

TRAVEL AND TOURISM

## The future and COVID-19

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*Spring break: Drastic measures required to mitigate infection are a hard sell to some. Image credit: Resonance*

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There is no way to predict the future. The best approach is to model a variety of realistic scenarios, identify the future we prefer and create a plan to make that happen, while also preparing for a variety of less desirable scenarios that may occur due to events outside of our control.

Over the years, Resonance has prepared some of the world's most coveted destinations for what the future may hold.

With [Tourism Vancouver](#) two years ago, we even considered an epidemic as one of the factors that could disrupt visitation to the city. The impact of any crisis was sharp, severe, but relatively short.

In the global crisis scenario we modeled for Vancouver, travel and tourism recovered to pre-crisis levels within 24 months. In fact, there were no factors or combination of factors we could come up with that led to a long-term decline or collapse. That's the good news.

What we did not model was a global pandemic event the world has not seen in more than 100 years. Futurists often call these types of events "Wild Cards," or you might think of them as "Black Swans" based on Nassim Taleb's popular book of the same title.

These types of crises or events are virtually impossible to forecast as there is no precedent to base them upon and their scale and complexity defies accurate modeling.

The difficulty of distancing

But now that the COVID-19 pandemic is upon us and we are moving slowly and late from containment to mitigation, there are a range of conceivable scenarios that we can develop on how this might unfold based on early data extrapolations that look at the effects social distancing can have on the extent and timeline for the virus to spread.

There is a growing, albeit reluctant, acceptance of social distancing as a means to slow down the spread of the virus and "flatten the curve," which will help protect the most vulnerable and ensure they have access to health services if and when they need it.

Simply put, the responsible thing to do is to reduce our face-to-face interactions as much as possible if we cut those

by 50 percent or more the virus will take twice as long or longer to spread, which will put less stress on our healthcare systems, or at least buy them more time to prepare.

For all of us in the tourism, hospitality or real estate development industries, the idea of social distancing runs counter to our core place-making instincts and everything we have done in our careers to create and celebrate great communities, events and shared experiences.

As evidenced by the photos of many vacationers recently hitting the beach in Florida, it runs counter to the nature of much of the general public, too.

Last week, Jan Freitag at STR provided a valuable [weekly update](#) on the latest hotel data and offered up this insight in his briefing that compared the effect of the coronavirus on hotel occupancy in the U.S. with China and Italy at similar points in the growth of the pandemic in each country.

What this chart shows is that while U.S. hotel occupancy is plummeting, it is not falling nearly as fast as it did in China and Italy. At first glance that may seem to be positive, but as Jan pointed out, it may reflect reticence on the part of Americans to adopt and implement the stringent social distancing measures required to slow the virus.

If Jan's right, then it is likely the spread and number of cases that we will see here in North America will exceed the numbers we have seen to date in China and Italy.

In the end, the U.S. could end up having more COVID-19 cases than any other country in the world. We are simply not likely to implement or willing to go as far as an authoritarian regime like China has. That means, in my view, that the best outcome we are likely to achieve in the U.S. and Canada are the infection rates that occur somewhere in between those of medium and strong social distancing.

An analysis last week by researchers at Simon Fraser University in Vancouver for *The Globe and Mail* modeled what this might look like for a city the size of Vancouver, which is transferable to most any other mid-size metropolitan area.

In this model, where medium interventions allow schools and some businesses to stay open, but social contact is reduced by 40 percent, infections peak in July and taper off by October.

Stronger distancing measures include closing schools, restaurants and many businesses, which pushes the peak to September with new infections tailing off by the end of the year.

The other variable that this study looks at, and this is key, is the effect of how long these strong social distancing measures have to be maintained to be effective. Maintaining them for three months only pushes the peak out, but does little to reduce the total number of people infected.

In this model, strong social distancing has to be maintained for six months to dramatically reduce the number of infections.

Many models, three themes

There are a variety of other models out there and they are all built with different assumptions that could vary dramatically from how things will actually unfold and, of course, there will be significant variations from one city or region to another. But they all have similar underlying themes and there are a few key insights that we can take away from these scenario-modeling exercises:

1. First, is that there is no scenario where medium or strong social distancing reduces infections if only maintained for a couple of weeks. We should expect that the measures being put in place will have to be maintained for months to have any meaningful effect.
2. Second, there is likely no way our economy or society could withstand maintaining strong social distancing measures for a period as long as six months. The discussion will soon change from how many lives social distancing can save, to how much social distancing is costing in terms of jobs and lost economic output. As a result, we will likely maintain strong measures for a month or two to buy more time to prepare and soon move towards more targeted interventions and policies to protect the most vulnerable.
3. Third, if we maintain strong social distancing for the next couple of months and then move to more targeted measures, we would see infections peak sometime during the summer. What we do not know is what the effect of summer weather could be, which might help slow down the spread as it does with some other viruses. There is also the possibility that we may find that existing medicines may help in treating the most serious effects of

COVID-19, thereby mitigating some of the risk that comes with reducing social distancing measures.

#### The coming recession

In any scenario, there will not be any return to "normal," or some version of it, until at least the fall.

As a result, hotels will be shuttered. Leisure travel will come to a virtual stop. Many restaurants, tour operators and other small businesses that are impacted by even moderate social distancing measures will go under and the recession will be severe.

But, on a more positive note, this recession should be relatively short.

Unlike the Great Recession, from which it took six years to recover, it is likely that we could see a steady recovery in 2021 a six-month recession this year, followed by a 12- to 18-month recovery as the underlying fundamentals of our economy were quite strong until just a few weeks ago.

Travel, of course, is the first industry to be affected in this crisis and it will be the last to recover. **But recover it will.** When it does, however, it may look somewhat different than it did just a few months ago.

Without a vaccine, which is at least a year away in the best-case scenario, there will be potential for a second or third wave to occur that will likely cause countries to maintain targeted restrictions on things like international travel, large gatherings, conferences and events well into 2021 long after we have passed the peak and infections have begun to decline.

#### The long-term effects of COVID-19

The effects from this crisis will alter not only the way we travel, but live, work and play at home, too.

As entire companies learn to work remotely, it is likely that some portion of them will continue to do so long-term, potentially reducing demand for office space in certain industries.

Disruptions to global supply chains as a result of this may alter the thinking of manufacturers who may look for a more diversified source of suppliers closer to home. And what of how we design buildings in terms of proximity and density everywhere from shared workspaces to restaurants and residential buildings?



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