



Travel Industry Update

August 19, 2020

US-Canada, Mexico border restrictions extended to at least Sept. 21 amid coronavirus pandemic

- The Canada-U.S. border will remain closed to nonessential travel for at least another month, Canada's public safety minister said Friday.
- The statement by Public Safety Minister Bill Blair came a day after Mexico announced a similar measure for its border with the United States.
- The land border restrictions aimed at controlling the coronavirus pandemic were first announced in March and have been renewed monthly.
- According to the Canadian Border Services Agency, anyone who is not a citizen or permanent resident of that country must prove they are traveling for an essential purpose, are only transiting or are an immediate family member of a citizen or permanent resident. They must also have a plan to quarantine for 14 days unless they are exempted.

Airport Covid-19 testing could help countries open for travel

- Several major world airports are offering or requiring Covid-19 testing on-site for arriving international passengers.
- Meanwhile, airlines in the U.S. and Europe see a coordinated international testing program as a potential alternative to the quarantines and entry restrictions that are quashing transatlantic travel.
- Perhaps the most widespread airport Covid-19 testing is taking place in Germany, where travelers coming from high-risk areas, including the U.S., are required to be tested within 72 hours of arrival. Testing is available free of charge at airports, among them Berlin Tegel, Berlin Schonefeld, Munich, Frankfurt and Dusseldorf. In Frankfurt, for example, two testing stations have been established, each of which is open 18 hours per day.
- And under a program announced by Lufthansa for arriving international travelers to Munich and Frankfurt in late June, test results are provided within four to five hours. Those who get negative results are immediately free of two-week quarantine requirements.
- Even more rapid turnaround is offered at Tokyo's Haneda and Narita airports. Local media reported in late July that the airports had begun offering Covid-19 antigen tests with a one-hour turnaround time.
- Last month, the CEOs of American, United, the Lufthansa Group and International Airlines Group (parent of British Airways) penned a letter to Vice President Mike Pence and European commissioner for home affairs Ylva Johansson, calling for the creation of a joint U.S.-European Union Covid-19 testing program to facilitate the restart of transatlantic travel. Currently, the U.S. bans travelers from the EU and the U.K. The EU bans visitors from the U.S., while the U.K. requires travelers to quarantine for 14 days.

Delta Teams Up with CVS Health To Test Employees for COVID-19 in Just 15 Minutes

- Delta employees will now be able to receive results for a COVID-19 test in just 15 minutes.
- In a new partnership with CVS Health and their “Health Return Ready” initiative, a CVS Health clinician will be stationed at at Delta’s hub crew lounges to do rapid-response nasal swab tests for employees.
- The onsite testing is taking place at hub airports including Atlanta, Minneapolis, and New York.
- Earlier this month, Delta announced an initiative to test 100 percent of its workforce for COVID-19. All U.S.-based Delta employees can also take an at-home test upon request.

American Airlines Offers Free Name Changes On Flight Bookings for certain tickets

- Last week, the airline stepped its new-found flexibility up a notch by allowing selected customers to make no-cost name changes on existing bookings.
- It should be emphasized that no-cost name changes do not extend to all tickets. Instead, the policy explicitly targets the all-important corporate market. As noted, the waiver applies to corporate customers, Business Extra accounts, and On Business accounts only.

Southwest reports ‘modest’ improvement in travel demand, turns down government loan and cuts some flights

- Southwest expects a third-quarter cash burn of \$20 million a day, down from \$23 million.
- It said third-quarter capacity will be down as much as 35% from a year ago, a deeper cut than a previous forecast of no more than 30%.
- The Dallas-based airline said it is declining a U.S. government loan, saying it can get financing elsewhere.
- The airline said its September capacity will be about 40% less than last year, down from a previous estimate for a drop of no more than 25% year on year. For the third quarter, it now expects capacity to fall by 30% to 35%, worse than the 20% to 30% Southwest previously forecast. Southwest said it estimates its October capacity will be at about 40% to 50% of last year’s.

United makes new move to limit attendant furloughs in case Congress fails to act

- United Airlines hopes to limit the number of flight attendants it has to furlough this fall, rolling out new voluntary measures amid uncertainty over the potential for additional federal coronavirus pandemic aid.
- The Chicago-based carrier is offering cabin crew members “no-activity lines” to mitigate furloughs, United senior vice president of inflight services John Slater said.

- Crew members that participate in the program would stay active in the airline's ranks but forgo flying on a month-for-month basis to cut costs during the worst crisis airlines have ever faced.
- United's hope is to minimize the number of flight attendants who are furloughed if Congress fails to extend the payroll support program through March 2021. The carrier has warned 15,100 cabin crew members — the most of any of its employee groups — of possible furloughs on Oct 1.

United Airlines Further Cuts Onboard Catering

- As of last weekend, there will be no more craft beer, a limited supply of soft drinks, and pretty much only the tiny Tapas box for premium passengers.
- United had already switched to serving boxed meals in premium cabins as part of a COVID mitigation strategy. However, from last weekend onwards, there have been some significantly deeper cuts noticed.
- For a start, the airline has removed craft and seasonal beer from its offering. Although you might get some special beers hanging about until supplies are exhausted, once they're gone, the only choice will be Stella Artois or Miller Lite. Live And Lets Fly also says United is struggling with a supply of soft drinks, and has shortages of Diet Coke, Coke Zero and Sprite on board.
- In terms of the food – in general, there is none. Only three premium transcon routes will maintain a meal service: Los Angeles and San Francisco to Newark and San Francisco to Boston. On these flights, first class passengers can expect to be served either the Tapas or Classic box meal, that used to be for sale to economy passengers.

British Airlines Appeal For UK COVID Test Quarantine Exemption

- A group of British airlines today wrote to the UK's Prime Minister, Boris Johnson, to ask for a quarantine exemption to be introduced on receipt of a negative COVID-19 test. Exempting those testing negative for COVID-19 upon arrival into the country would allow the UK's aviation industry to begin to recover.
- Airlines within the UK are finding it harder to stimulate demand recovery and manage capacity due to the nation's strict and quick-moving 14-day quarantine rules.

Ryanair and EasyJet Just Announced Major Cuts to Their European Flights

- As coronavirus cases surge again Europe, travel restrictions cause popular budget air carriers to make serious cutbacks.
- As the continent's largest air carrier, Dublin-based Ryanair announced that it will cut capacity by 20 percent in upcoming months. Most of the changes will involve scaling back on frequency, as opposed to eliminating routes.
- The cutbacks are mostly focused on France, Spain, and Sweden, where a surge in coronavirus cases has led to more travel restrictions, as well as the airline's home base of Ireland, which has a required 14-day quarantine for visitors from many EU countries.
- British-based easyJet has also felt the pressure of fewer bookings and confirmed the closure of three of its UK bases on Monday. Following a "collective consultation period," the airline's bases at London Stansted, London Southend, and Newcastle will shut down Aug. 31. London Southend flights will be completely eliminated starting Sept. 1, but some routes from London Stansted and Newcastle will remain as part of the route network.

Lufthansa strikes deal with pilots to avert near-term redundancies

- Lufthansa has reached a deal with the Vereinigung Cockpit union covering pilots at its German operations over cost-cutting measures for the rest of the year.
- The deal includes a series of short-term concessions, in return for which redundancies for “operational reasons” will be averted until at least the second quarter of 2021.
- ”From September onwards, among other things, the increase in short-time working allowance and employer contributions to fund retirement benefits will be reduced. Tariff increases agreed for 2020 will be postponed to January 2021,” Lufthansa says.
- The airline has also pledged to exclude the operational dismissal of these pilots until 31 March 2021.
- But it adds the significant overcapacity among the pilots will last ”considerably longer” than March 2021. ”The number of redundancies for operational reasons can therefore only be limited by concluding a long-term crisis agreement,” the carrier says. “In a long-term crisis package, the costs of excess staff could, for example, be offset by a corresponding reduction in working hours and salaries for the period of the crisis.”
- Lufthansa also says it will refrain from hiring new pilots from outside the group in all German flight operations as long as there are surplus staff.
- Lufthansa says the measures are effective immediately after being backed by both the airline’s board and the union’s committees.

Airline Industry Sets Global Standards for Health and Safety Amid COVID-19

- The International Air Transport Association (IATA) has released a new health checklist to help airlines self-assess their response to the COVID-19 pandemic.
- The IATA Health Safety Checklist for Airline Operators outlines the latest standards and recommended practices in addition to guidance material and other helpful information to support the International Civil Aviation Organization's (ICAO) Take-off: Guidance for Air Travel through the COVID-19 Public Health Crisis.
- The document is available [here](#).

Report: Hotel Industry Facing Historic Wave of Foreclosures

- A new national report shows that the hotel industry is facing a historic wave of foreclosures as the COVID-19 pandemic continues to devastate small business hotel owners and its workforce. Since the beginning of the pandemic the hotel segment has faced a historic number of delinquencies and is the most heavily hit sector of the commercial mortgage-backed securities (CMBS) market. Nearly 4,000 hotel industry leaders sent an urgent [letter](#) to Congress urging immediate action to help hotels avoid foreclosure and the loss of tens of thousands of jobs.
- The [report](#), compiled by Trepp, shows that the percentage of loans that is 30 or more days delinquent is 23.4 percent as of last month—the highest percentage on record. By comparison, the percentage of hotel loans that were 30 or more days delinquent at the end of 2019 was 1.3 percent.
- From a financial perspective, the report shows that \$20.6 billion in hotel CMBS loans were 30 or more days delinquent as of July, compared to \$1.15 billion as of December 2019. The highest volume of delinquent hotel loans during the Great Financial Crisis was

\$13.5 billion. The current percentage of loans that are delinquent now exceeds the highest level during the Great Financial Crisis by 53 percent.

COVID-19 could eliminate 197 million travel industry jobs and wipe \$5.5 trillion from the global GDP, a trade group warns

- Nearly 200 million jobs in the travel industry could be lost worldwide because of the coronavirus pandemic, according to a new estimate by the World Travel and Tourism Council.
- The organization blamed patchwork requirements and blanket travel bans for exacerbating the travel industry's pain, saying the lack of a unified, coordinated response is deterring people from taking trips.
- Economic models show that in addition to the loss of 197 million jobs, up to \$5.5 trillion could be erased from the global GDP, according to WTTC. The group's outlook has worsened considerably since April, when it forecast the loss of 100 million jobs and the loss of \$2.7 trillion to the global GDP.

Hotel RevPAR Forecast to Reach 2019 Levels in 2024 or Later

- Lodging demand in the United States is expected to recover to 2019 levels by the latter part of 2023, according to data presented today at STR's Hotel Data Conference, but revenue per available room and average daily rate aren't likely to bounce back to last year's levels until 2024 or later.
- STR also slightly downgraded its forecast for 2020 and 2021 at the annual conference, which took place online.

U.S. Forecast

Key Performance Indicators
2019 – 2020F – 2021F



Metric	2019 Actual	2020 Forecast	2021 Forecast
Occupancy *	66.1%	39.8%	52.0%
ADR	\$131.13	\$103.71	\$109.56
RevPAR *	\$86.64	\$41.31	\$56.95

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

Source: STR
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- According to the newly updated hotel forecast, STR and Tourism Economics are now projecting a 39.7 percent year-over-year drop in occupancy for 2020, along with a 20.9 percent decrease in average daily rate, with RevPAR expected to plummet by 52.3 percent. That represents slightly steeper drops than what the June forecast called for, as global uncertainty around the pandemic persists.
- The metrics are expected to improve in 2021, although not enough to dig out from the drops they are taking this year. Occupancy in 2021 is projected to grow by 30.5 percent vs. 2020, with ADR inching up by 5.6 percent and RevPAR increasing by 37.9 percent.
- In absolute numbers, that equates to a projected U.S. hotel occupancy this year of just 39.8 percent, bouncing back up to 52 percent occupancy in 2021. For comparison, 2019 occupancy was 66.1 percent.

Hotels must have guests fill out two-week travel quarantine form, de Blasio says

- Mayor Bill de Blasio signed an executive order on Tuesday requiring that all hotels and short-term rentals have guests arriving from states with high numbers of coronavirus cases sign a two-week quarantine form before giving them access to rooms.
- The order comes two weeks after the New York City Sheriff's Office set up check-points at bridges, tunnels and transportation hubs like Penn Station and the Port Authority Bus Terminal to educate travelers entering the city on the state's mandatory quarantine from "restricted state." Officials were particularly concerned about recent spikes in cases in New Jersey, Rhode Island and Massachusetts.
- In June, Governor Andrew Cuomo restricted travel from a handful of states with coronavirus infection rates higher than 10% to prevent further spreading of the virus in New York state. Now, visitors and native-New Yorkers arriving from 30 states and Puerto Rico are required to fill out questionnaires on their travel, provide contact information and quarantine for 14-days.
- But the travelers are not properly isolating themselves, the mayor said. De Blasio warned New Yorkers that failure to comply with the two-week-long quarantine is a Class B misdemeanor. Those traveling into the city by car who are caught breaking the quarantine could face fines of up to \$10,000 and travelers arriving in airports who fail to fill out the quarantine form could be charged \$2,000.
- Between 15 and 20% of all coronavirus cases in the city since March have occurred in someone who traveled outside of New York City, according to the mayor's senior health advisor Dr. Jay Varma.

Not all heroes wear capes: The new hotel bed that fights viruses and bacteria

- Your next hotel bed might join the fight against germs: Serta Simmons Bedding — the mattress company behind the eponymous Serta brand as well as Beautyrest and Tuft & Needle — will soon release a new mattress with antiviral technology that may soon be in major hotel chains around the world.
- Virus particles and bacteria are invisible to the human eye, and can easily pass through protective barriers such as sheets. To combat this issue, the new mattress is woven with the same fabric designed for medical personal protective equipment (PPE). For an additional layer of protection, Serta Simmons Bedding treats the fabric with an antimicrobial product called HeiQ Viroblock, which traps microbes like a magnet using microsilver-vesicle technology, then binds and disintegrates them until they are no longer an infectious threat.

- You might already know that HeiQ Viroblock was originally developed in 2014 to treat N95-grade face masks, which filter out at least 95% of airborne particles. In recent independent tests, researchers found that Viroblock-treated fabrics can neutralize 99.9% of viral particles within 30 minutes of exposure. And aging tests designed to measure Viroblock's longevity have found that treated fabric retains antiviral qualities for three years, and antibacterial qualities for 20 years.
- Spot-cleaning the mattress or consistent use diminish its properties in any way — the HeiQ technology is baked in during the manufacturing process for good.
- Serta Simmons Bedding hasn't yet announced its partner hotel brands.

Caribbean Island Says No Cruise Ships Until 2021

- As of now, the Grand Cayman will not be welcoming ships until next year.
- Earlier this month, Joseph Woods, acting port director for the Cayman Islands, issued a letter to cruise industry partners outlining the situation. "I wish to inform you that after careful consideration, the Cayman Islands Government has [made] the decision that [in response to the current health crisis], it cannot allow the resumption of cruise tourism in the Cayman Islands for the immediate future. The Cayman Islands will therefore be closed for cruise tourism until the 31st December 2020. "