

# LODGING MAGAZINE

## Lodging Conference Panels Point to Golden Age of Travel; Uncertain Short-Term Economic Outlook

By Dennis Nessler    September 20, 2023

The Lodging Conference kicked off on Sept. 18, 2023, with an opening session where executives discussed the 'Golden Age of Travel,' current development conditions, and the increased importance of brand families, among other things.

In a session entitled "Deals, Development, M&A," panelists pointed to a number of reasons for optimism, including pent-up post-pandemic travel demand.

Rob Leven, principal and chief investment officer, Procaccianti Companies, weighed in on the potential impact of such a spike.

"I really do believe that when you look at the demographics and the trends you are looking at a Golden Age of travel over the next 20 years, particularly on the leisure side. So I think it's absolutely here to stay for the long term. I think that's also why you're going to see hospitality as a real estate asset class be very attractive to people. So I think we have a very bright road ahead of us," he said.

Julienne Smith, chief development officer, Americas, IHG Hotels & Resorts, reinforced the point and the demand it has created on the higher end of the market.

"I agree it's the Golden Age of travel, everybody is traveling. But the pandemic, right or wrong, created more billionaires in this world than ever

before so we have more people with an exceptional amount of money and not enough ultra-luxury places to spend that money,” she noted.

David Pepper, chief development officer, Choice Hotels International, agreed.

“This is kind of the roaring 20s again. We’ve got the three R’s; remote work, retirement, and the reshoring of jobs that are here. You also have very limited supply growth so it bodes well for hotels operationally for a good couple of years,” he said.

Commenting on the proliferation of brands and guest preferences, the panelists suggested that loyalty has now shifted to brand families.

“How many people out there are loyal to each specific brand? It’s not like it was 10 or 15 years ago where they were loyal to a Holiday Inn Express or a Hampton Inn. I think it does go to the brand family, which is where people tend to focus on expanding their loyalty points,” said Leven.

Brian Quinn, chief development officer, Sonesta, commented on brand extension among franchise companies.

“You’re taking the strength of your parent company and pushing it out through different brands,” he said.

Meanwhile, in the “Economic Outlook” keynote session on Sept. 19, 2023, **Bernard Baumohl, chief global economist, The Economist Outlook Group, LLC**, offered an update on overall economic conditions in the United States and how they might impact hospitality.

“We’re expecting the economy to weaken considerably in the fourth quarter and the first quarter of next year, as well as the second quarter. But we expect a rebound in the second half of 2024,” he said.

**Baumohl** added that the company is projecting 0.9 percent GDP growth for the United States in the first quarter of next year, and that will gradually increase for the rest of the year. However, he did offer some positive news for the industry.

“We do not see a recession for a variety of reasons. First, by the second half of next year we expect the Federal Reserve to begin cutting [interest] rates,” he noted.

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