

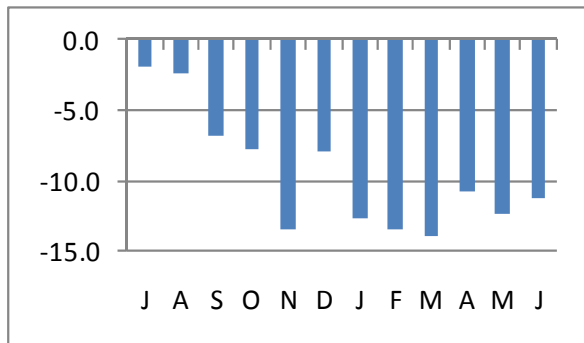


## August 2009 California Travel and Tourism Commission Research Bulletin

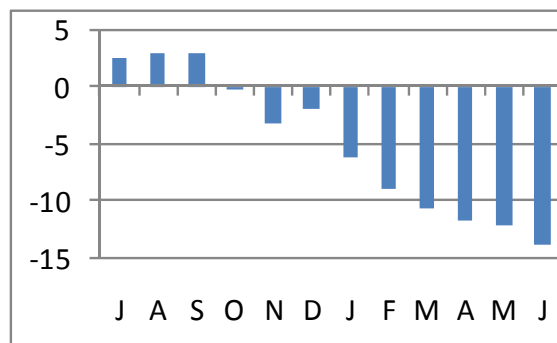
**How California Matches Up** – Now 20 months into the current recession, we have all felt its sting. But how we are faring compared to others? A good measure is revenue per available room, which takes into account changes in both hotel occupancy and room rates. By that metric, California and the rest of the Pacific states are doing a bit worse on average than the country as a whole. California’s hotels have had a 22% decline in revenue per available room through the first half of the year compared to -19% for the country. But we are not the worst off, as the rest of the west has had declines of 25%. In California we’ve been affected by a poor state economy, high unemployment and a large number of foreclosures. But our large population has sustained travel amid trends toward trips of shorter distance, and the state’s diverse travel product has kept California top of mind among consumers. New York state, which has a higher dependence on international travel than California, has seen a 25% decline in RevPAR, and convention cities like Chicago (-25%) and Las Vegas (-33%) are suffering disproportionately. Doing better are the Midwestern states and Texas, where RevPAR is down 10% and 16%. The economies in these states largely hinge on commodities like food and oil, which are more stable. The truth is that none of the above numbers are anything to boast about, but while things in California could be better, they could be worse, too.

**California Lodging Report** (click for full report) – California occupancy crept up to 64.7% in June, though it was still down 11.3% from last year. Year to date occupancy was down 12.5% from 2008 as declines in the 2nd quarter lessened somewhat from the 1st quarter. In June, room rates averaged \$108.62, off 13.8% from June 2009. Year to date, room rates are 10.8% lower than 2008, as declines increase each month. Early July data shows a better month for lodging in Anaheim, San Diego and San Francisco.

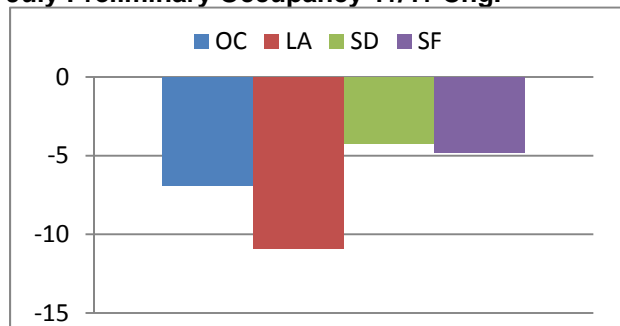
**California Occupancy, Yr/Yr Chg.**



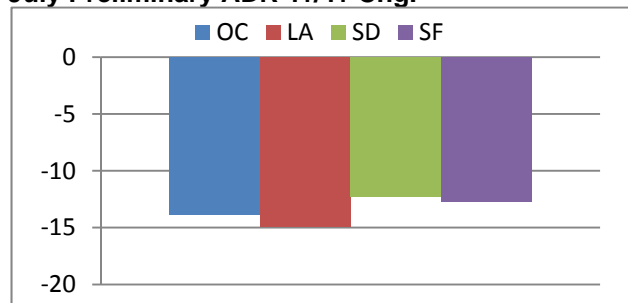
**California Average Room Rates, Yr/Yr Chg.**



**July Preliminary Occupancy Yr/Yr Chg.**

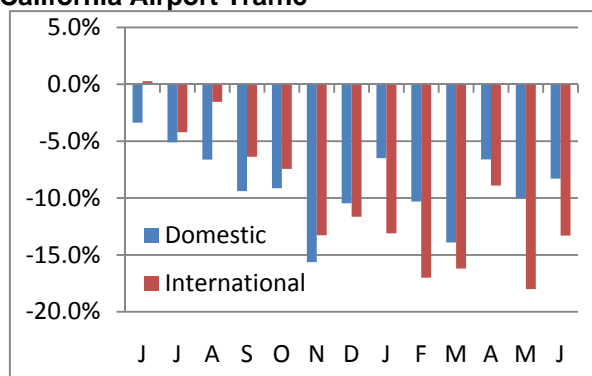


**July Preliminary ADR Yr/Yr Chg.**



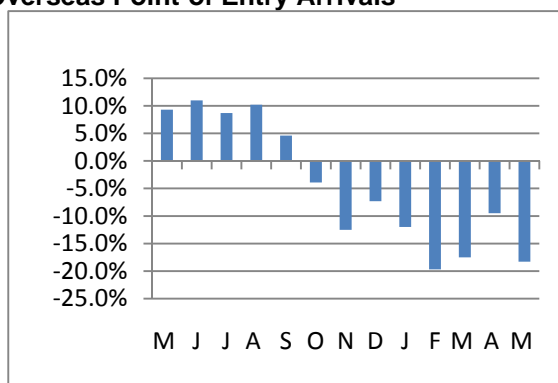
**California Airport Passenger Traffic** (click for full report) – Traffic at California airports declined 9% year over year in June, with domestic traffic off 8% and international off 13%. Overseas point-of-entry arrivals, a measure of foreign resident customs processing at California airports, were down 18% in May – and down 15% for the first five months of 2009 combined.

**California Airport Traffic**



Source: Individual airports, CTTC

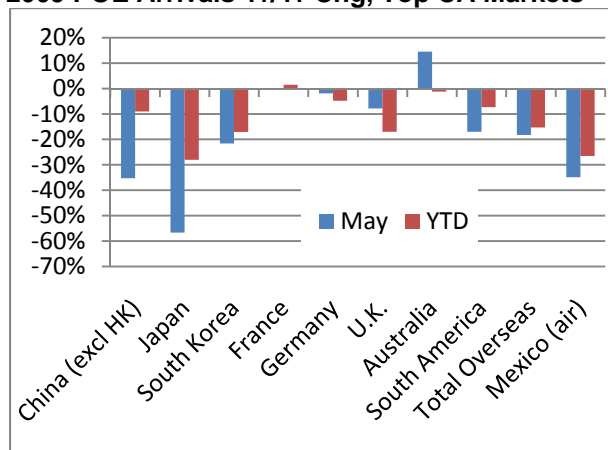
**Overseas Point-of Entry Arrivals**



Source: US Dept. of Commerce

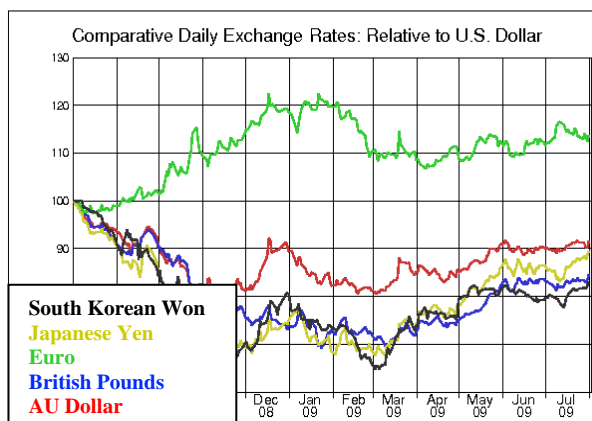
**Overseas and Mexican Port of Entry Arrivals** (click for full report) – In May, point-of-entry arrivals from all of California’s top overseas markets declined year over year with the exception of Australia (+15%), which has added service into LAX on V Australia and Delta. Mexican air arrivals were down 35% for the month as the H1N1 outbreak effects were felt. Also affected by the influenza scare were arrivals from China (-35%) and Japan (-57%). Currencies from California’s largest visitor origins have continued to gain vs. the U.S. dollar, which is favorable for inbound travel.

**2009 POE Arrivals Yr/Yr Chg, Top CA Markets**



Source: US Dept. of Commerce

**Currency Values, 12 Month Trend**



Source: University of British Columbia

**Outlook**– Moody’s Economics has said recently that the recession will likely begin to lessen in Q309 and project positive growth in Q110 or Q210. Unfortunately, they also predict that employment will not begin to grow until the 4<sup>th</sup> quarter of 2010. July travel intentions remain stable from the recent few months despite waning consumer confidence in June and July. Gas prices, however, are creeping up again.

Detailed data reports are available at [tourism.visitcalifornia.com/research](http://tourism.visitcalifornia.com/research).

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