

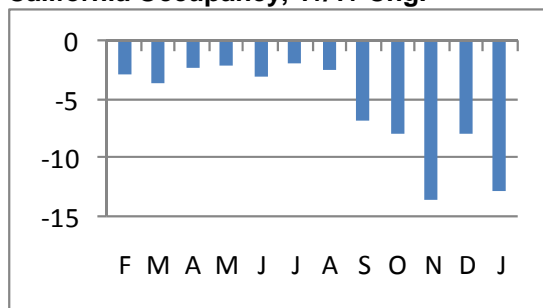
California Travel and Tourism Commission Research Bulletin



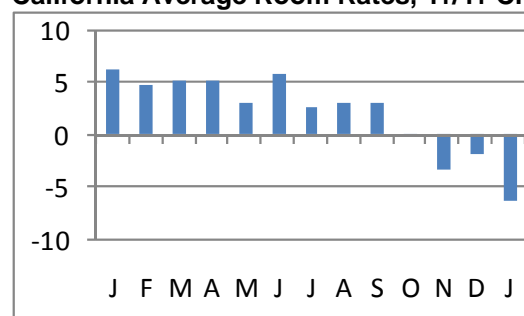
The Business of America – While the business of America may be business, business travel no longer seems to qualify. Business travel for meetings and conventions has been hard hit of late, as many companies have cancelled planned events in an attempt to appear fiscally prudent – whether or not they are beneficiaries of recent government relief. In an attempt to counteract the snowballing criticism of “lavish” trips by TARP recipients (the Troubled Assets Relief Program was the fundamental component of the Emergency Economic Stabilization Act of 2008), the U.S. Travel Association has joined with six groups representing lodging and corporate travel sectors to provide pushback with facts and figures related to the importance of business travel to the American economy. On their Web site meetingsmeanbusiness.com, U.S. Travel states that business travel creates 2.4 million American jobs, and that 15% of all travel related spending comes from meetings and conventions. Closer to home, TNS estimates that business travel provided for \$37 billion of the \$97 billion spent on travel in California in 2007, and that meetings and events alone provided for \$16 billion. While CTTC primarily markets leisure travel, we fully recognize the value of business travel and are working with the national agencies to ensure that its importance is emphasized on both Capitol Hill and to the country as a whole.

The Lodging Report – After getting a minor reprieve in December, California hotels saw big declines in occupancy and ADR again in January. Occupancy for the month was just 51.9%, a 13% decline from 2008. And, ADR, at \$111.80, was off from last year by 6%. The combined effect on revenue per available room was an 18% drop from the January prior. Early indicators for February among California’s largest lodging markets suggest more of the same.

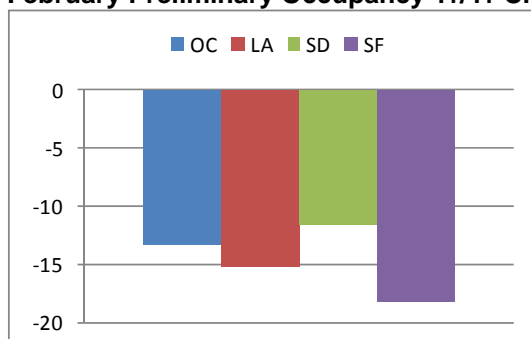
California Occupancy, Yr/Yr Chg.



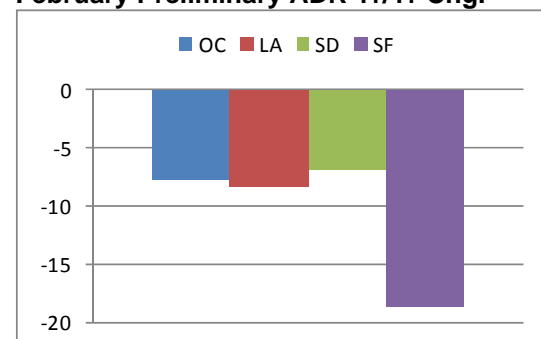
California Average Room Rates, Yr/Yr Chg.



February Preliminary Occupancy Yr/Yr Chg.

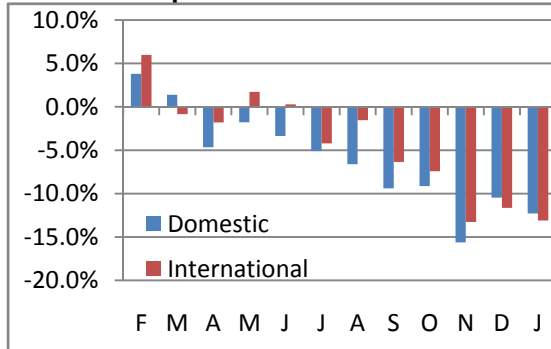


February Preliminary ADR Yr/Yr Chg.



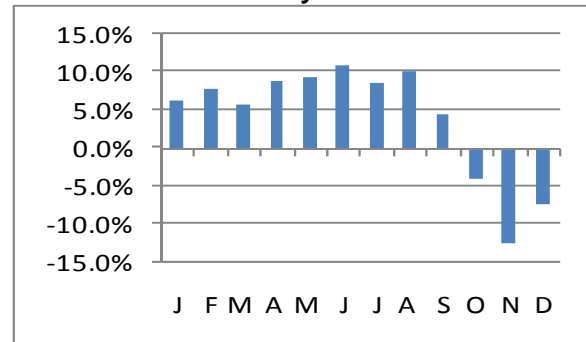
Airport passenger traffic too continued to decline in January. Both domestic and international traffic at California's largest airports was down over 12% compared to 2008. Overseas point-of-entry arrivals, a measure of foreign resident customs processing at California airports, finished 2008 with three consecutive months of year-over-year declines after posting strong gains through the first eight months of 2008.

California Airport Traffic



Source: Individual airports, CTTC

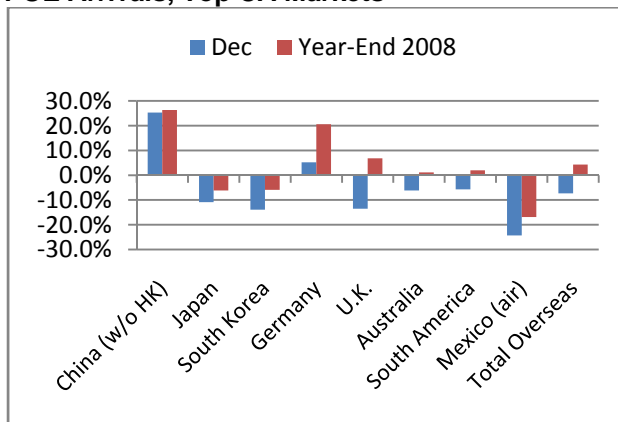
Overseas Point-of Entry Arrivals



Source: US Dept. of Commerce

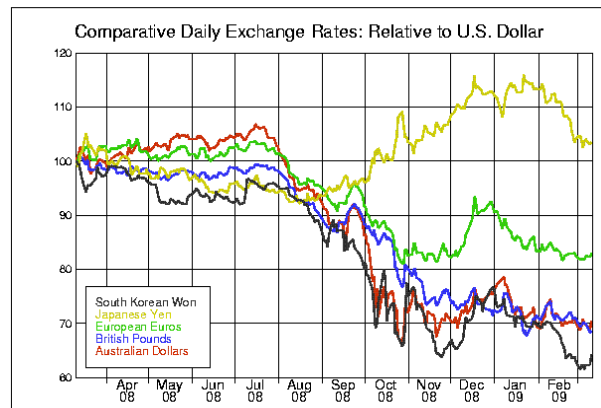
Overseas Markets – In December, point-of-entry arrivals from nearly all of California's top markets declined year over year. The exceptions were China, where demand and relative economic strength have prevailed, and Germany, where demand and the strength of the Euro from earlier in the year kept travel going. The strength of the Japanese Yen between October and January may lead to better performance from that market in the first half of 2009.

POE Arrivals, Top CA Markets



Source: US Dept. of Commerce

Currency Values, 12 Month Trend



Source: University of British Columbia

Outlook – The outlook for domestic leisure travel to California remains fairly stable in terms of volume, but a full 30% of potential travelers say they intend to spend less on travel in the coming year than they did in the previous year; low gas prices though should spur in-state travel and travel from border states. On the international front, the weakened global economy and generally diminishing value of foreign currencies should keep international travel to the U.S. and California down in 2009. Possible bright spots: China and S. Korea because of recent easing of regulations for travel to the U.S. The German travel trade too reports positive bookings in Q109.

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

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