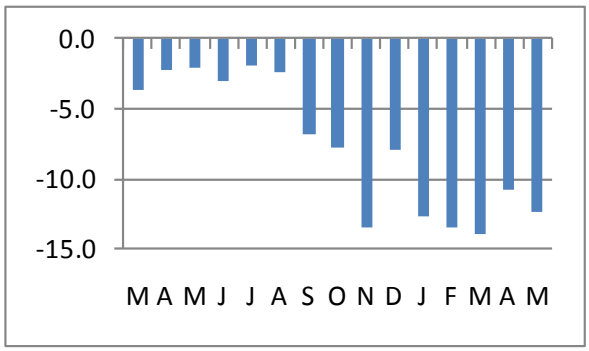
July 2009

California Travel and Tourism Commission Research Bulletin

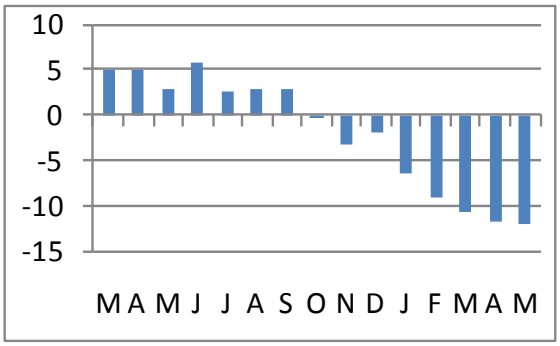
Alternative Futures for Travel – In a keynote session at last month's Travel and Tourism Research Association annual conference, futurist Glen Hiemstra talked about several likely future trends for our industry. Based on his assessment of the major global influences of our time – economic disparity, expensive energy, demographics related to age, and environmental concerns – he pointed to four emerging possibilities. First, he suggested that the current propensity for travel closer to home will continue, even mentioning the concept of a hotel which draws the majority of its occupants from within a 10 kilometer radius. Next, he discussed alternative transport and the probability of more and more tourists seeking trips with low fuel consumption, like biking and sailing. Third, he sees the continuation of destinations evolving to accommodate the first two trends, becoming greener, more local in their attraction, and more astute in their use of information technology. Finally, he thinks that the two primary reasons for travel will be for visiting friends and relatives, and for adventure – the majority of which can be achieved at the local level – with transient business travel declining as meetings technology evolve. How they play out and the degree to which his predictions come true are certainly unknown, but they provide good food for thought. Hiemstra's Web site is www.futurist.com.

California Lodging Report (click for full report) – California occupancy measured 59.6% in May, down 12.3% from last year. Year to date occupancy is down 12.7% from 2008. The decline is worse than in April, but a bit better than in February and March. In May, room rates averaged $108.12, off 12.1% from May 2009. Year to date, room rates are 10.1% lower than 2008. Preliminary June data show no signs of relief quite yet.

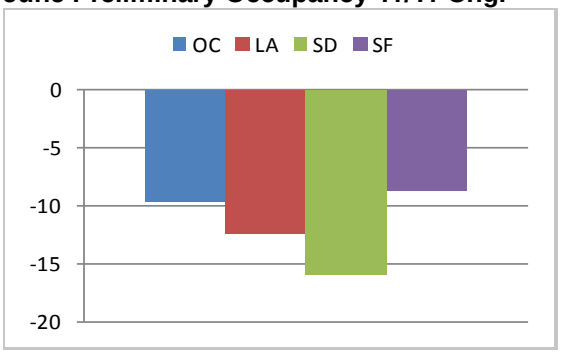
California Occupancy, Yr/Yr Chg.



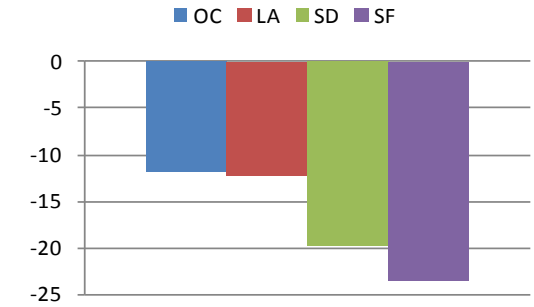
California Average Room Rates, Yr/Yr Chg.



June Preliminary Occupancy Yr/Yr Chg.



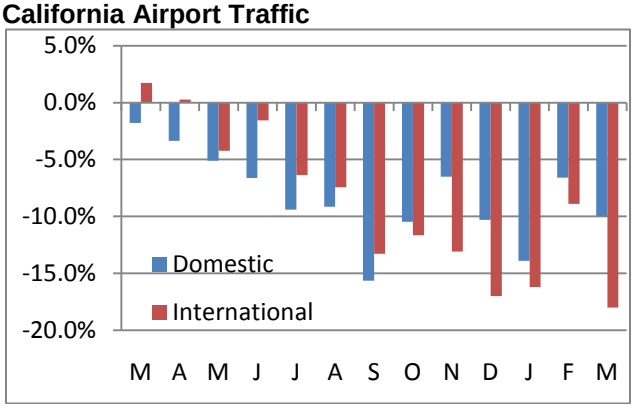
June Preliminary ADR Yr/Yr Chg.



Source: Smith Travel Research

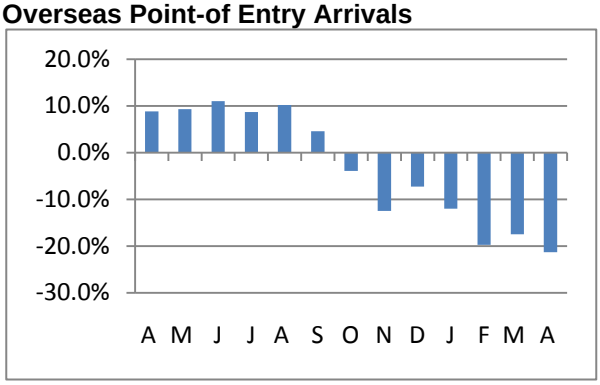
California Airport Passenger Traffic (click for full report) Traffic at California airports declined 11% year over year in May. The decline was led again by reduced traffic on international flights (-18%), but the decline in domestic traffic (-10%) was significant as well. Overseas point-of-entry arrivals, a measure of foreign resident customs processing at California airports, were down 10% in April – and are down 14.5% for the first four months of 2009 combined.

California Airport Traffic



Source: Individual airports, CTTC

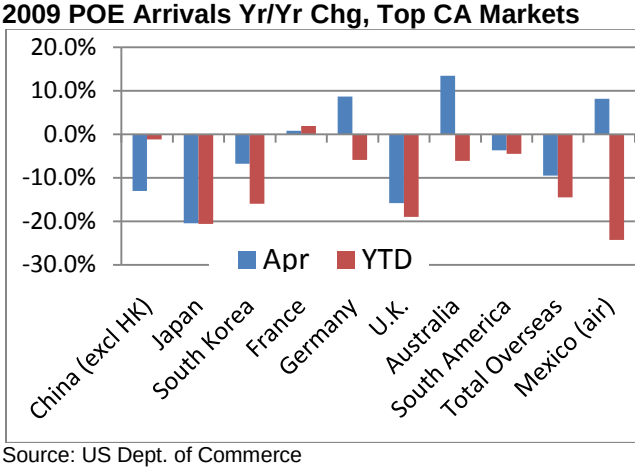
Overseas Point-of Entry Arrivals



Source: US Dept. of Commerce

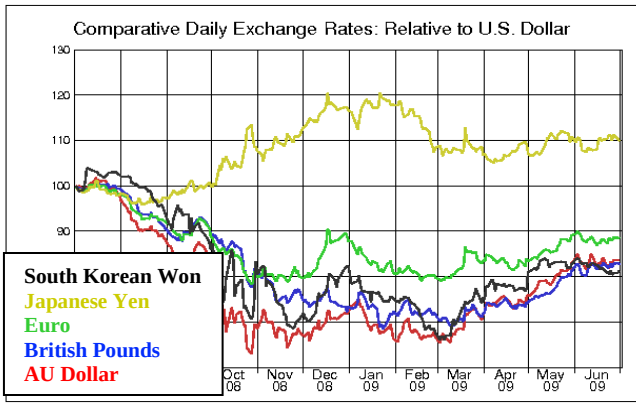
Overseas and Mexican Port of Entry Arrivals (click for full report) – In April, point-of-entry arrivals from all of California's top markets declined year over year with the exception of Germany (+9%) and Australia (+14%). Mexican air arrivals, too, were up (+8%). Year to date, only France is up, while arrivals from California's two largest overseas origins, the U.K. and Japan, are down nearly 20%. Currencies from California's largest visitor origins have all gained vs. the U.S. dollar in the last three months, 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 – A recent survey of projected travel over the July 4 weekend conducted by AAA found that volumes were anticipated to decline by 2% over the prior year, which comes on top of a 10% decline compared to July 2007. At the heart of the decline was a decrease in auto travel, which consumers say is being affected by the recent climb in gas prices. Air travel was actually projected to be up 5% amid pent-up demand and declining air fares. Domestic travel in the rest of the summer will likely fluctuate with the price of gas.

Detailed data reports are available at tourism.visitcalifornia.com/research.

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