

California Travel and Tourism Commission Research Bulletin

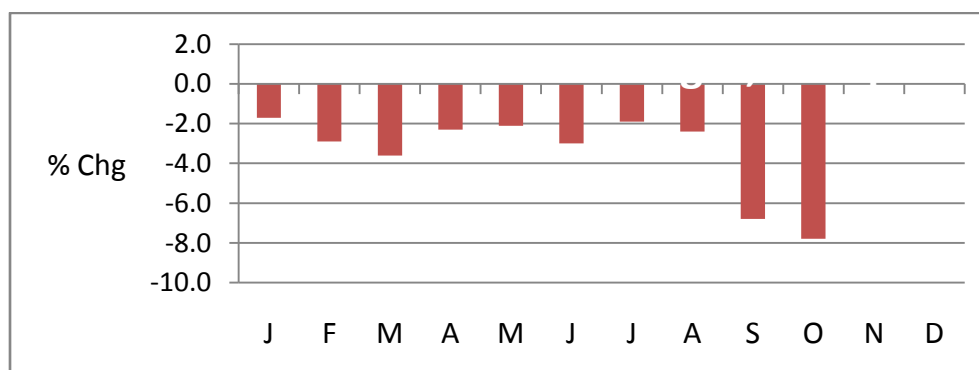


Is the sky really falling? – It's not news to anyone reading this paragraph that a confluence of factors – the ailing economy, rising unemployment, plunging consumer confidence – are negatively impacting the national and local tourism industries. As just one example, the number of occupied hotel rooms in California dropped 5% year over year in September and 6% year over year in October. And, expectations for November and December are no better. So what to do? One way to find some solace is to look at recent trends by travel segment. The nation's desire to travel is hard to suppress, and often instead of finding big declines in travel volumes we find adjustments in travel behavior. For example, 78% of all domestic travel in the first quarter of 2008 was made by California residents, up from 75% in Q1 of 2007. The increase was even more pronounced in the second quarter, up from 74% in 2007 to 78% in 2008. While the trend did not hold true during the summer months, it is likely that travel for shorter distances and by personal auto instead of rental car or air will continue in the short term. Also of value to destination marketers is knowing that leisure travel has not fallen as hard as business travel. We are expecting by year's end for business travel within the state to be down about 6% year over year, while leisure travel should be down about 2%. To see tables that describe these and other domestic travel trends in the first three quarters of 2008 please click [Link to report at visitcalifornia.com](http://www.visitcalifornia.com).

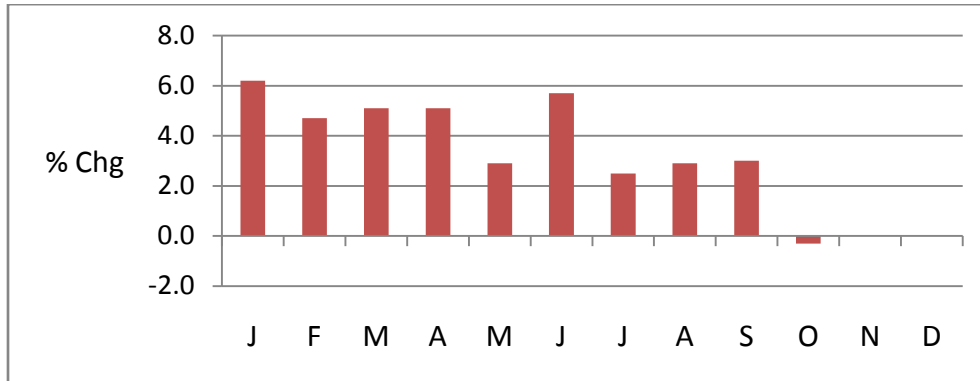
***New* CA Travel Forecast** – To help us better navigate the waters during these challenging times, we have partnered with Tourism Economics, a leading travel industry consulting firm, to create a detailed travel forecast for California. Accessible by clicking here, [link to report at visitcalifornia.com](http://www.visitcalifornia.com), this forecast was created by combining historical trends along with anticipated economic conditions in California's top domestic and international markets. It is tempting to turn to the tables in the back without reading the analysis, but because things can change from month to month, we encourage you to read the text as well as the graphs so you are informed as well as possible and can anticipate changes in the forecasted data.

California Hotel Occupancy and Room Rates (October 2008) – As mentioned above, California's hotels are feeling the crunch of the recent economic downturns. Hotel occupancy statewide declined 7.8% in October and estimates for occupancy in California's gateway metropolitan areas in the last four weeks range from declines of 6% to 12% year over year. A result of the large downturn in occupancy is that hotel room rates have been declining year over year for the first time since before 2005. In October, California's average room rate was about flat, down 0.3%, while in the last month rates in the gateway cities decreased from between 0.5% and 2.3%. California hotels fared on par with the rest of the Pacific states in October, where occupancies were down 7.5% from 2007 and ADR was down 0.6%. The U.S. as a whole performed a bit better, but not by much. Occupancy was down 6.6% and rates were down 0.5%. [Link to report at visitcalifornia.com](http://www.visitcalifornia.com).

2008 Yr/Yr Change in Occupancy, California Hotels



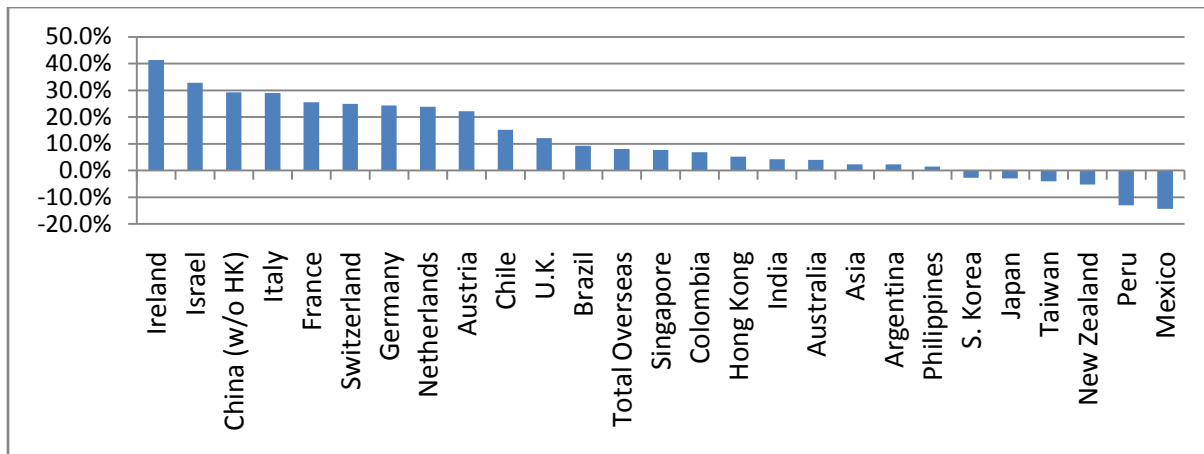
2008 Yr/Yr Change in Average Daily Rates, California Hotels



International Arrivals at California and U.S. Ports of Entry (September 2008) – Arrivals from all overseas markets into California ports of entry were up 4.6 percent in September 2008 vs. September 2007. While still positive, the growth was the lowest of the year and is indicative of trends to come, as most of California’s top markets are expected to have declines in 2009. LAX saw overseas arrivals increase 3.5%, while SFO had year over year increases of 6.4%.

As indicated in the graph below, year to date arrivals are positive for most of California’s top markets, the most notable exceptions being Mexico, Japan and South Korea. The declines in these markets are related to economic troubles that have not been offset by as favorable exchange rates as have been seen in other markets such as Europe, Canada and Australia. We expect the numbers to turn around for South Korea even in the otherwise down year of 2009 because of the recent bestowal of visa waiver status on their outbound travelers. China and India, too, should remain staunch as their economies should continue to churn next year, at least in relative terms.

[Link to report at visitcalifornia.com.](http://www.visitcalifornia.com)



Source: OTTI, CIC Research Inc., CTTC Research, July 2008

Korean Consumer Research- CTTC recently opened an office in Korea, coinciding with the implementation of visa waiver status for residents traveling to the US. To best direct our marketing efforts there we contracted with Gallup to conduct research ascertaining travel attitudes and behaviors relating to California as a destination. To see how Korean consumers view our state and what their traveling tendencies are please click [link to report at visitcalifornia.com.](http://www.visitcalifornia.com)

To unsubscribe please send a note to research@visitcalifornia.com with “unsubscribe” in the subject.

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