



HUDSON VALLEY  
INVESTMENT ADVISORS, INC.

A subsidiary of Orange County Bancorp, Inc.

# Tourism and Hospitality:

## The Growth Continues

By Gus Scacco, CEO—Hudson Valley Investment Advisors



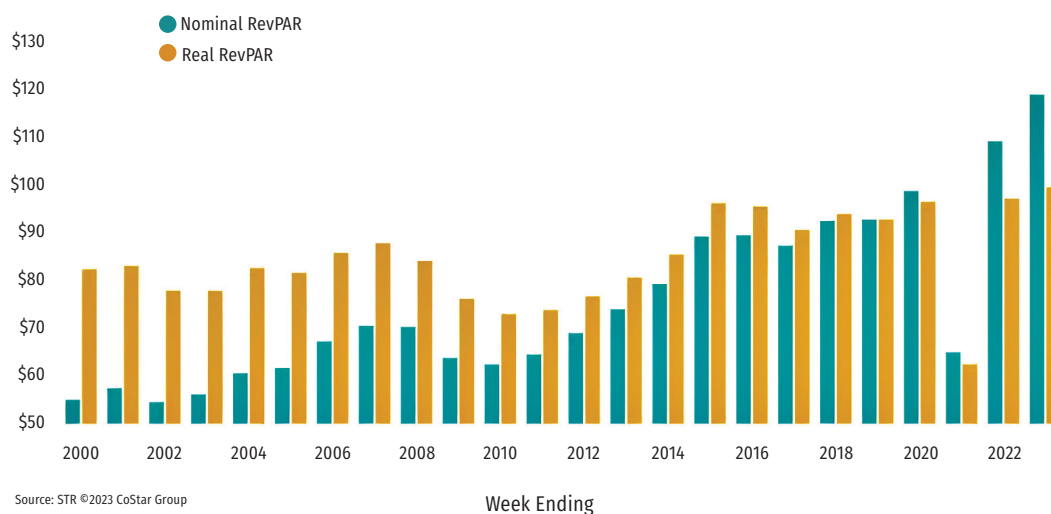
It appears that the “Post Covid” environment has seen an economic revival on both a national and local basis. Under mandates, the Tourism and Hospitality industries were ones that were most restricted. What does

a potential post Covid environment look like? We can use the Spanish Flu outbreak of 1918 as a guideline for a potential outcome as that post flu period helped to usher in the “Roaring ‘20s” in which individuals wanted to live life more fully. As the current pandemic subsides, we believe the same type of environment is happening today. The expectation is for strong growth as Tourism and Hospitality friction is reduced.

Historically, the expansion of the hospitality market has been supported by solid economic growth. The current rebound in demand has been extremely strong but has dealt with the negative impacts of labor shortages, political concerns and increasing inflation. In spite of these facts the Tourism and Hospitality industries appear to be accelerating and rebounding above “pre pandemic” levels. The chart below points to the strong 2023 President’s Day weekend for hotels and historical trends in Revenue Per Available Room (“RevPAR”). We believe that these trends will continue nationally and on a local basis. Demand for these services will help add to the U.S. and Hudson Valley economies as consumers pent up demand continues to increase wallet share in tourism and hospitality over the coming years.

### Real RevPAR during Presidents’ Day weekend was a record

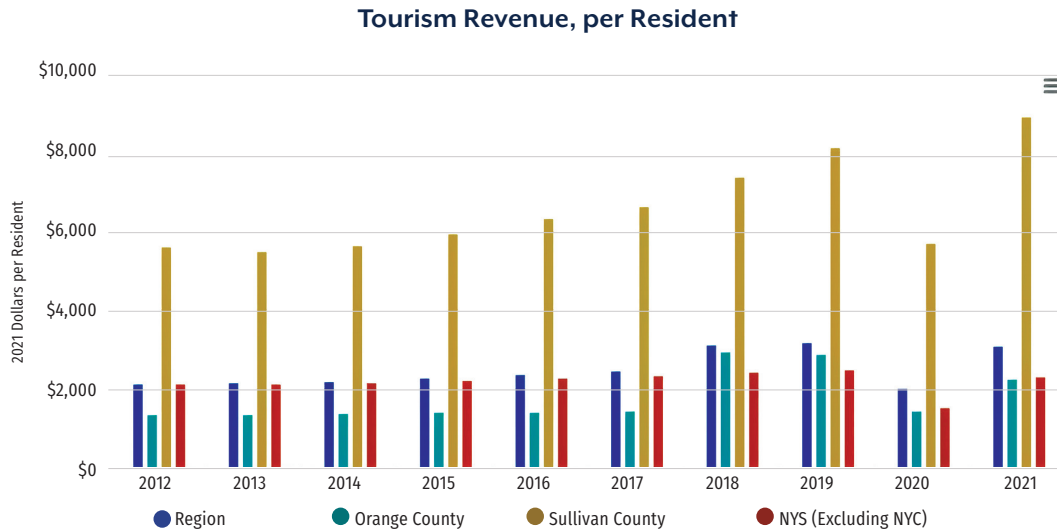
U.S. RevPAR, 3-day Presidents’ Day weekend (Friday - Sunday)



Source: STR ©2023 CoStar Group

On a regional basis, the Hudson Valleys’ tourism revenue has seen continued improvement with Covid opening up the region to people who became acquainted to the area. The limitation of travel during Covid gave people within a few hours’ drive of the Hudson Valley familiarity with the recreational benefits of the area. We believe the tourism

venues such as Bethel Woods, LEGOLAND, craft breweries and casino gaming has helped to add to interest in the area and will help support continued growth. For perspective, below shows the revenue per resident in the area from tourism alone.



Even larger is the Food and Beverage sector which accounted for close to \$800 billion in total U.S. sales in 2022, with approximately 15 million employees. The large majority of restaurants (90%) have fewer than 50 employees and 70% are single unit operations. The industry is truly entrepreneurial with 80% of owners starting their careers in entry level positions.

Locally, the Hudson Valley has seen an influx from tourism and greater level of business travelers. The most recent data saw private sector jobs increase by 3% to 23k. Overall employment growth was led by healthcare and education (+10.4k) with the second most jobs added from Leisure and Hospitality (+6.3k) or 27% of private sector job growth. This points to the importance of this

area of the Hudson Valley economy which it appears will continue to outpace most economic sectors and be a vital area for regional employment growth over the coming years.

Overall, the support that these sectors provide is an important area for current and future economic growth nationally and the Hudson Valley Region. We believe that the ability of the local area to be a destination will support new restaurants, hotels, and areas of entertainment. These new areas of growth will provide opportunities not only for these businesses but also the supporting services that help these companies to start, grow and expanding into an ever larger part of the local infrastructure.

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