



Travel Industry Update

September 30, 2020

United, pilots agree on schedule reductions to avoid nearly 3,000 furloughs

- United Airlines' pilots agreed to reduce their hours to avoid furloughs of close to 3,000 pilots.
- The plan will avoid furloughs until at least June 2021.
- Carriers have turned to a variety of measures to avoid involuntary furloughs such as leaves of absence and buyouts.
- The airline is still planning to cut roughly 13,000 jobs beginning next month.
- Airlines are hesitant to furlough pilots because their training is costly and time-consuming. The deal will keep pilots on the aircraft they're trained on.

Treasury Department could upsize airline loans as Delta, Southwest opt out, freeing up funds

- The Treasury Department on Tuesday said airlines could receive larger federal loans than previously expected after some carriers opted out, freeing up more funds in the program.
- Despite preliminary agreements, Southwest Airlines and Delta Air Lines have said they ultimately don't plan to pursue the loans, thanks to other sources of financing.
- Airlines have until Wednesday to decide whether to take the federal loans.

Air France's revenue fell 70% in August

- Air France suffered a 70% fall in revenue in August as its international network operated at around 30% of full capacity, its chief executive told Italian newspaper Corriere della Sera.
- The carrier, part of Air France-KLM group, is still burning through 10 million euros in cash a day but is working to limit losses, CEO Anne Rigail said.

Tampa International Airport says it's the first to offer COVID-19 testing to all passengers

- Throughout the month of October, any passenger traveling to or from Tampa International Airport can be tested for COVID-19, regardless of which airline they are flying.
- Testing is open to anyone who plans to fly in the next three days – and even passengers who flew in the past three days – and can show proof of travel.
- Passengers can opt for a PCR (nasal swab) test for \$125, or an antigen test, which costs \$57.

- Passengers who need a negative PCR test to enter their destination or bypass a quarantine should schedule their test three days before travel, the airport advised in a Tuesday press release. Results are expected within 48 hours.
- Antigen test results produce results within 15 minutes but are most accurate within five days of the onset of symptoms, the airport noted. The FDA has also noted that there is a higher likelihood of a false negative result with an antigen test.

Some Never Recover: ADR Cycles In The US Hotel Industry

- While the U.S. hotel industry at large can recover and thrive following a recession, that does not hold true for each individual property.
- While it is true the U.S. hotel industry in aggregate has always rebounded from past recessions, this trend masks the fact that each cycle has winners and losers. Many hotels never recover.
- During the past economic cycle, approximately one in 10 U.S. hotels never rebounded to the ADR levels they achieved in 2008. During the Great Recession of 2009, aggregate ADRs declined significantly in the U.S., but by 2013, the industry had achieved a new ADR peak.
- This recovery in aggregate performance obscures the fact that approximately 10% of U.S. hotels never recovered to their prior ADR peaks, even by 2019. We expect a similar outcome following the current pandemic and economic recession of 2020.
- Hotel Appraisers & Advisors (HA&A) collaborated with STR to evaluate 7,530 U.S. hotels that maintained the same brand and chain scale during the U.S. economic cycle spanning from the 2008 peak through the subsequent peak in 2019. Of this sample, 6,785 hotels recovered to their nominal 2008 ADR peak levels by 2019. However, 745 hotels in our sample never got back to their peak ADR levels, even in nominal dollars.

CDC agrees to extend 'no-sail' order through Oct. 31 in compromise with White House Task Force

- The Centers for Disease Control and Prevention will extend its "no-sail" order for the U.S. cruise industry through Oct. 31.
- The CDC's previous order had been scheduled to expire Sept. 30 after extensions to the original mid-March order in April and again in July.
- The CDC requested that the order be extended to February 15, but compromised with the White House Task Force to extend until Oct. 31 four days before the Nov. 3 election.
- On Tuesday night, [Axios](#) reported that CDC Director Robert Redfield was overruled in the White House Situation Room regarding a Feb. 15 extension.

Disney to lay off 28,000 employees as coronavirus slams its theme park business

- Disney will lay off 28,000 employees across its parks, experiences and consumer products segment.
- The company blamed prolonged closures and capacity limits at open parks for the layoffs.
- While Disney's theme parks in Florida, Paris, Shanghai, Japan and Hong Kong have been able to reopen with limited capacity, both California theme parks have remained shuttered.
- Around 67% of the 28,000 laid off workers were part-time employees at parks.