September 2008

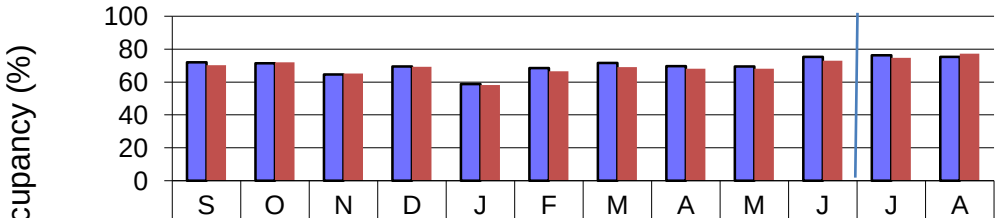
California Travel and Tourism Commission Research Bulletin

Visa Vue- International visitor spending data for your destination- Earlier this year a group of city and state DMOs served as a pilot group to test a product offered by Visa Inc. In a nutshell, Visa Vue provides to subscribers all spending by non-US resident card holders made through Visa card transactions within a defined area of the US- be it a state, county, city, or group of zip codes. Subscriptions, available only to destination marketers, will provide annual or quarterly data summarized by country of cardholder origin. A "Level 2" subscription also includes summaries broken into market segments and merchant category codes (e.g. "Retail" and "Shoe Stores"). This data is enticing because as most of you well know there is little data on international travel currently available beyond summaries of visitation by top overseas markets to the largest gateway destinations. Here you would have a chance to see real, empirical data covering Visa card holders from all countries worldwide. The data are limited in that they provide only a portion of total spending by international travelers, and extrapolations to total spending will vary by country depending on Visa's market penetration. But Visa has an approximate 60% share of credit card spending worldwide so the data provided is robust. For a program overview and pricing please contact me, Dan Mishell, at research@visitcalifornia.com**.** You can also subscribe on your own, but by partnering with the CTTC you will enjoy discounting of between 34% and 50%.

California Hotel Occupancy and Room Rates (August 2008) – California statewide hotel occupancy measured 75.3% in August, down 2.4% from last year's mark of 77.2%. The 75.3% mark was the highest monthly rate in the 2008 calendar year and the highest rate since August 2007. Year to date, California's hotels had occupancy of 69.3%, down 2.4% form 71.0% last year. Demand has softened only slightly from 2007, -0.9%, with a 1.6% increase in room availability accounting for the bulk of the downturn in occupancy rate. Demand is up through August for four of California's 12 regions, with San Francisco leading the way with a 4.2% increase in room demand year over year. The remaining eight regions have seen demand declines of between 1.6% and 3.0%. Details are available by clicking the link below.

California average room rate was still up in August, +2.9%, but the rate of growth has continued to slow- YTD rates are up 4.2%. The average cost for a hotel room in California was $128.89 in August, and stands at $124.57 year to date. The highest average room rates can be found on California's Central Coast ($165.23 in August), followed by San Francisco-San Mateo ($154.88), San Diego ($154.85), Anaheim- Santa Ana ($132.71) and Los Angeles ($132.33). Average rates under $100/night can still be found in Oakland ($95.93), Riverside-San Bernardino ($84.55), California South/Central ($76.65) and California North Central ($91.18). Full August and year-to-date lodging details are available for viewing at **Link to report at visitcalifornia.com.**

California Lodging Trends
Sep 2007- Aug 2008

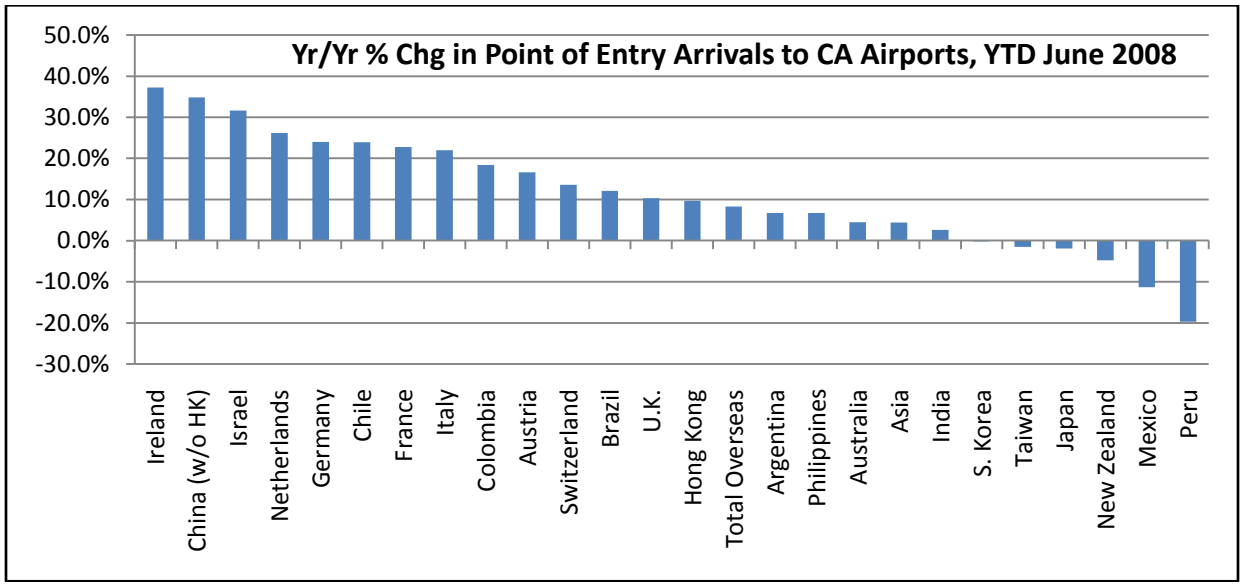


	S	O	N	D	J	F	M	A	M	J	J	A
2007/08	72.0	71.4	64.6	69.5	58.8	68.5	71.6	69.7	69.4	75.3	76.3	75.3
2008/09	70.3	71.9	65.1	69.3	58.1	66.5	69.0	68.1	68.0	73.0	74.8	77.2

Source: Smith Travel Research

The global economic crisis and you- I am not aware of the public release of any formal studies evaluating the impact of the credit crisis on the tourism industry but am sure several such studies are near completion. In the meantime we have tracked in the media stories relating to this pressing issue and have assembled a summary of articles which can be accessed by clicking the link below. Two themes are prevalent: 1) the economic woes of the country and the world are obviously not good indicators for the health of the US tourism industry though 2) much like post 9/11, it is expected that travel will remain an indispensible luxury for families and individuals worldwide, and that the effects on the tourism industry will likely not be as malignant as for other sectors of the economy. The other silver lining is that the worst of the impact is expected in the next six to nine months; economists are anticipating a relatively short-lived recession and expect a turnaround by the end of 2009. **Link to report at visitcalifornia.com**.

International Arrivals at California and US Ports of Entry (June 2008) – Arrivals from all overseas markets into California ports of entry were up 11.0 percent in June 2008 vs. June 2007, more positive news from the international front in 2008. While overseas arrivals to New York and Newark were up 15-17%, gains into California matched the gains into the US Mainland (+10.8%) for the first time this year. The big year over year gain was led by a 15.2% increase in arrivals into SFO and bolstered by a healthy 8.5% expansion of arrivals into LAX. There was 20%- 50% growth in California arrivals from all eight of Europe's top markets, and notable spikes in arrivals from Asia's two emerging markets China (+32%) and India (+16%). **Link to visitcalifornia.com**.



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

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