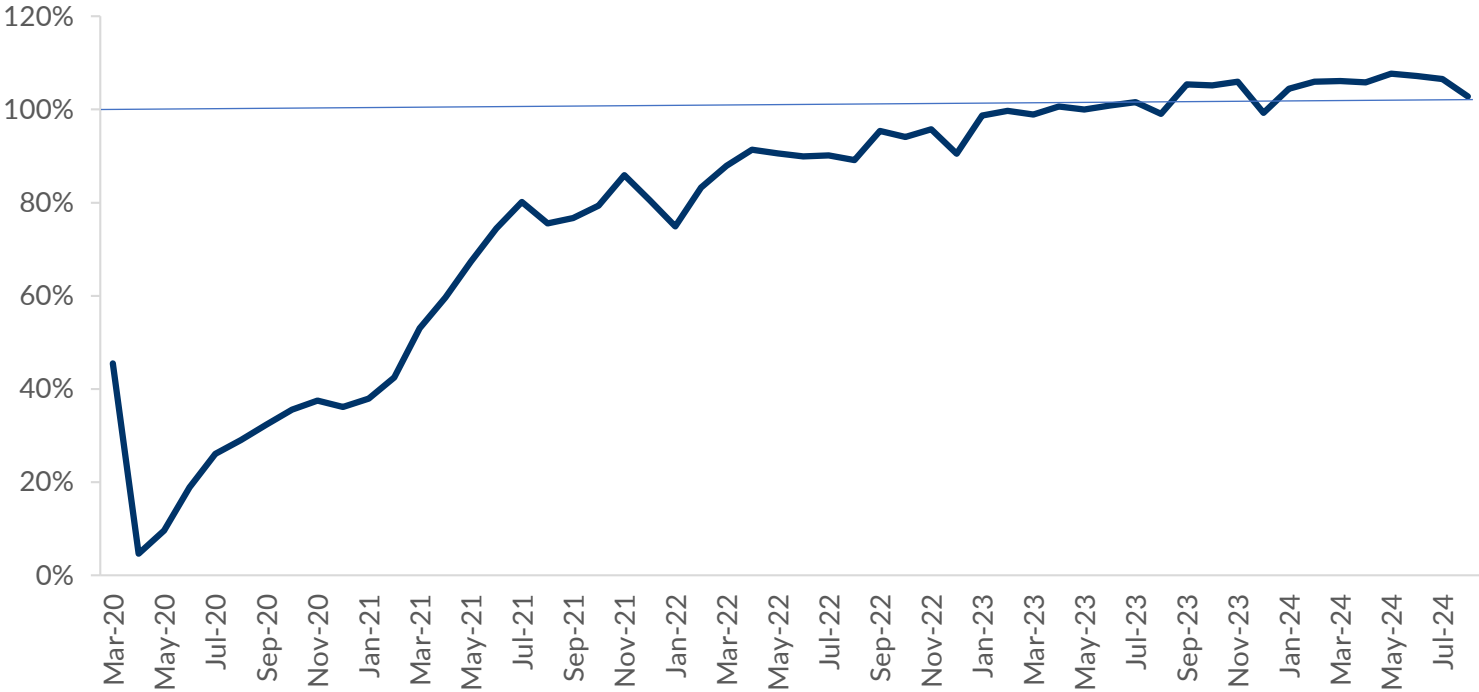
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Travel Spending (Tourism Economics)	7.1%	7.7%	5.1%	5.6%	4.7%	1.3%	2.2%	0.8%	2.9%	4.8%	2.5%	1.6%
Air Passengers (TSA)	11.1%	10.4%	11.7%	10.6%	9.7%	5.8%	10.7%	7.3%	5.1%	7.7%	6.3%	5.2%
Overseas Arrivals (NTTO)	27.2%	28.0%	21.4%	23.9%	23.7%	24.0%	25.8%	25.4%	9.2%	17.5%	13.7%	9.2%
Hotel Demand (STR)	-0.1%	-0.2%	-1.3%	-0.8%	-1.2%	-1.2%	-0.8%	-1.9%	1.7%	2.0%	0.3%	0.0%
Top 25 Group Hotel Demand** (STR)	3.1%	-0.8%	2.1%	2.3%	-8.2%	9.2%	9.8%	-4.3%	11.3%	6.2%	1.6%	5.7%
Short-term Rental Demand (AIRDNA)	-1.1%	1.6%	4.1%	5.3%	2.8%	0.1%	11.5%	10.5%	0.4%	11.5%	10.0%	8.7%
National Park Visits (National Park Service)	3.7%	2.3%	3.6%	1.4%	4.9%	-6.8%	-0.6%	9.4%	0.4%	-5.1%	2.9%	-2.8%



SYMPHONY TOURISM ECONOMICS

Air travel continues to recover: +6% over 2019 this year

US Air Passenger Volume
% of 2019 level

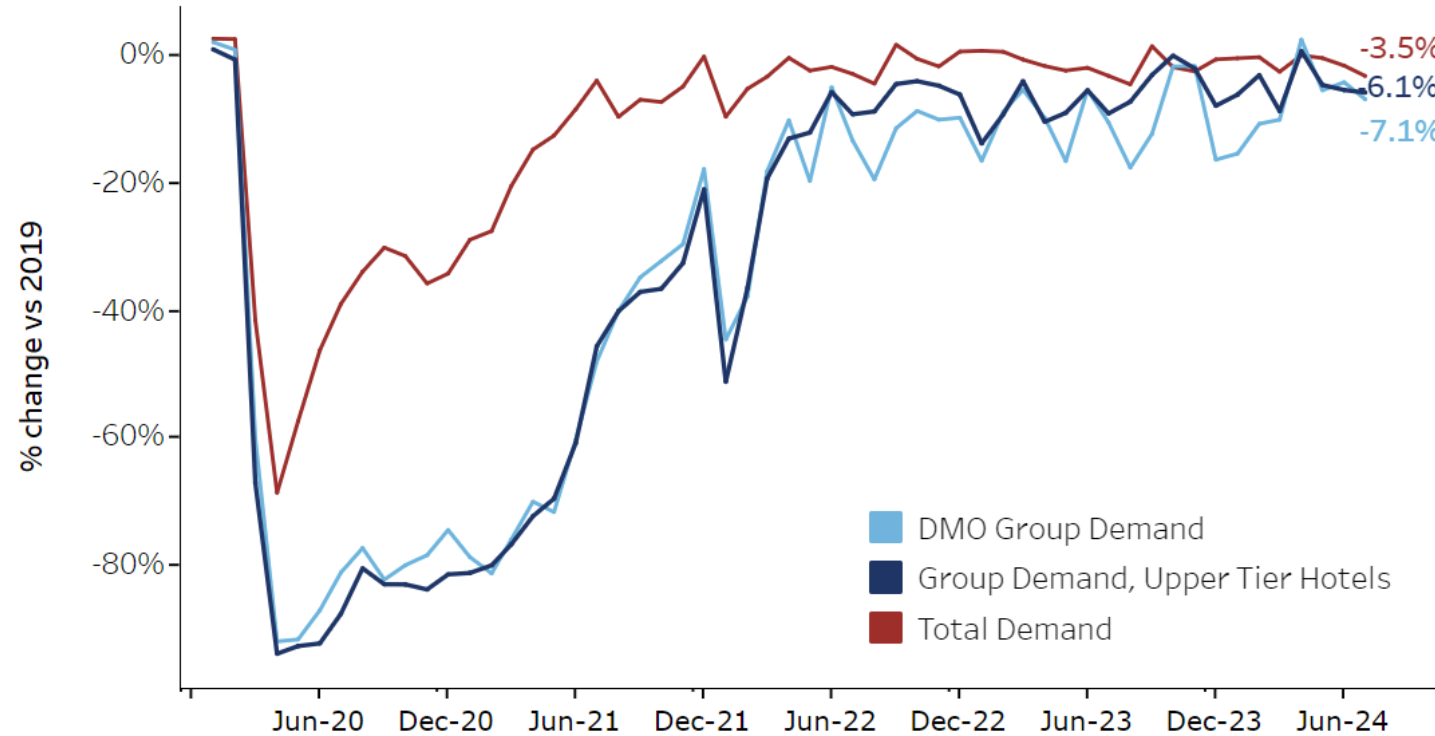


Source: TSA

U.S. hotel demand has plateaued

Total U.S. Hotel Demand vs Group Demand

Group demand, % change vs 2019



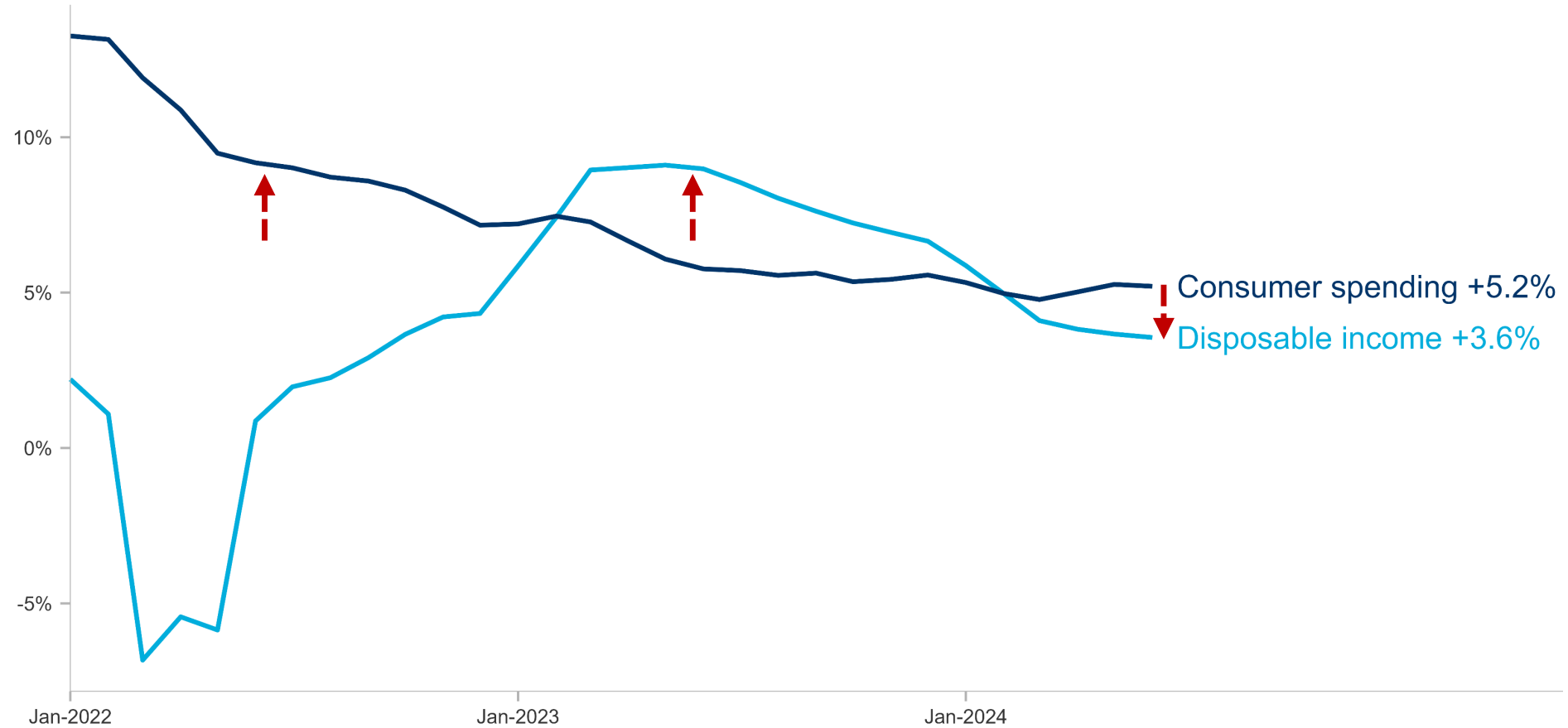
Source: STR (total demand and top-tier group demand), Simpleview CRM (250+ U.S. DMOs)

Will the economy support continued exhibition growth?

Transition to slower growth is inevitable

Consumer spending and income

Year-over-year growth, nominal, three-month moving average



Note: History through June 2024. Source: BEA

Low savings rate leaves little margin

Personal savings rate

% of income

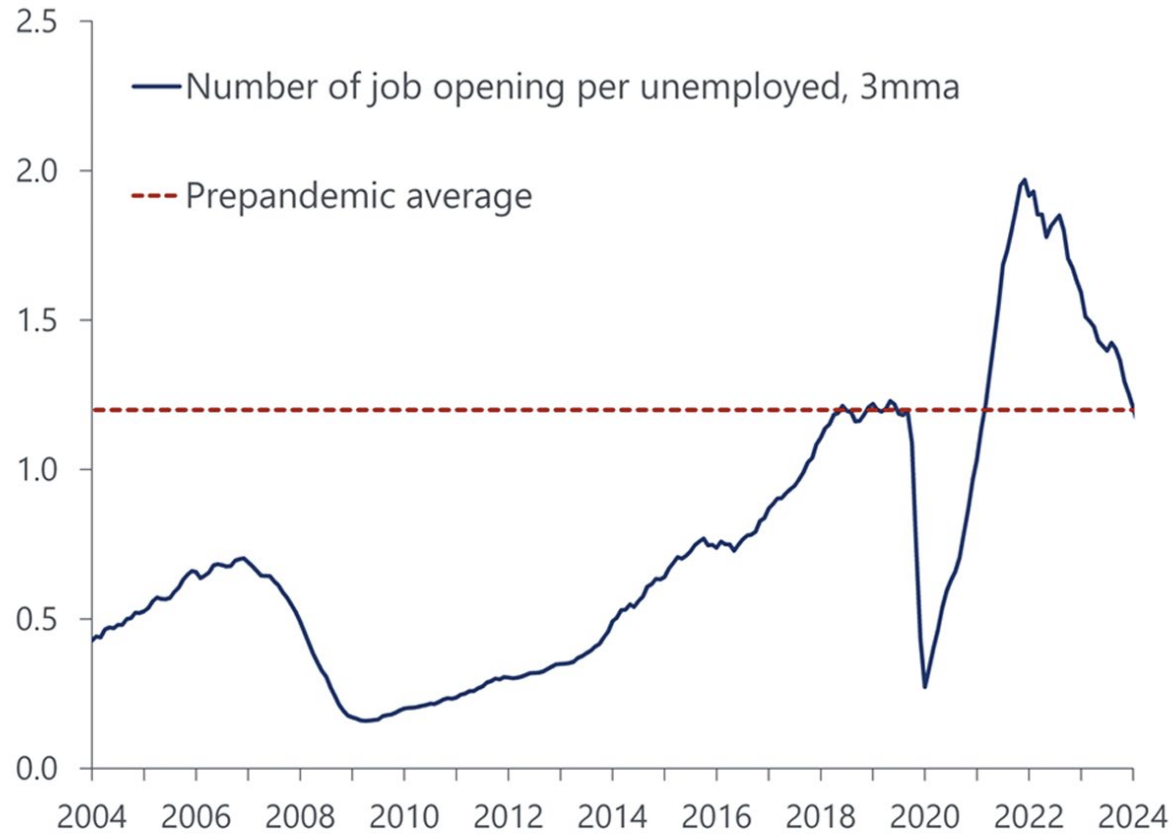


If households become more cautious and save more, it would quickly slow discretionary spending.

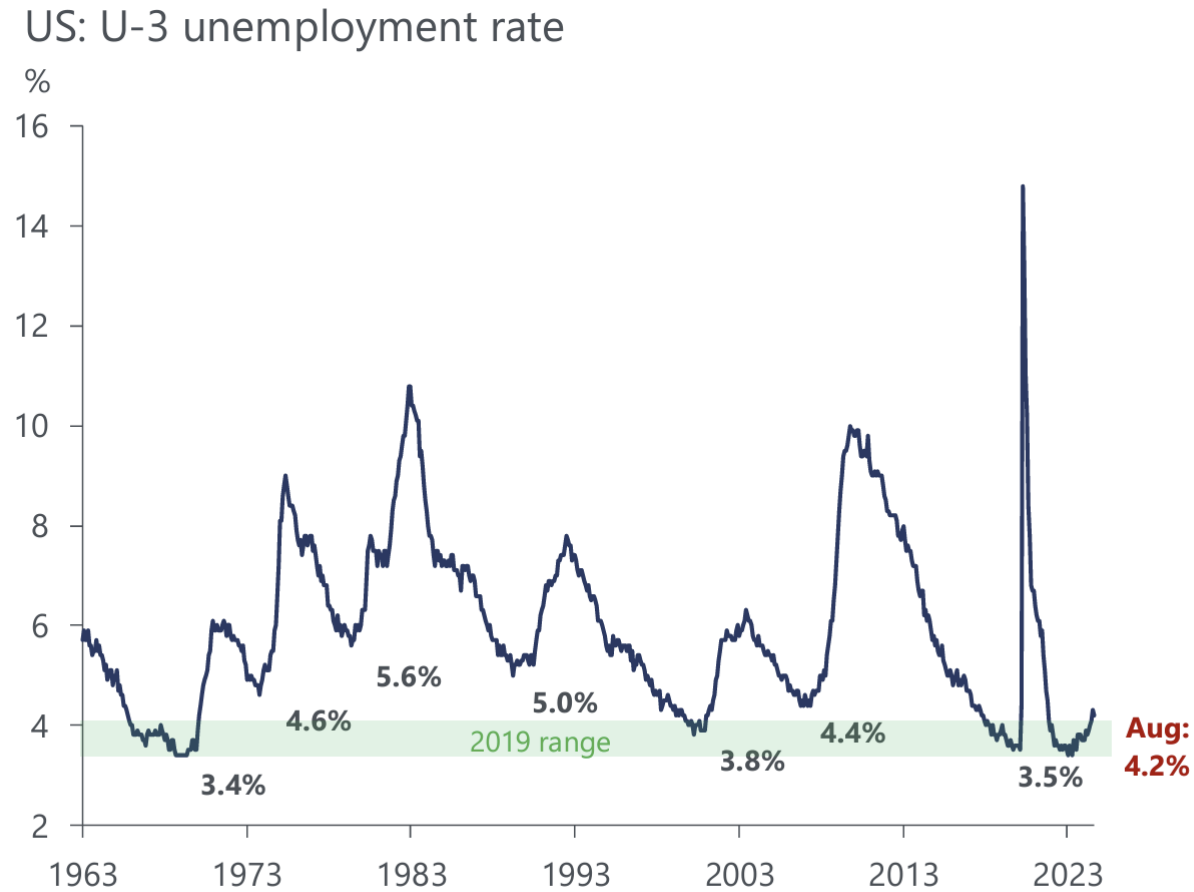
Note: Data is seasonally adjusted, three-month average. Source: Bureau of Economic Analysis

The job market has normalized

US: Number of job openings per unemployed

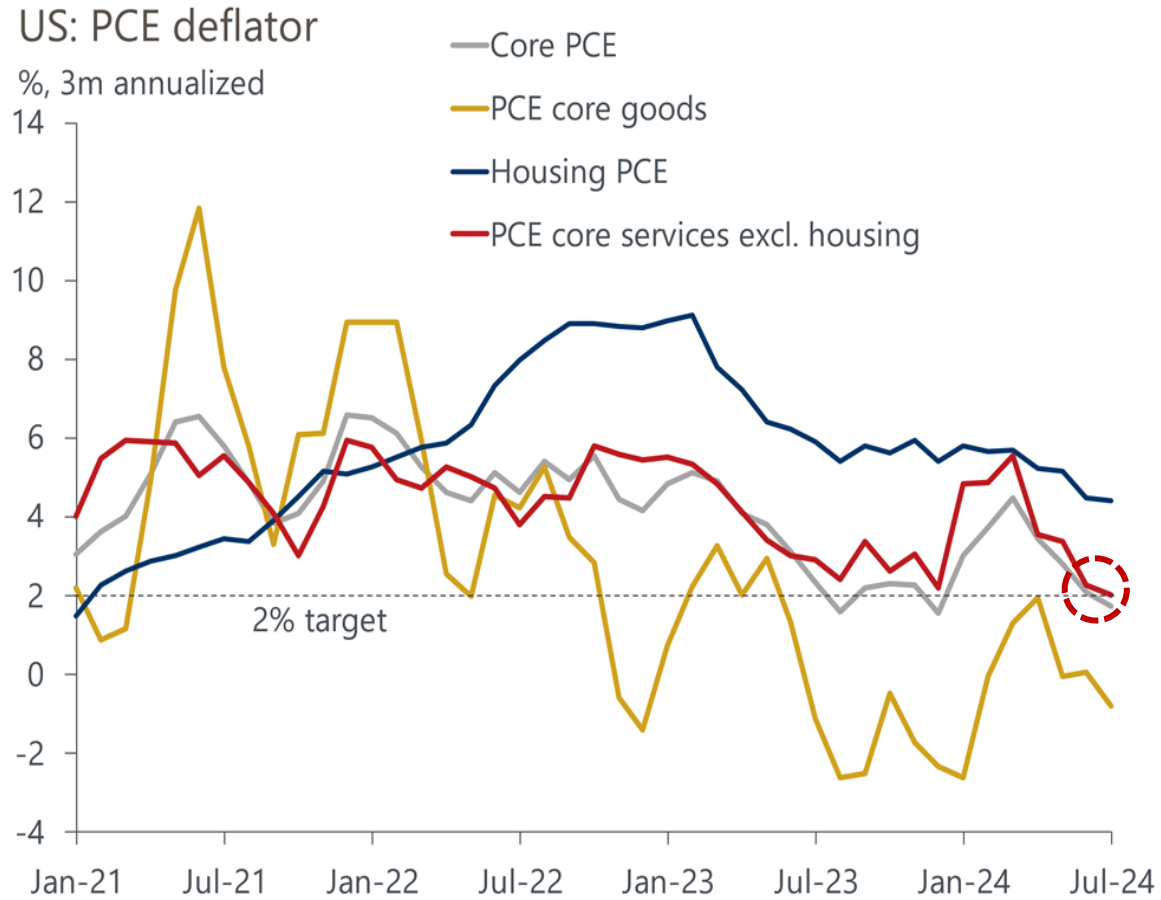


Resulting in slightly higher unemployment

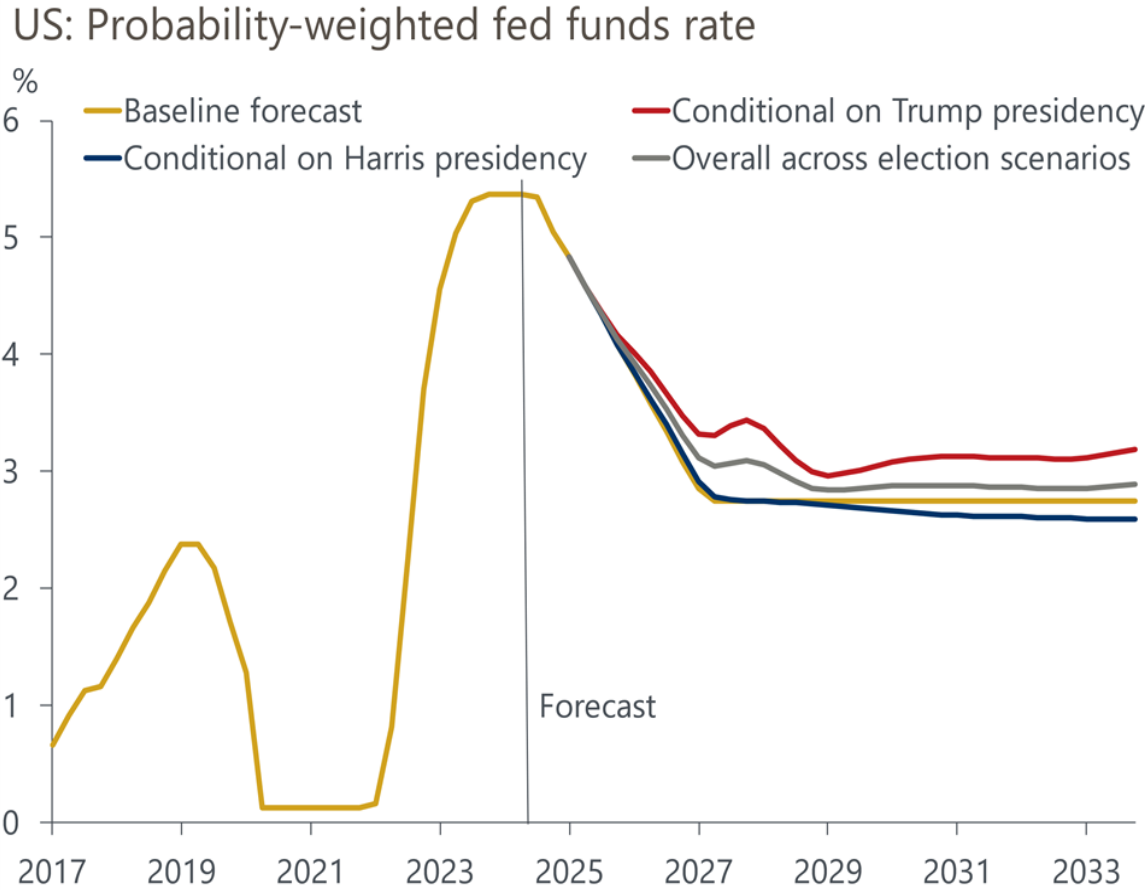


Source: Oxford Economics/Haver Analytics

Good news: subsiding inflation

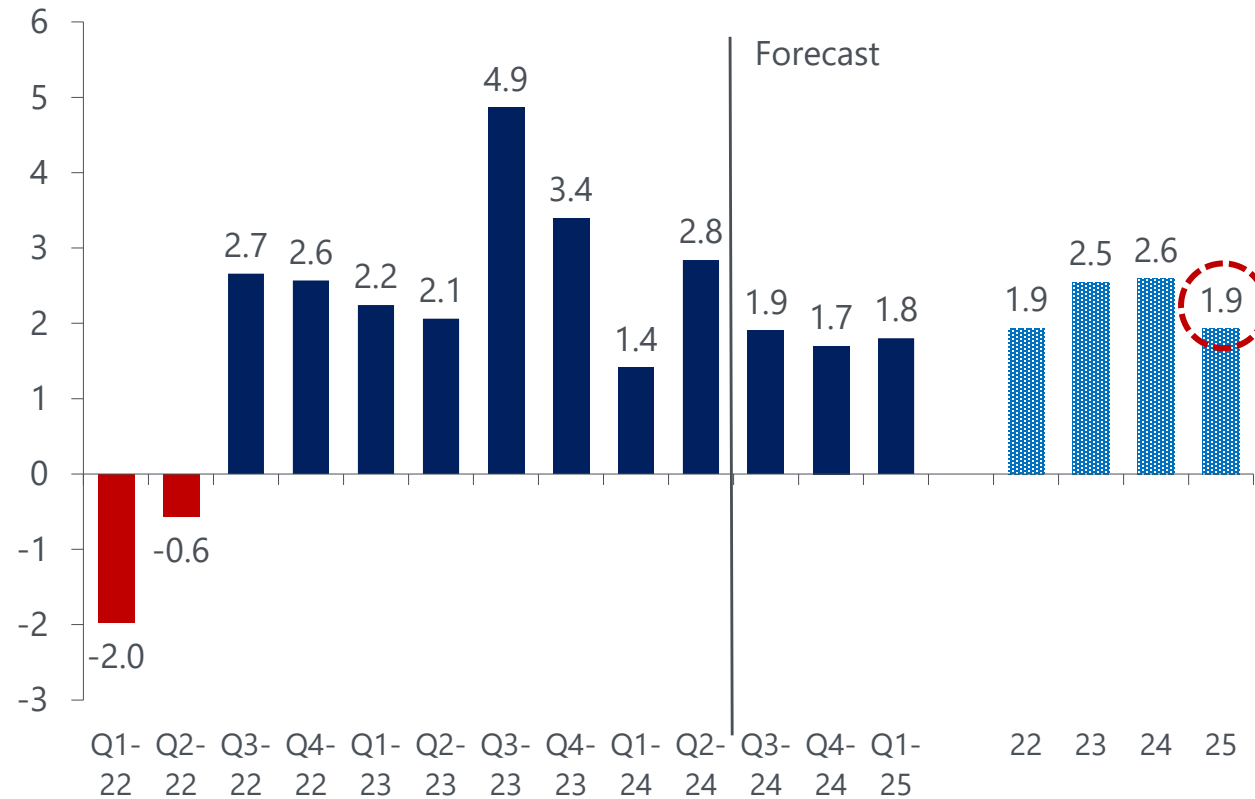


And a pivoting Federal Reserve



The economy is transitioning to sustainable growth

US: GDP Forecast
% annualized



GDP growth will slow to 1.9%. Avoiding recession with a successful “soft-landing”

Real consumer spending growth is expected to be stable at 2.1% in 2024 and 2025

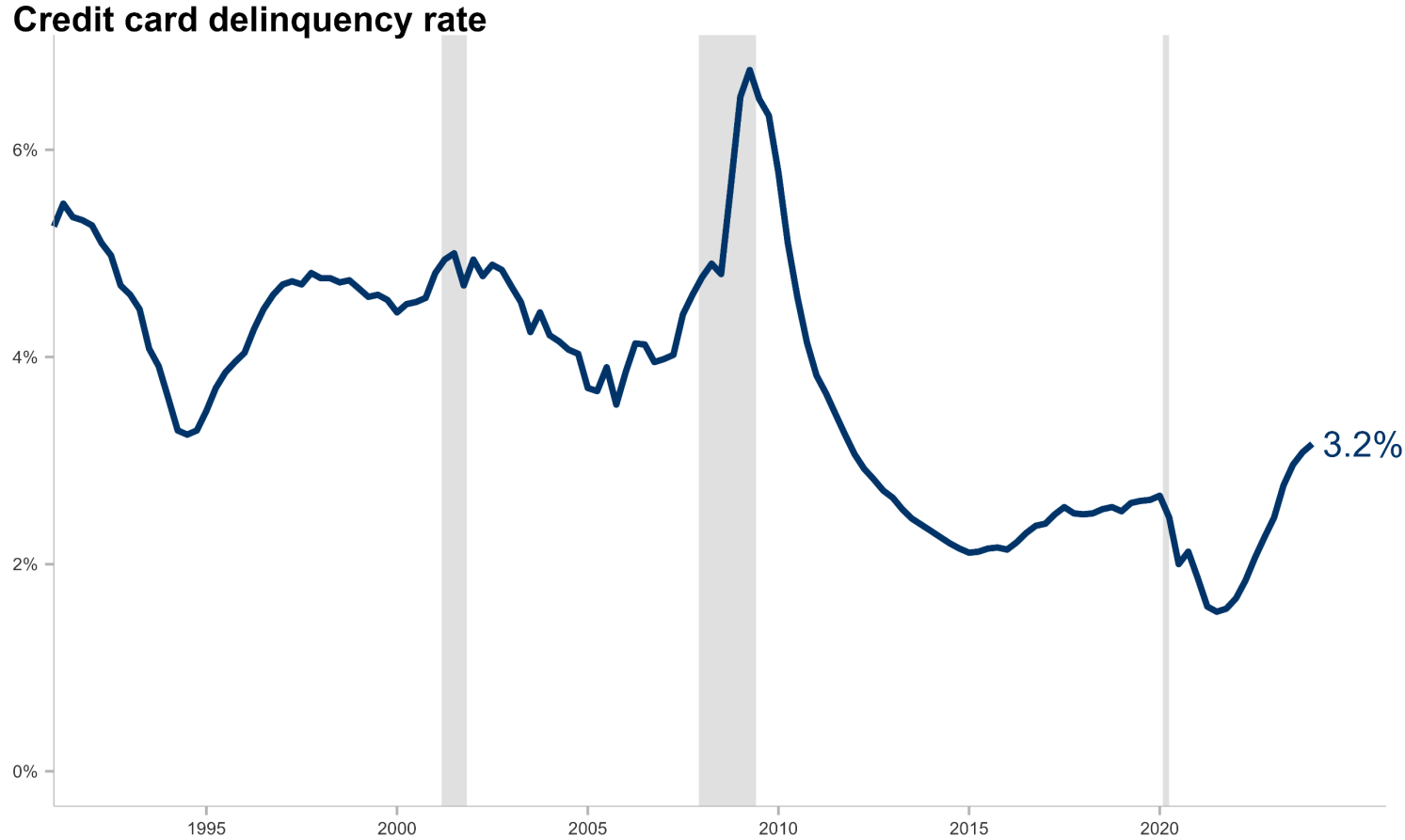
Source: Oxford Economics July 2024 forecast

A bifurcated economy

“When you look below the surface and really dig into what is happening across differing consumers, you see that the **lower-income folks are struggling**”

Wells Fargo CFO Mike Santomassimo (July 12, 2024)

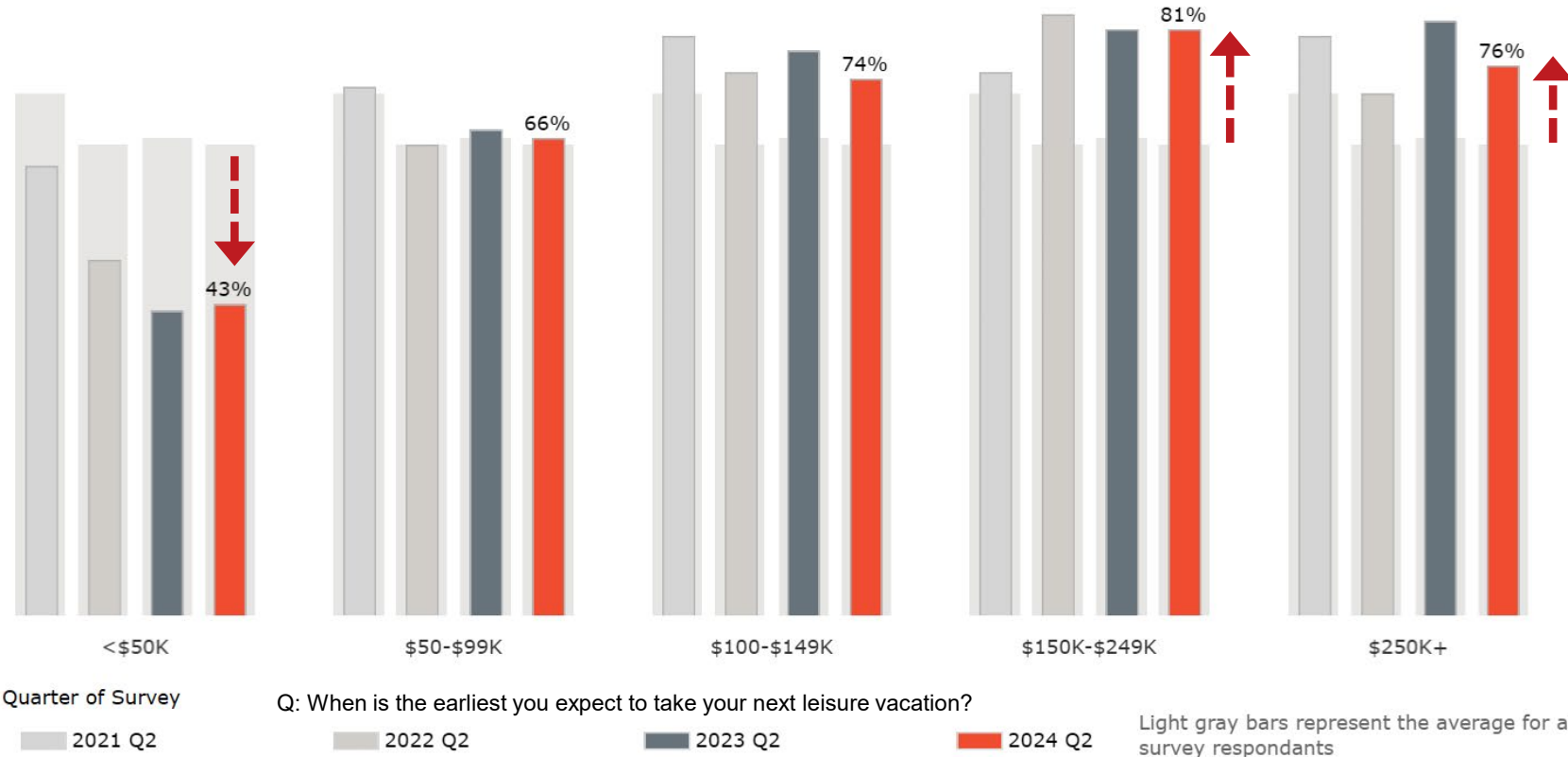
More households are falling behind on credit cards



Note: Quarterly data through 2024Q1. Grey bars indicate recessions. All commercial banks.
Source: Board of Governors of the Federal Reserve System (US)

Yet leisure travel intentions remain strong

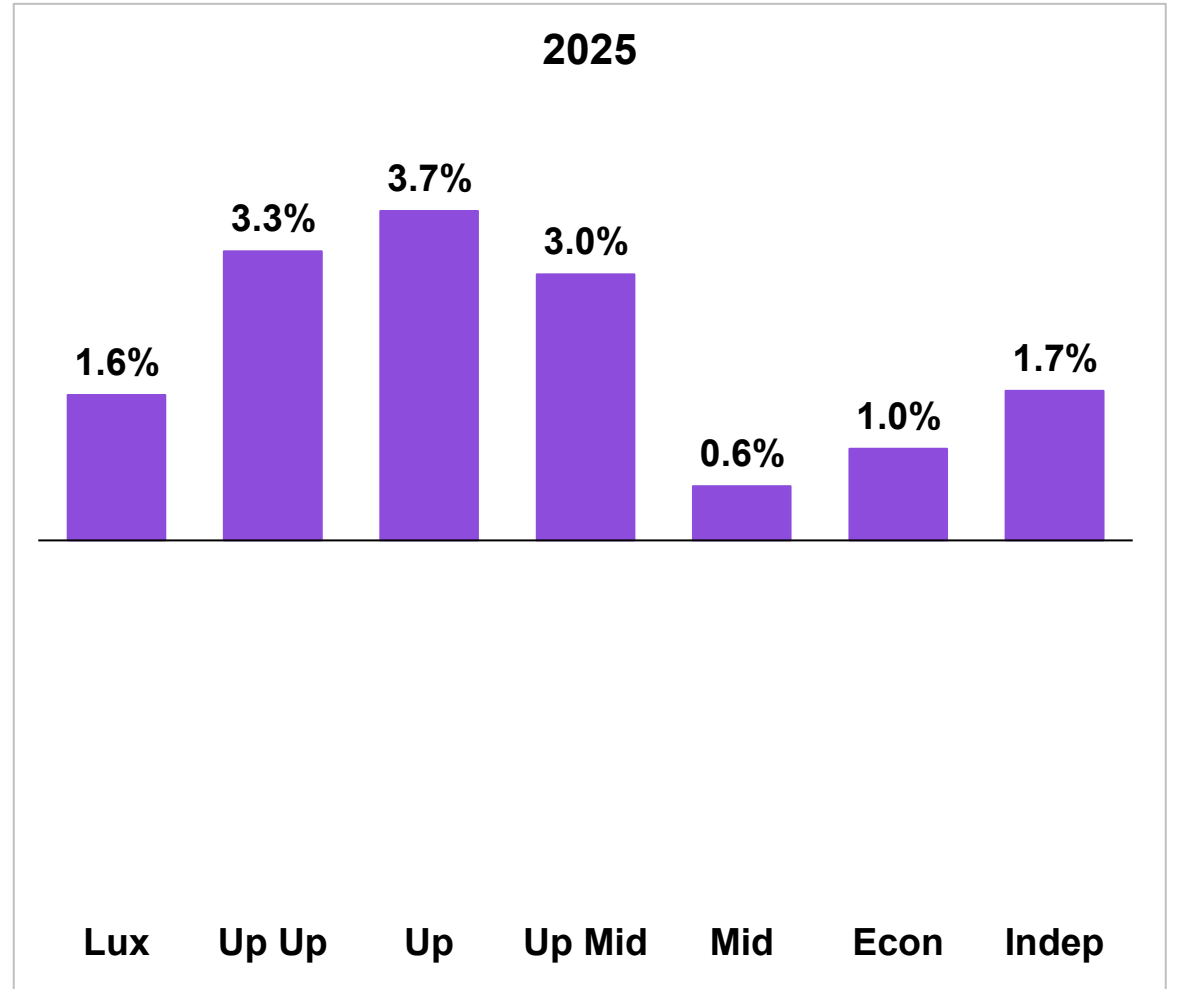
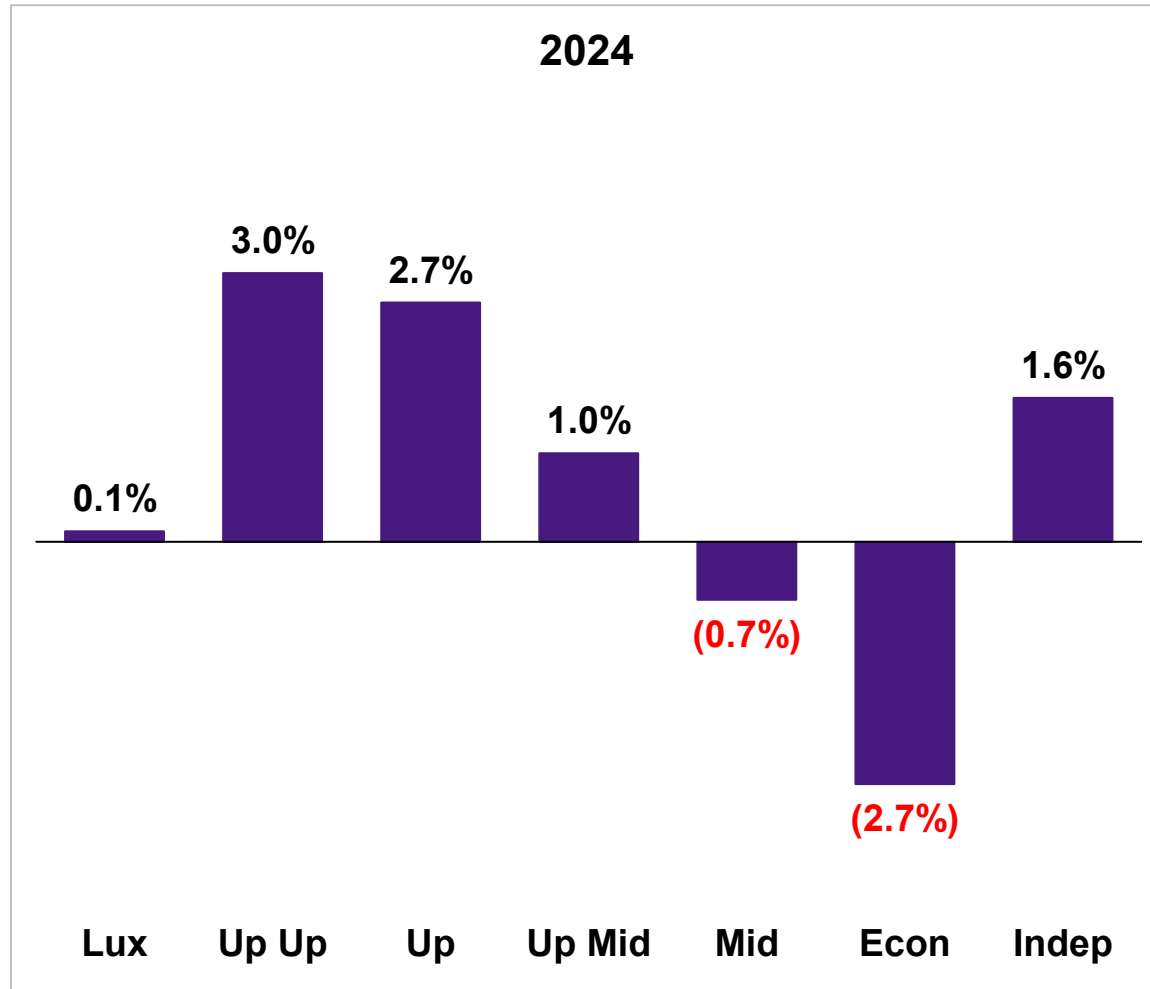
Planning Leisure Travel Within the Next 6 Months
% of American Consumers



Source: MMGY Portrait of American Travelers; Tourism Economics Symphony

U.S. performance to vary by hotel type

U.S. chain scale RevPAR YoY change, August 2024



Low savings rate is a sign of confidence

But comes with a risk

Personal savings rate

% of income



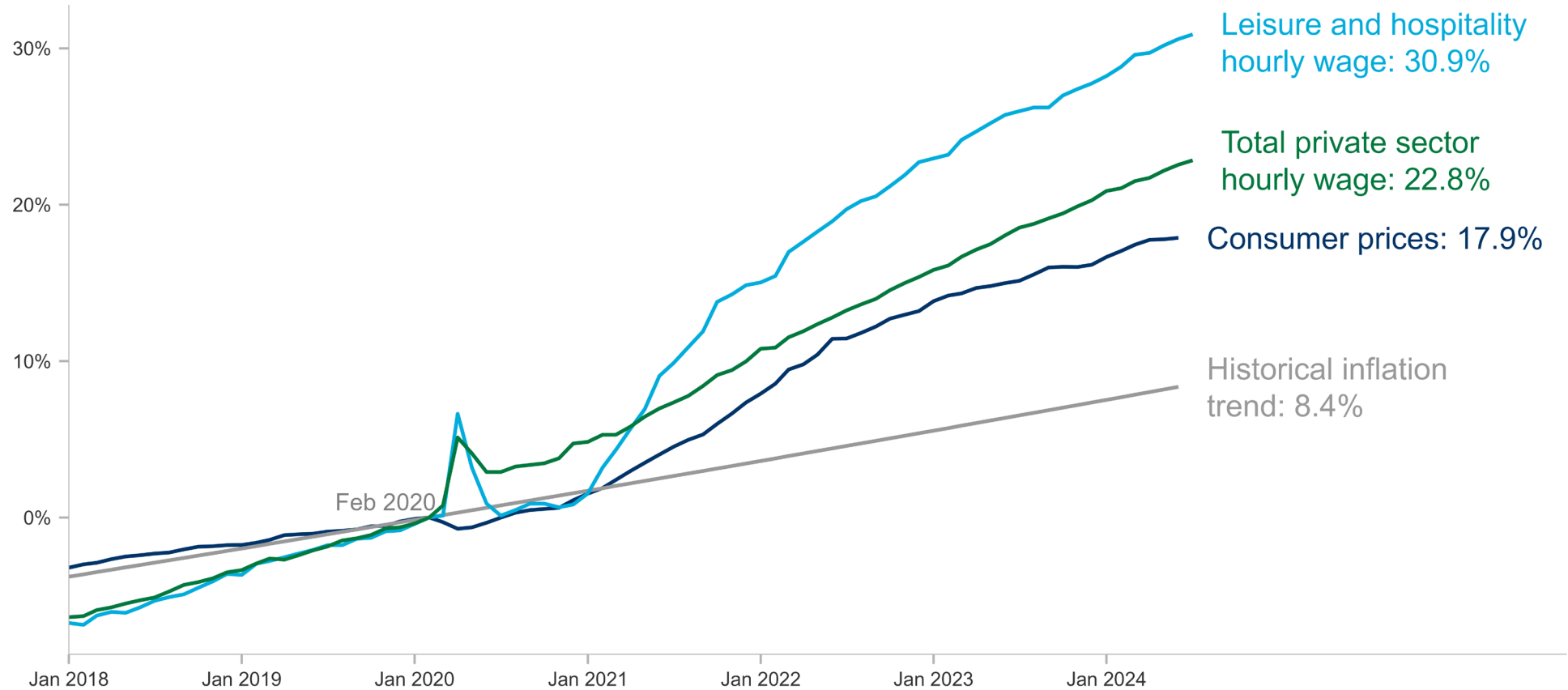
If households become more cautious and save more, it would quickly slow discretionary spending.

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

Wage gains have outpaced strong inflation

Wage growth comparison

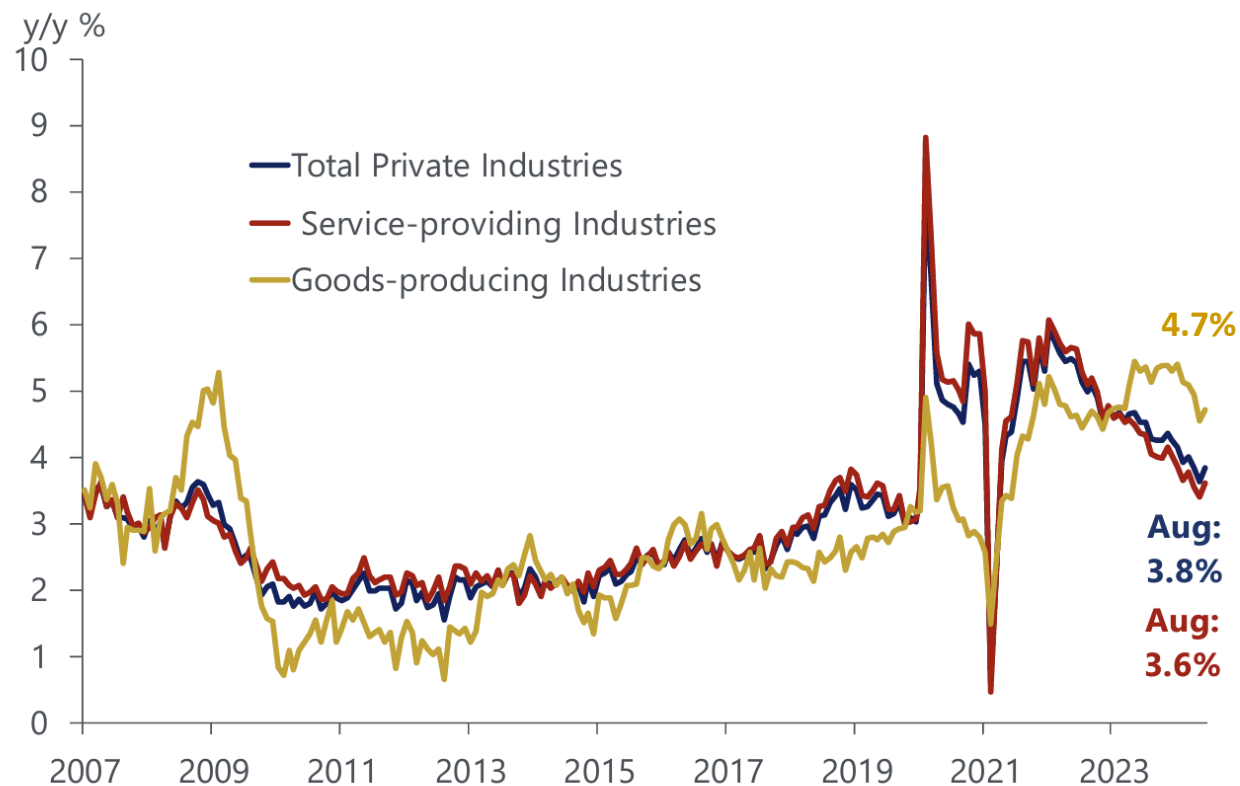
Cumulative increase since February 2020



Note: Data shown through July 2024. Historical inflation trend measured since 2008. Consumer price inflation measured by PCE price deflator. Wage rates measure all private-sector employees. Source: BLS (average hourly earnings, establishment survey), BEA

But wage growth is starting to slow (with inflation)

US: Total private average hourly earnings



Source: Oxford Economics/Haver Analytics

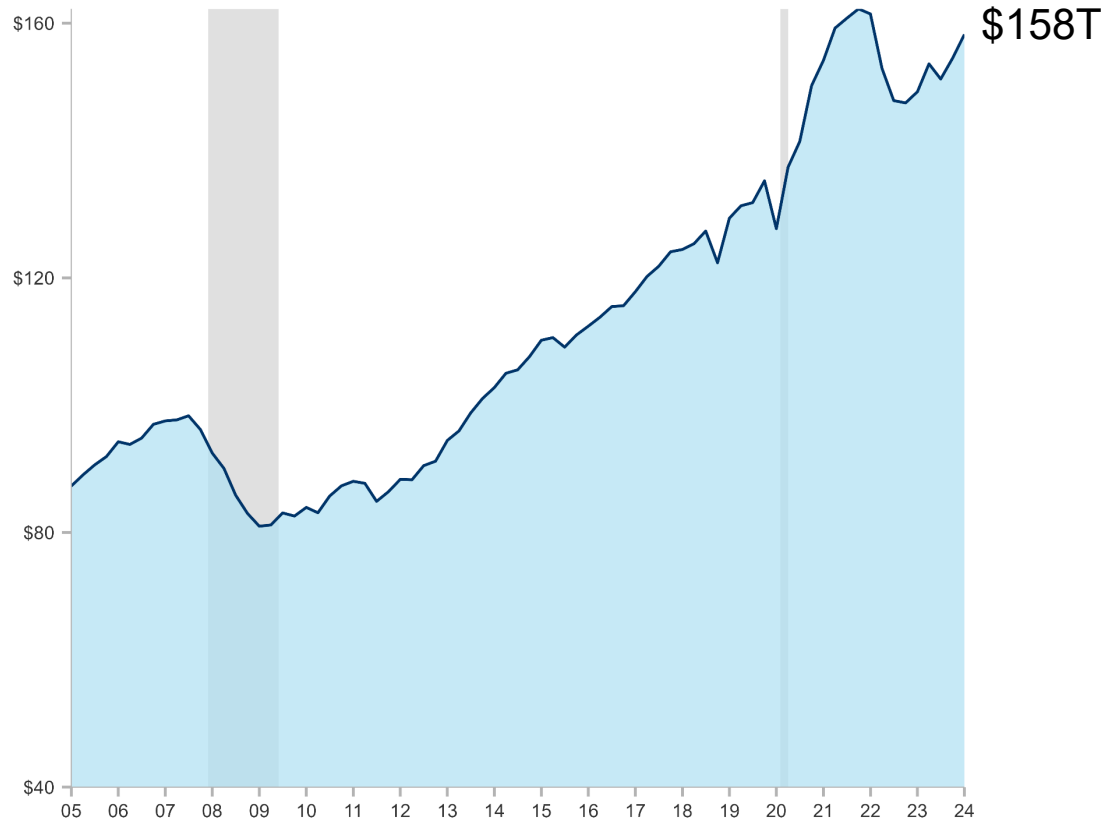
Note: Data from Jan 1985 to Feb 2007 inferred from production and nonsupervisory

Many households have benefited from wealth gains

Current debt service levels are not unusual

Household net worth

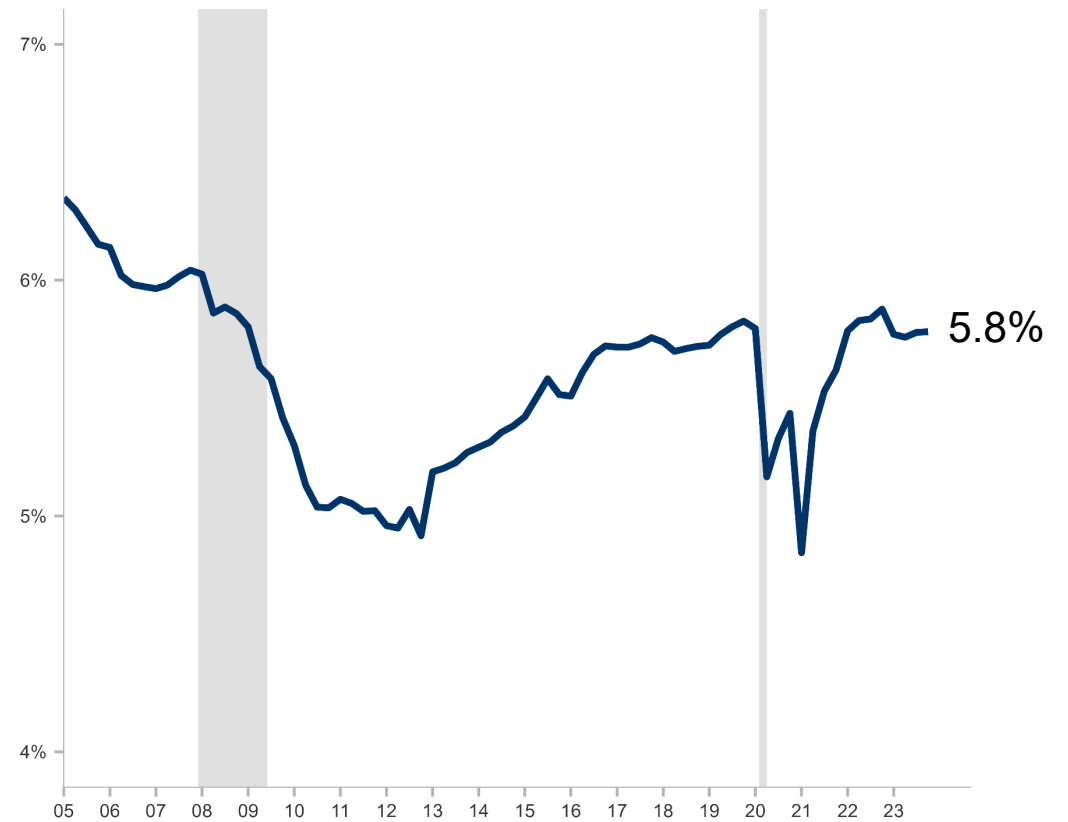
In trillions, real



Note: 2023 dollars. Quarterly data through 2024Q1. Net worth of households and nonprofit organizations. Measures housing and financial assets, minus liabilities. Source: Federal Reserve, NBER

Consumer debt service payments

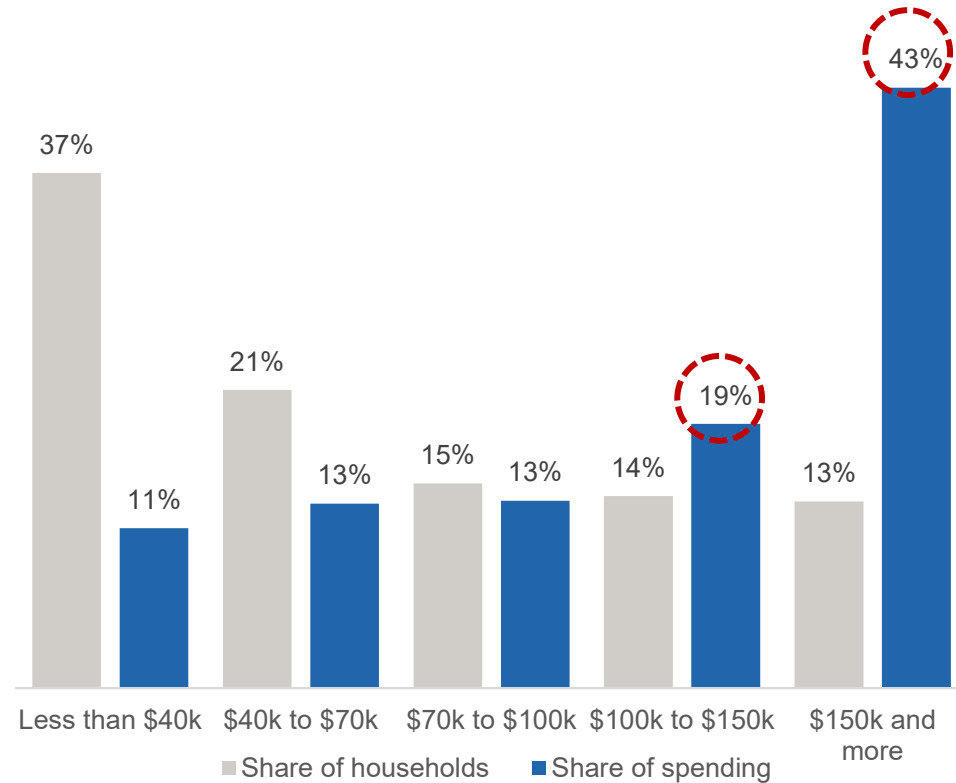
As percent of disposable personal income



Note: Quarterly data through 2023Q4. Consumer debt service payments ratio is ratio of total required household debt payment to disposable income. Source: Federal Reserve, NBER

Higher-income households account for more than 60% of hotel spending

Lodging spending by household income
Leisure travel

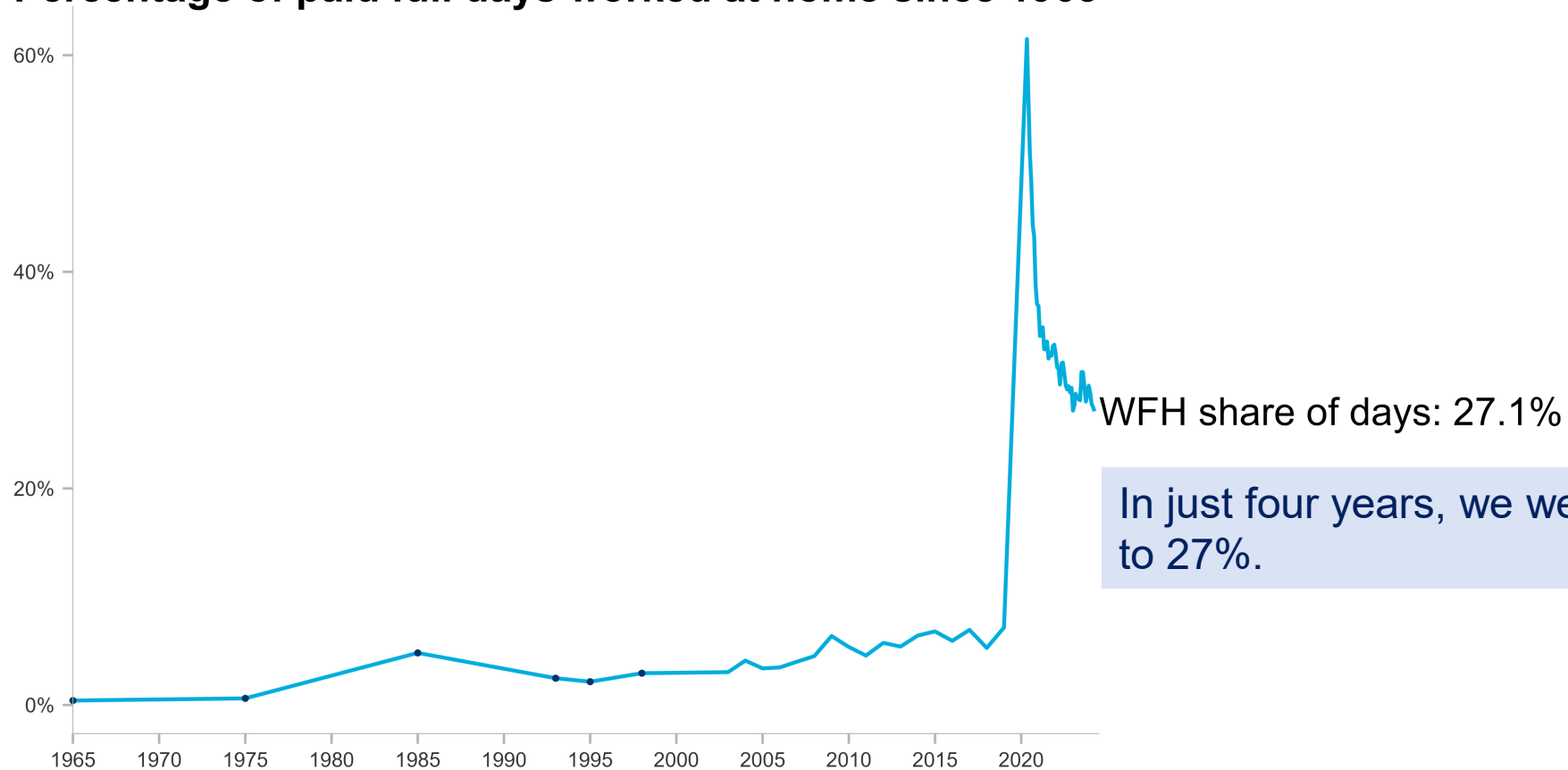


Note: Based on three-year average through 2020.
Source: BLS, Tourism Economics

Business and Group Travel

Work patterns have shifted toward remote work

Percentage of paid full days worked at home since 1965



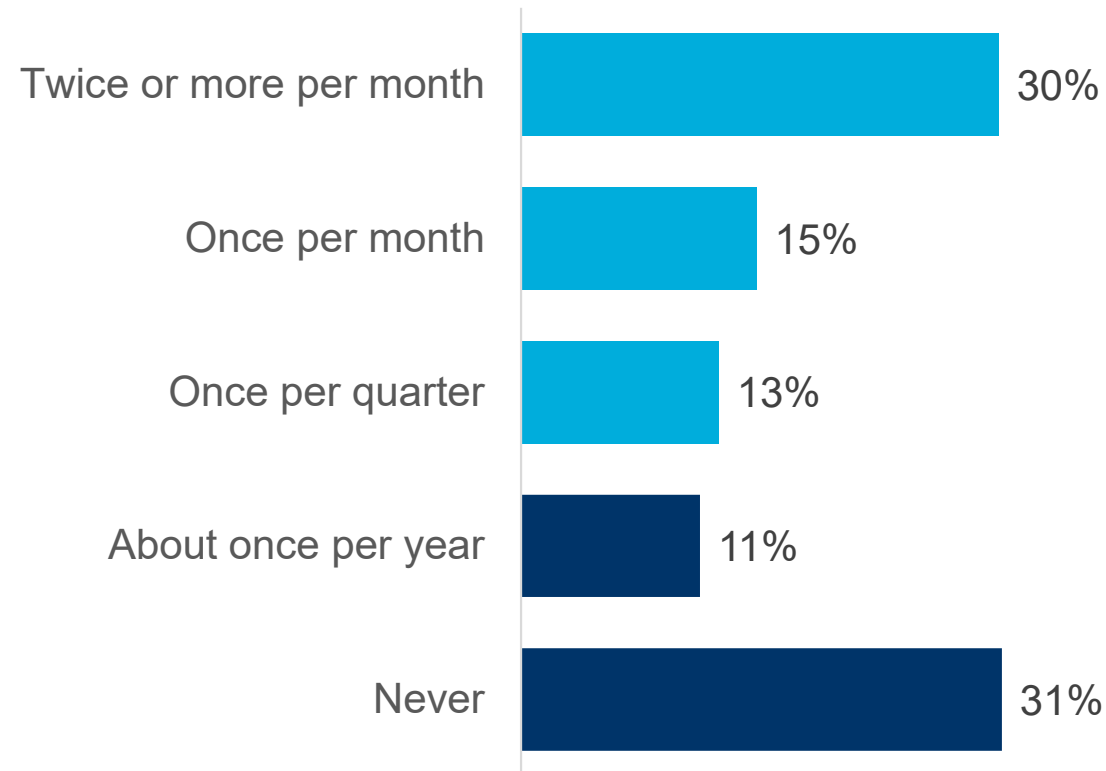
In just four years, we went from 5% to 27%.

Note: Most recent data point is April 2024.
Source: Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731.

Most fully remote workers meet with colleagues in person

Do you ever meet with your coworkers in person?

Sample: Workers who were fully remote last week



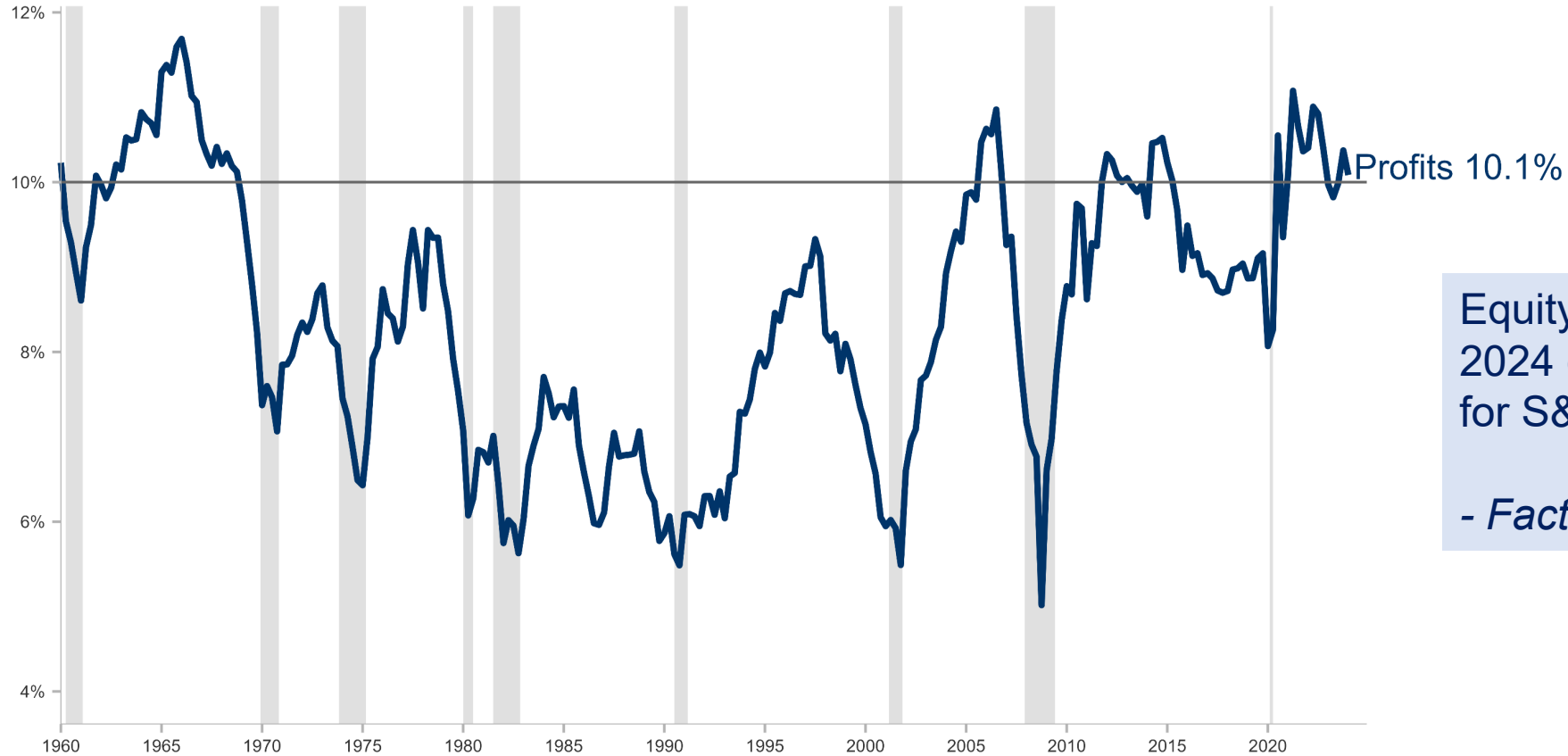
58% of fully remote workers meet their colleagues in person at least quarterly

Note: June 5, 2023 research release. Source: Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731. www.wfhresearch.com

Corporate profit margins are strong

Corporate profit margins

Corporate profits before tax as a ratio to GDP



Equity analysts expect 2024 earnings growth for S&P to top 11%
- *FactSet Research*

Note: Quarterly data through 2024Q1. Grey bars indicate recessions. Based on corporate profits with inventory valuation and capital consumption adjustments, domestic industries. Source: BEA, NBER

Business travel intentions are gaining

Planning Business Travel Within the Next 6 Months
% of American Consumers



SYMPHONY TOURISM ECONOMICS

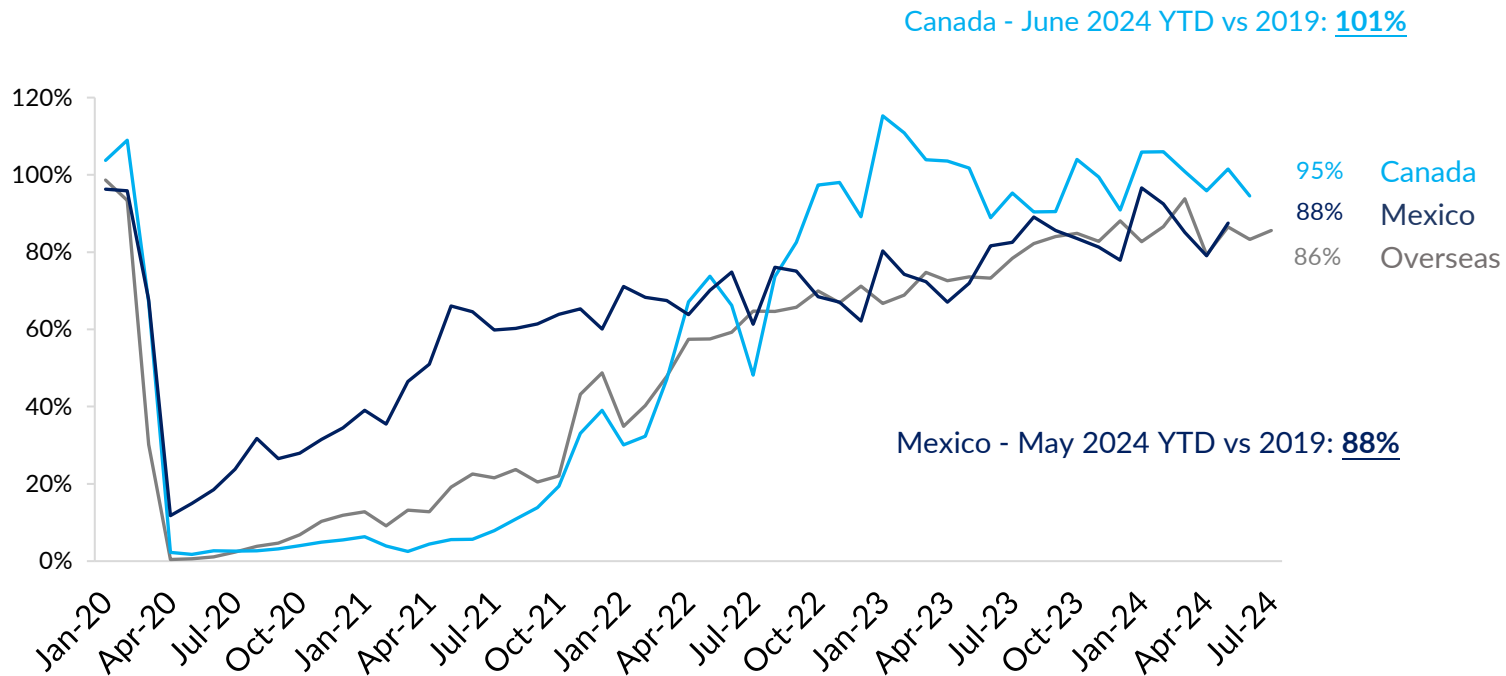
Source: MMGY Portrait of American Travelers; Tourism Economics Symphony

International

Inbound recovery pace slows but remains positive

US Inbound Travel from North America and Overseas

% relative to same month in 2019



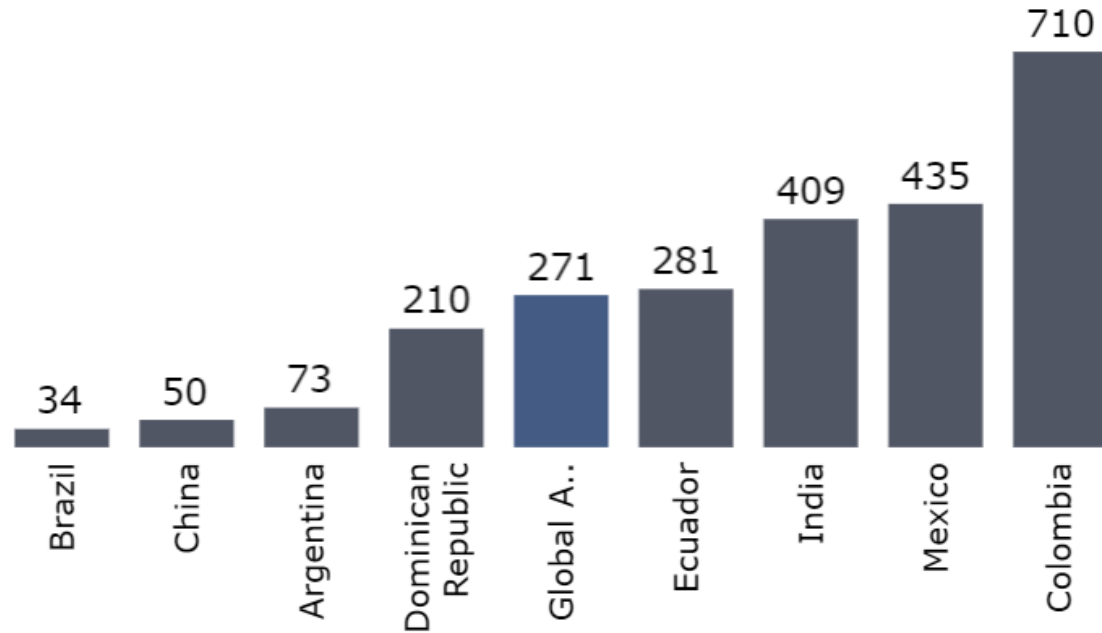
~9% of international visitors attend a trade show or convention

Source: ADIS/ I-94
Note: Lagged data for Canada and Mexico

Visas remain a bottleneck

Visa Interview Wait Times, Days

As of August 27, 2024

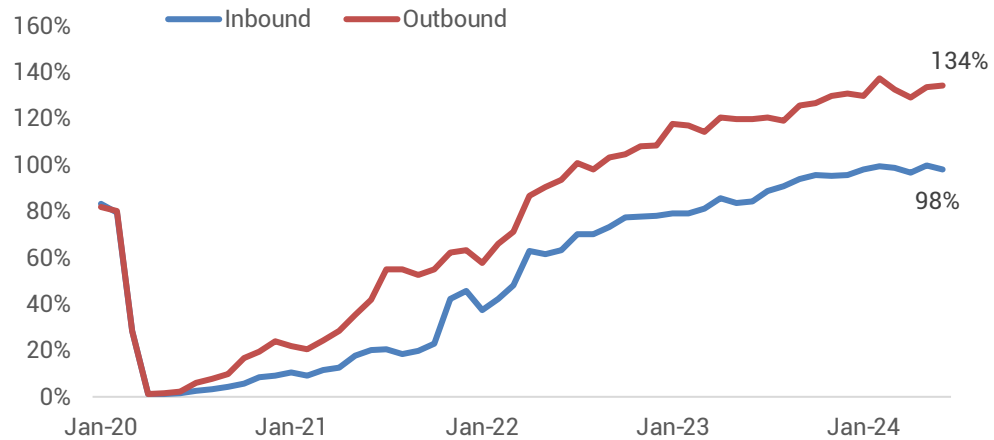


Top eight visa-required markets

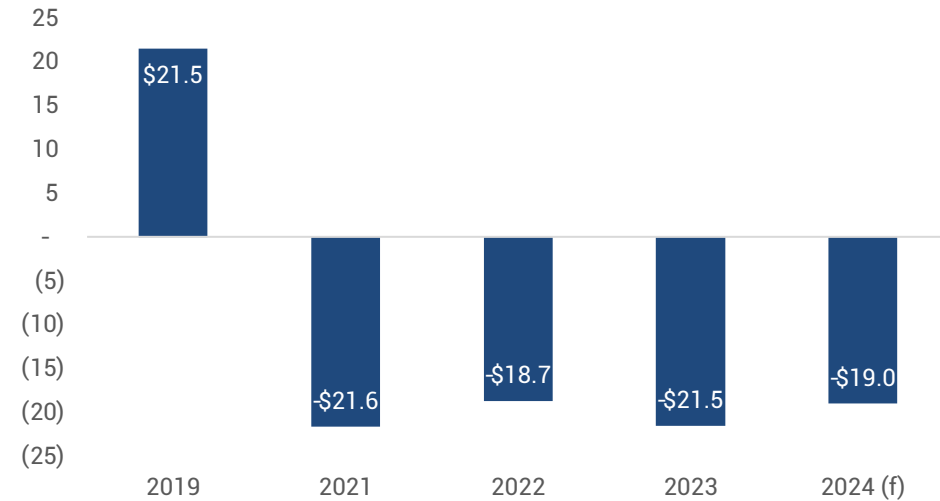
Source: State Department and Tourism Economics

US outbound recovered ahead of inbound

Inbound and Outbound Travel Spending
% of same month in 2019



U.S. International Travel Trade Balance
Billions of dollars, Exports minus imports

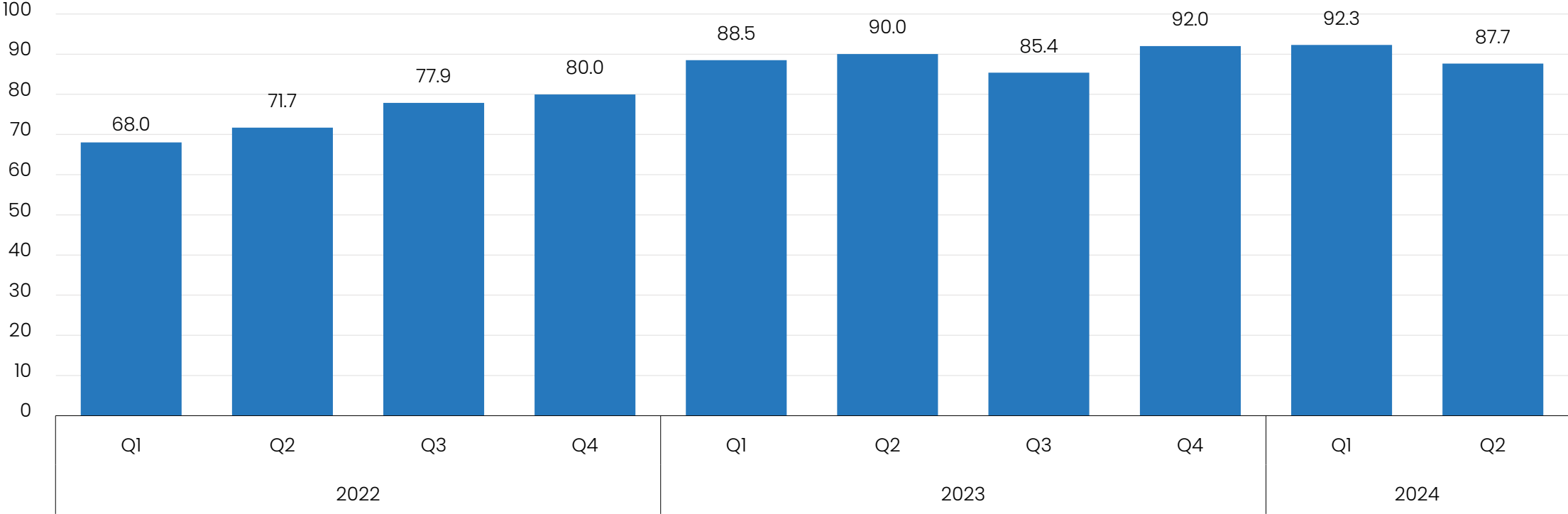


Implies a loss of 3.1% of U.S. hotel room nights

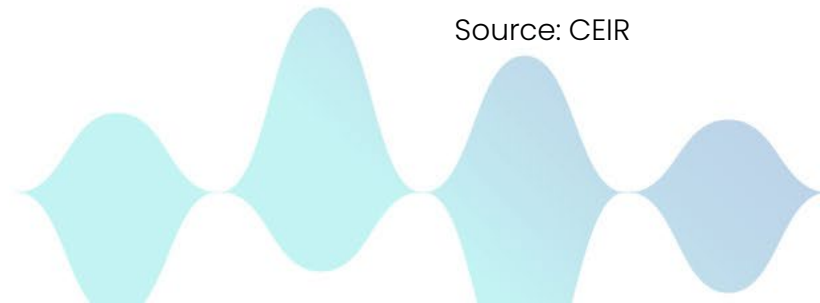
The outlook for U.S. exhibitions

The exhibition industry in Q2 2024 was 12.3% lower than in 2019

Quarterly CEIR Total Index, 2019=100, 2022-2024

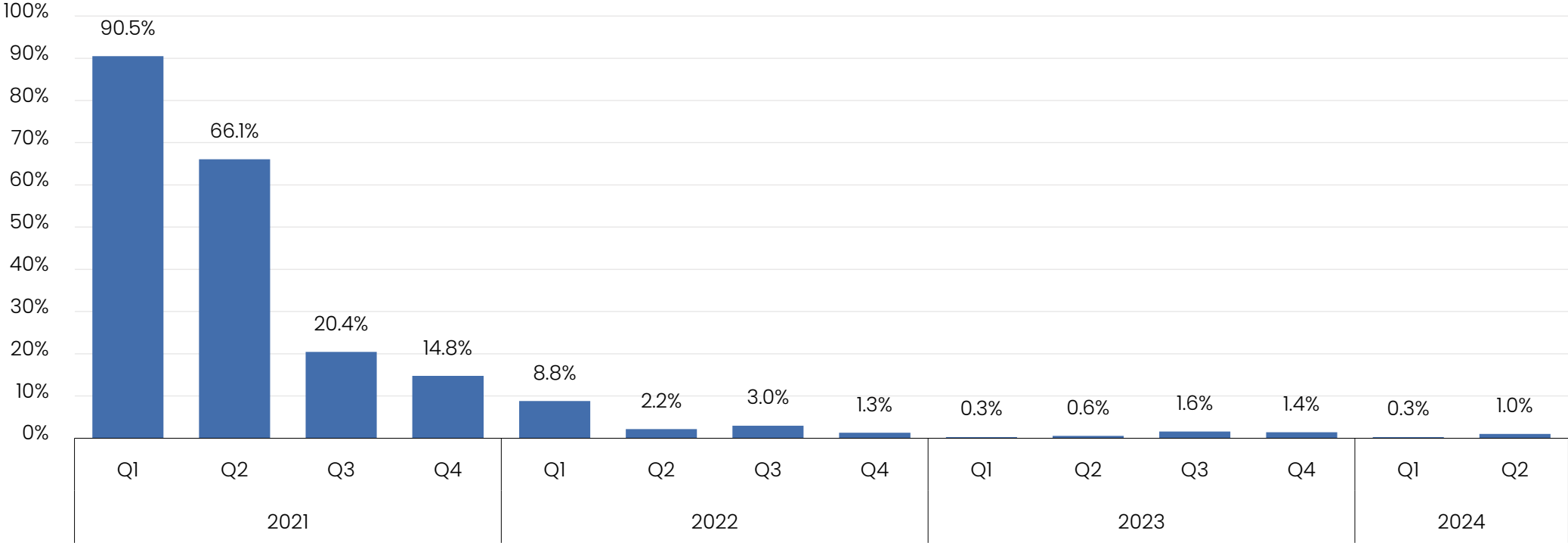


Source: CEIR



The cancellation rate is now insignificant

Exhibition Industry Cancellation Rate, 2021-2024



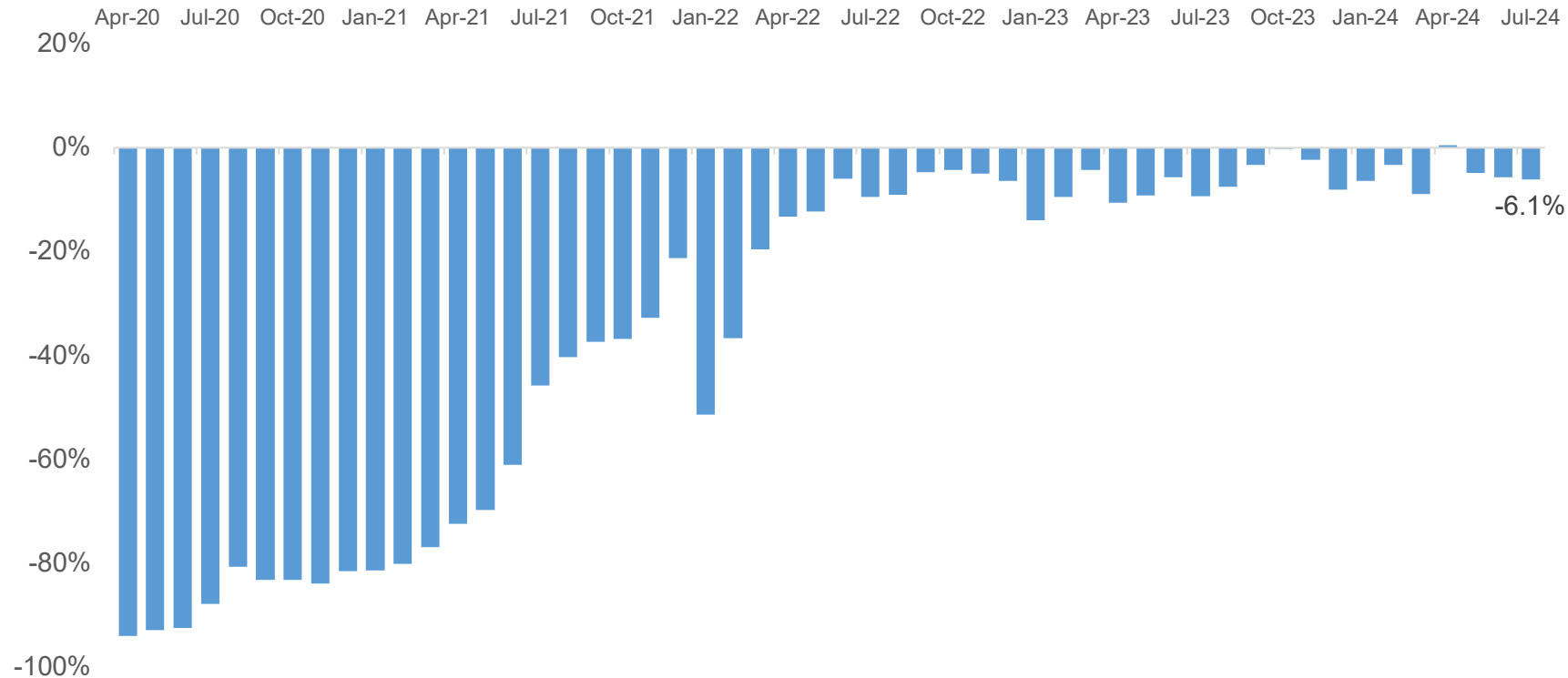
Source: CEIR



Group hotel room demand appears to have stalled

US Hotel Group Room Demand (upper tier)

% of 2019 level

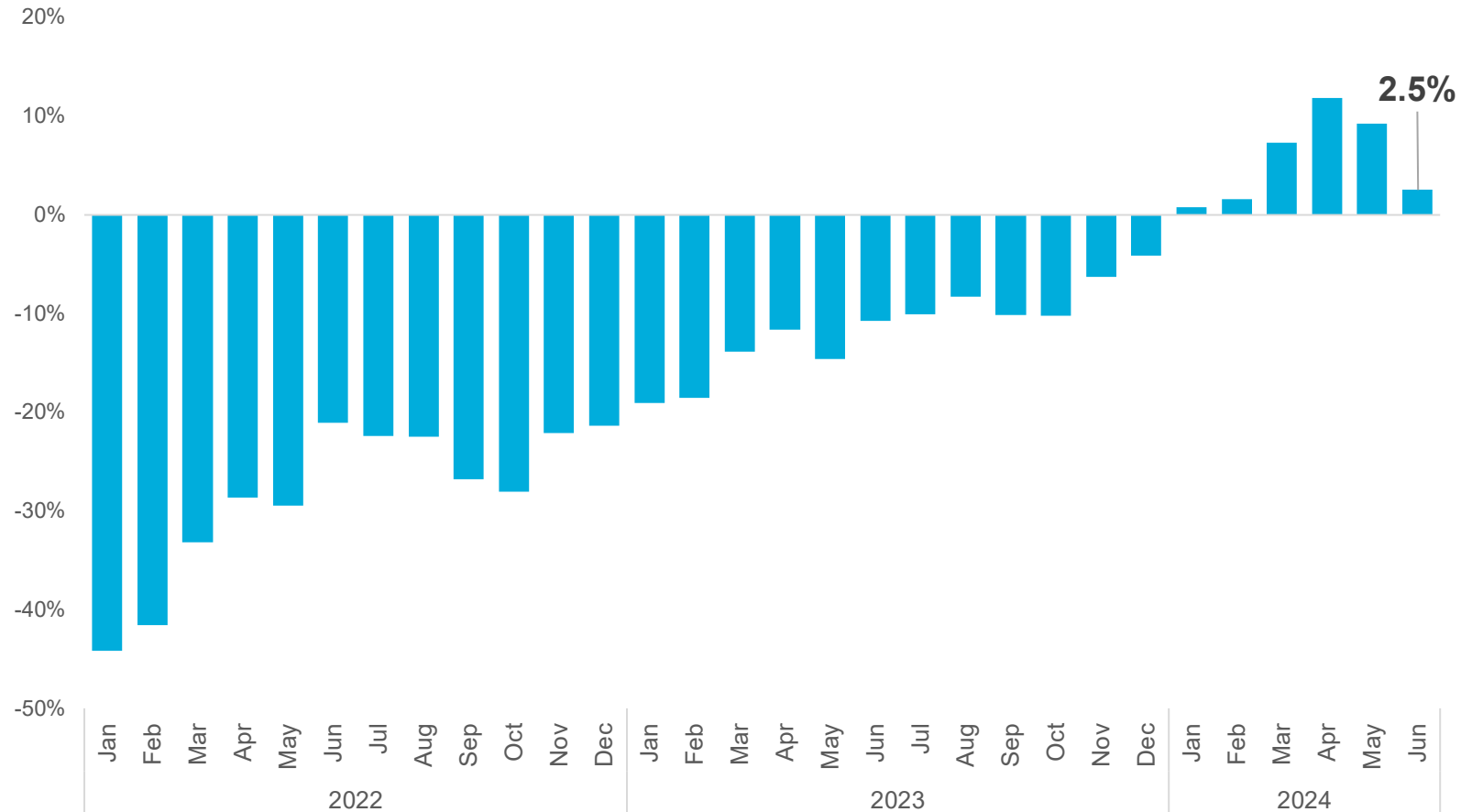


Source: STR

DMO sales for future events are pacing ahead of 2019

US DMO booking activity, trailing six months

Hotel room nights contracted, trailing six-month sum, relative to 2019

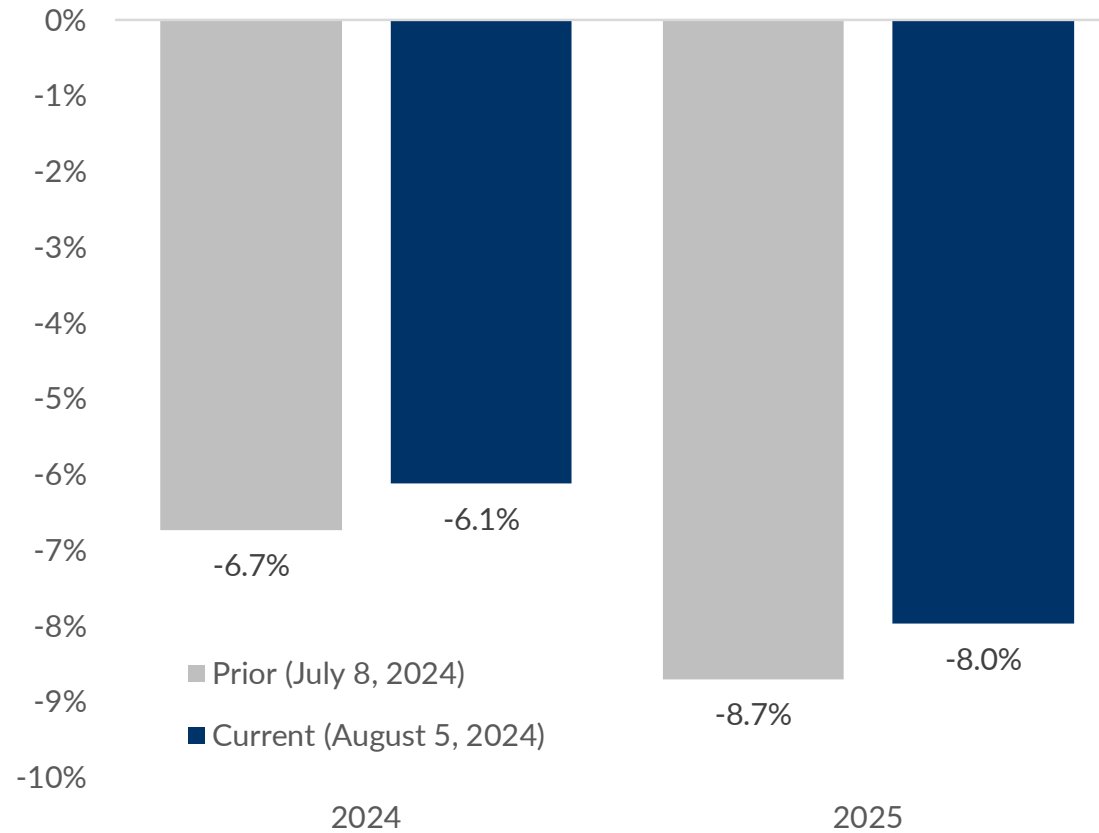


Source: Simpleview CRM (250+ DMOs)

Improvement evident over the past month

On the books relative to historical pace, annual

Pace ahead of future date (same time last year), relative to 2019 pace

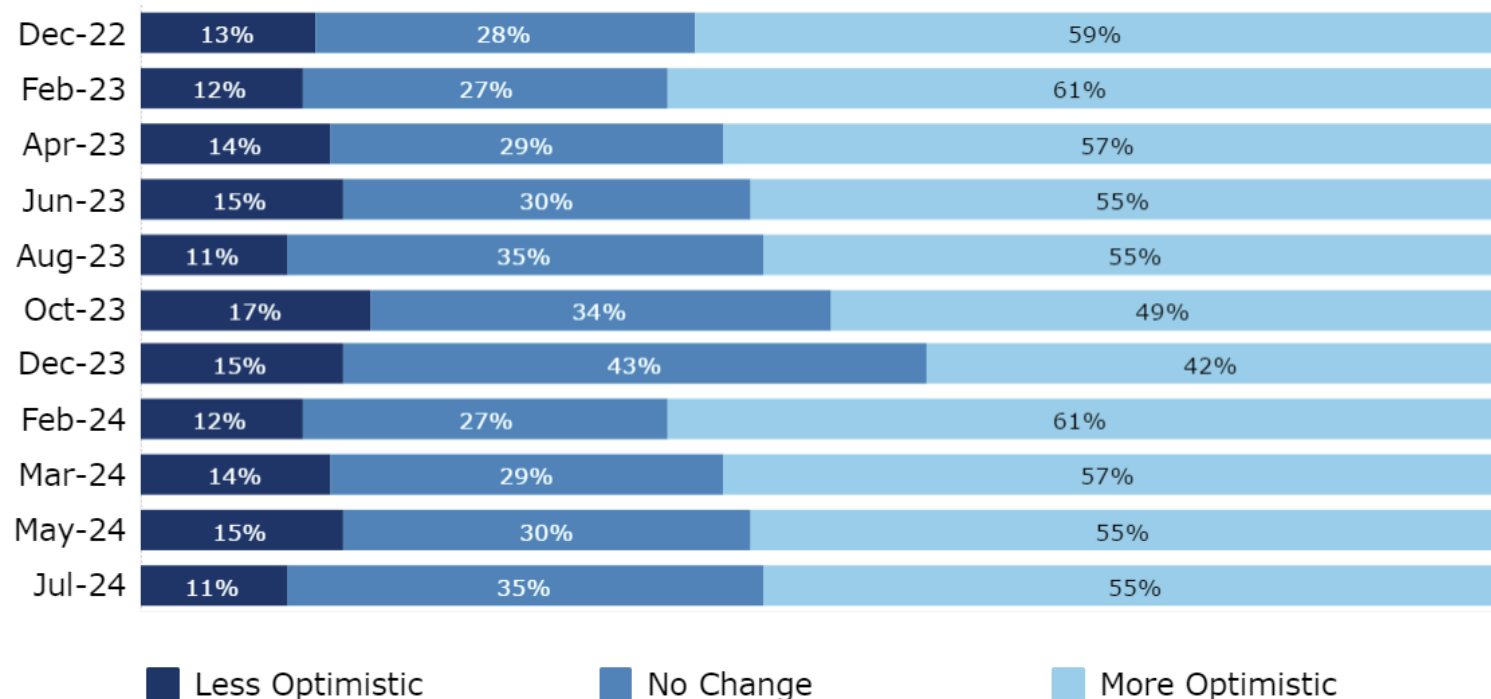


Source: Simpleview CRM (250+ DMOs)

Meeting planners becoming more positive

Meeting Planner Outlook

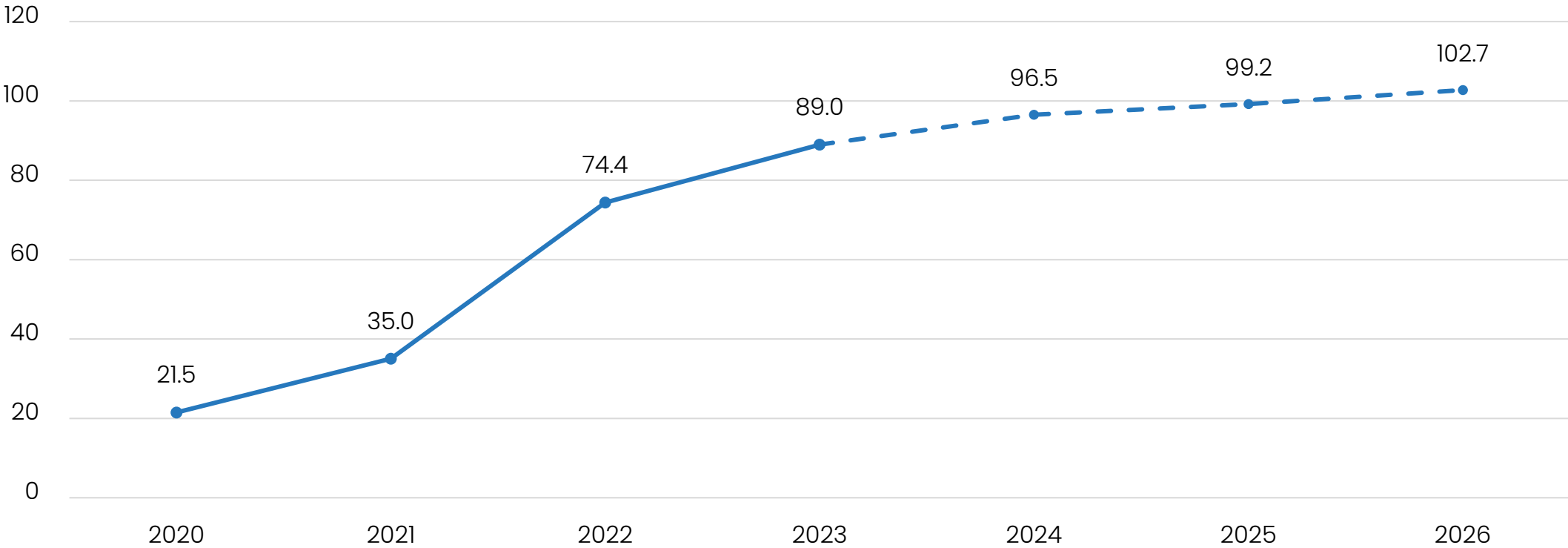
How the outlook for recovery has changed among meeting planners the past six weeks



Source: Northstar Meetings Group and Cvent (Meetings industry PULSE survey), as of July 2024

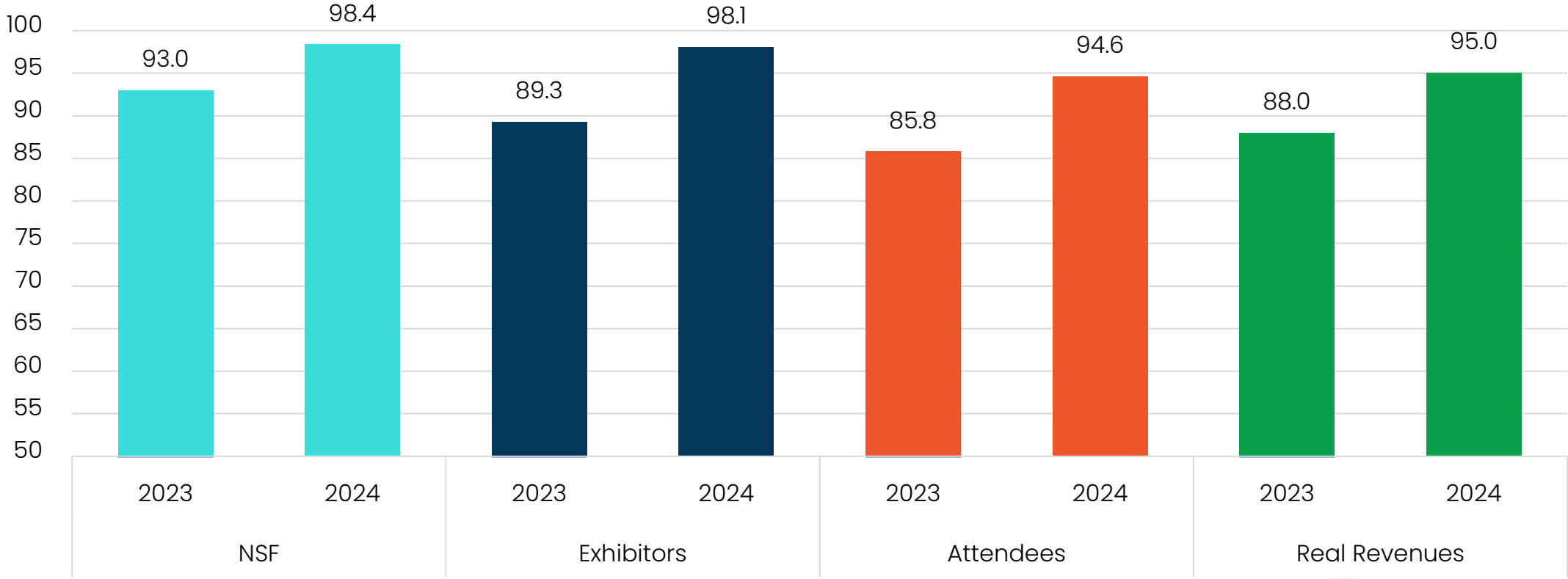
Recovery: slowed but not stopped

CEIR Total Index 2020-2026



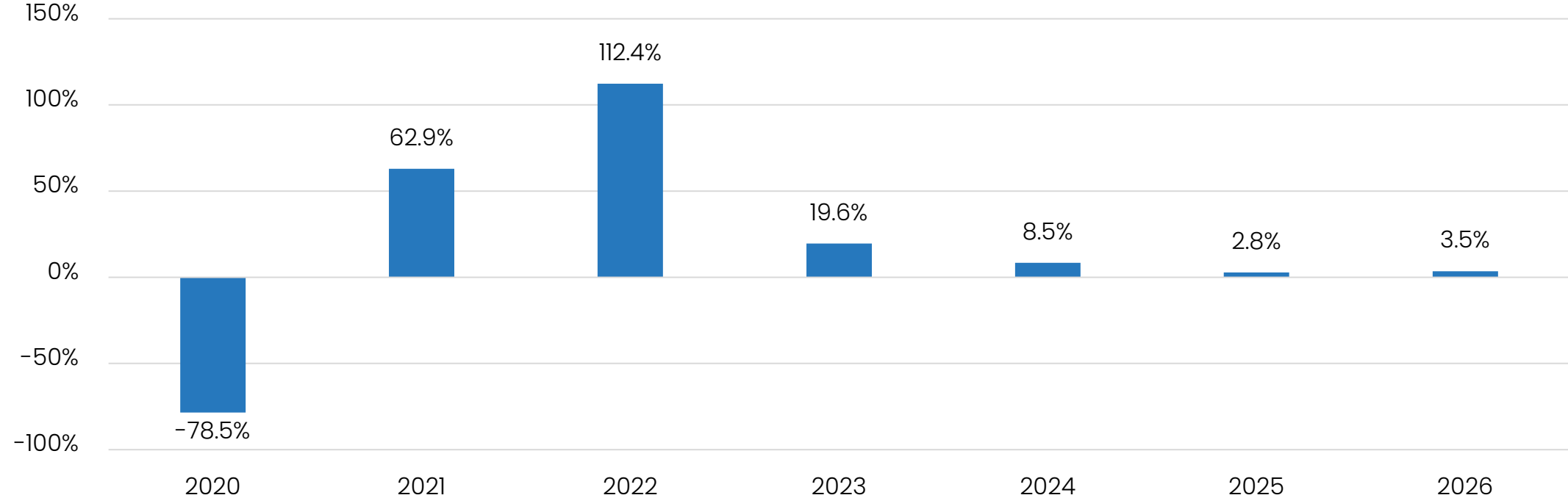
NSF and exhibitor participation are leading the recovery

CEIR Metric Performance, 2019=100, 2023-2024



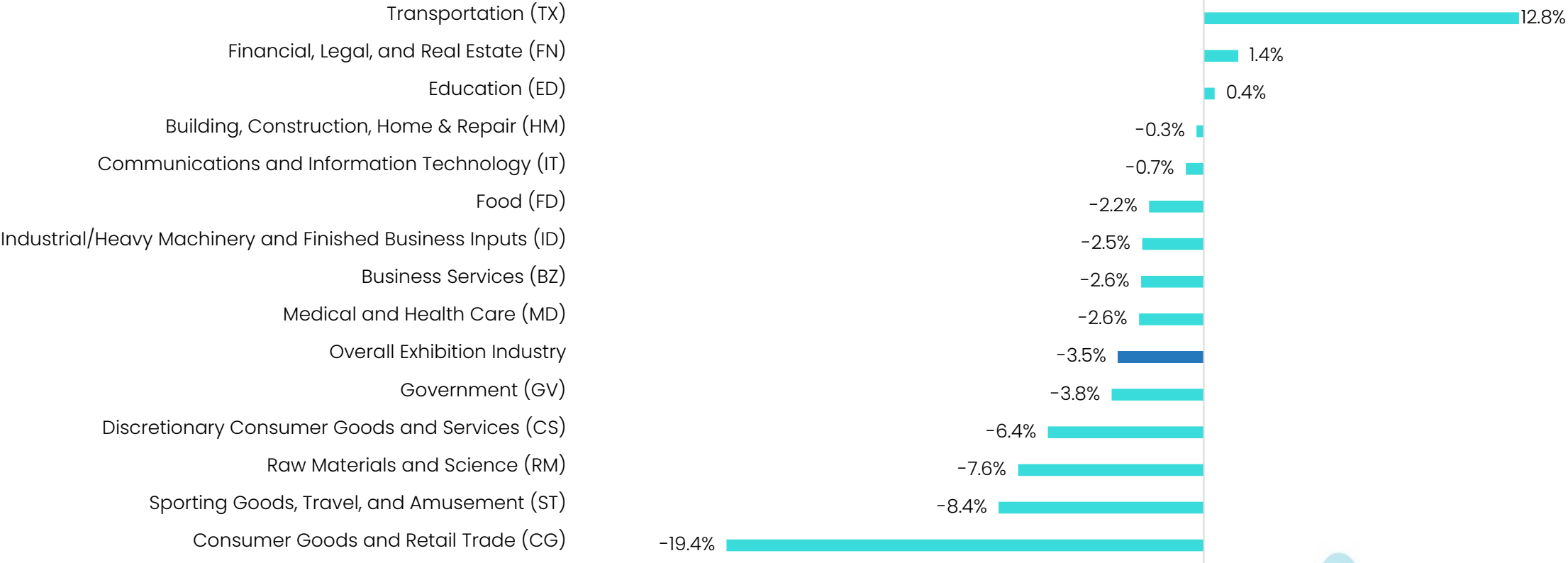
The CEIR Index is forecast to increase 8.5% in 2024 (just 3.5% below 2019)

Total CEIR Index Annual Growth, 2020-2026



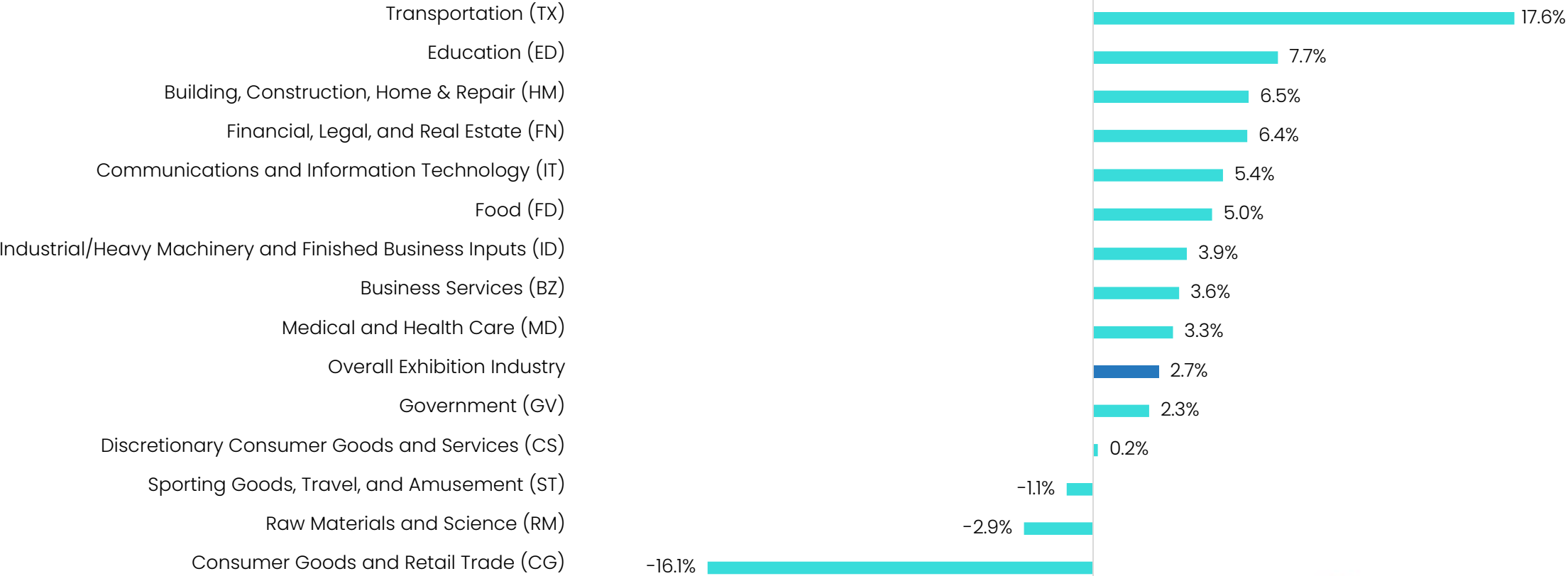
In 2024, three sectors are expected to fully recover

CEIR Total Index by Sector, 2024, Percent Change from 2019



In 2026, 11-of-14 sectors are expected to be fully recovered

Forecasted Growth of CEIR Total Index by Sector, 2019–2026



Summary

Economy

- Fears about the economy are overdone. Economy is decelerating, but not alarmingly so
- Lower income households struggling
- A resilient labor market and cooling inflation continues to underpin consumer spending
- Lower interest rates to support growth
- Election impacts in 2025 will likely be limited (2026 policy impacts will be larger)

Exhibitions

- Participation is showing momentum in the latter part of 2024
- Sales pace trends support expectation of modest growth in the coming year
- Survey data indicate momentum
- Full recovery in 2026 (and within 1% next year)
- Recovery will be broad-based across sectors