

"HVCB Tourism Industry Update" is a weekly briefing of travel news and developments affecting Hawai'i's visitor industry, compiled by the HVCB Market Trends Department.

FOR IMMEDIATE RELEASE

Contact: **Darlene Morikawa**
 dmorikawa@hvcb.org
 808.924.0259

Inside this issue...

1. FEATURE

- Canada: Planned Air Seat Capacity to Hawai'i up 27 Percent

2. HAWAI'I

Consumer Travel Behaviors

- Total Passenger Volume to Hawai'i Even With Prior-Year Levels for Latest Seven-Day Period

Current Industry Developments

- Hawai'i Hotels Reach Record October Room Revenue

3. NATIONAL / INTERNATIONAL

Consumer Travel Behaviors

- Worldwide Cruise Passenger Counts Increase in First Quarter
- PATA: Record 300 Million Asia-Pacific Arrivals Projected for 2004

Current Industry Developments

- TIA: October Industry Performance Indicators Show Strength
- Hotels to Spend 37 Percent More on Improvements in 2005

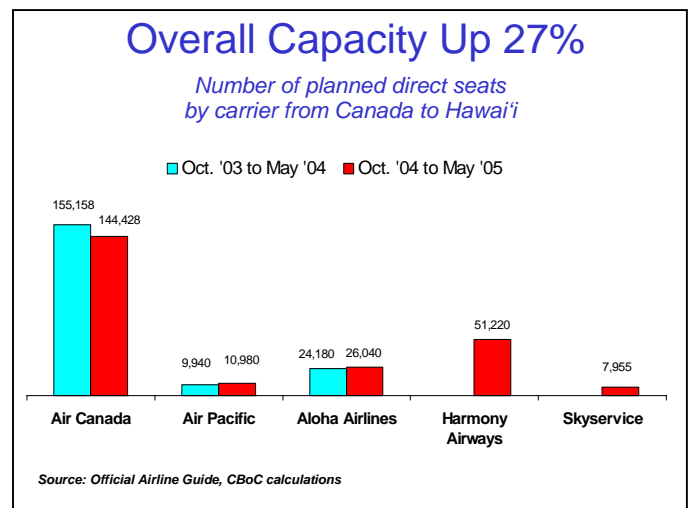
1. FEATURE

[↑ TOP](#)

➤ Canada: Planned Air Seat Capacity to Hawai'i up 27 Percent

Planned air seat capacity from Canada to Hawai'i during the peak winter travel season (October 2004 - April 2005) is projected to be up 27 percent versus the same period one year ago, according to the Conference Board of Canada (CBoC).

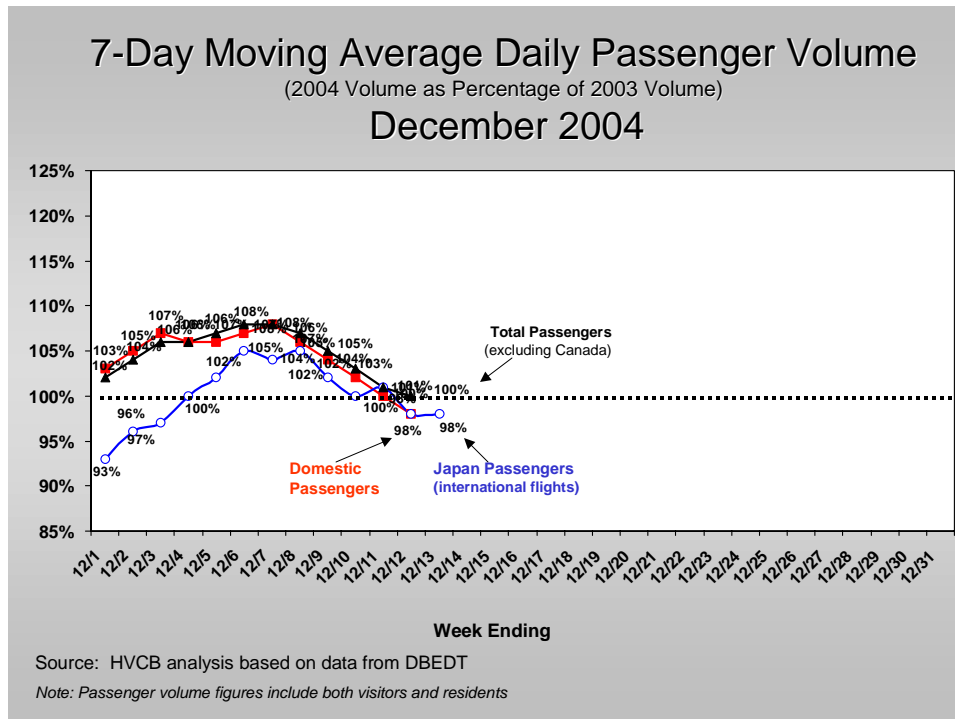
- Although scheduled air seats between Canada and the Islands are down 6.7 percent for the first ten months of 2004, CBoC states that new service by Harmony Airways (51,220 total added seats between October 2004 and April 2005), and increased airlift by Aloha Airlines (+8%) and Air Pacific (+10%) are the main factors behind the capacity increase.
- Air Canada, which maintains approximately 60 percent of the air seats from Canada, is expected to have a seven percent reduction in capacity for the seven-month period.



■ CONSUMER TRAVEL BEHAVIORS

➔ Total Passenger Volume to Hawaii Even With Prior-Year Levels for Latest Seven-Day Period

According to statistics published by the state [Department of Business, Economic Development and Tourism](#), total domestic and international (excluding Canada) volume on nonstop flights arriving in Hawaii is even with 2003 levels for the latest seven-day period ending December 12, 2004. Domestic passenger volume is down two percent, and nonstop passenger volume from Japan decreased two percent from prior-year levels for the seven-day period. For the most recent Seven Day Moving Average chart, visit HVCB's Market Trends Online: <http://www.hvcb.org/trends>



■ CURRENT INDUSTRY DEVELOPMENTS

➔ Hawaii Hotels Reach Record October Room Revenue

Hawaii hotel room revenue reached an October record high \$215.4 million in 2004, surpassing October 2000 figures (\$215.2 million), according to Hospitality Advisors LLC. Statewide average daily room rates (ADR) also set an October record (averaging \$140.96), as did Hawaii revenue per available room (averaging \$108.54) this October. Hawaii hotel occupancy for the month improved to 77.0 percent, up 5.3 percentage points over October 2003.

- Year-to-date (January-October 2004), statewide hotel occupancy is up 6.0 percentage points to 79.0 percent; ADR is up 4.4 percent to \$150.01; and RevPAR is up 13.0 percent to \$118.52.

■ CONSUMER TRAVEL BEHAVIORS

➤ Worldwide Cruise Passenger Counts Increase in First Quarter

The Cruise Lines International Association (CLIA) revealed that more than 2.9 million people worldwide cruised on their member line ships during the third quarter of 2004, up 9.7 percent over the same period in 2003, according to *Travel Weekly*. Year-to-date (through September 2004), CLIA lines carried nearly eight million passengers worldwide, 9.9 percent over the same period last year. CLIA also reports that the worldwide cruise line occupancy was 109.4 percent during the third quarter of 2004.

➤ PATA: Record 300 Million Asia-Pacific Arrivals Projected for 2004

The [Pacific Asia Travel Association](#) (PATA) forecasts a record 300 million international visitor arrivals to the Asia-Pacific region, according to their *Issues & Trends* newsletter. If this projection holds true, international Asia-Pacific arrivals will surpass the previous record of 274.8 million in 2002, by 10 percent. PATA states that the main drivers for visitor growth this year are pent-up demand, deals offered by low-cost air carriers, an easing in China's outbound travel regulation policy, a strong Euro, and strong economic performances in the Asia-Pacific source markets.

■ CURRENT INDUSTRY DEVELOPMENTS

➤ TIA: October Industry Performance Indicators Show Strength

According to the [Travel Industry Association of America](#) (TIA) Industry Performance Indicators (IPI) for October 2004, domestic air revenue passenger miles (RPMs) increased 8.7 percent compared to the same month last year, while international air RPMs rose 12.4 percent. Hotel/motel room receipts also continued to strengthen in October, up 10.1 percent compared to October 2003. The IPI is released by TIA each month to give a monthly snapshot of recent trends in the travel industry.

➤ Hotels to Spend 37 Percent More on Improvements in 2005

The hotel industry is projected to spend \$4.1 billion on upgrades and renovations in 2005, 37 percent more than the \$3 billion spent this year, according to a study by PricewaterhouseCoopers Hospitality and Leisure Practice (reported by the *Wall Street Journal*). The rise in spending next year is due mainly to increased competition between hotels looking to offer superior amenities to their guests. Revenue per available room (RevPAR) is expected to rise seven percent in 2004, and five percent in 2005, well below the 37 percent jump in improvement spending.

We welcome any suggestions or comments that you may have that will help us improve the quality of the weekly Tourism Industry Update. Please feel free to share your ideas:

Darlene Morikawa ✦ dmorikawa@hvcb.org ✦ tel. 808.924.0259