

## Travel demand withstands softening economy

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Hotels and airlines are bracing for softer demand as the economy shows signs of slowing, but the pain may not hit the travel industry for months.

The U.S. Labor Day holiday marks the symbolic end of the busy summer travel season, after which demand for airline tickets and hotel rooms drops significantly.

With travel activity at a low level in the fall, the effects of weaker consumer spending may not be that evident until Thanksgiving when airlines and hotels often see a spike in bookings.

Prospects for a softening economy triggered by a crisis in U.S. credit markets prompted consulting firm PricewaterhouseCoopers to lower forecasts for hotel demand growth for 2007 and 2008.

"It wasn't a revision based on performance of the summer. It was more the outlook based on trends in the economy and how they'll affect the balance of the year," said Bjorn Hanson, an analyst at PricewaterhouseCoopers.

The company now expects occupied room nights to increase by 1.3 percent in 2007, compared to a previous forecast of 1.4 percent. For 2008, it lowered its forecast to 1.7 percent growth from 1.9 percent.

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