

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

FOR IMMEDIATE RELEASE

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1. FEATURE

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➤ Eleven of Hawaii's Top City Markets Set New Records in 2004

The number of visitors from 11 the state's top 15 U.S. metropolitan statistical area (MSA) markets to Hawaii not only exceeded prior-year levels, but also set new all-time high marks in 2004.

- With the exception of New York, Seattle, Portland, and Minneapolis, each of the top 15 U.S. markets produced record-high arrivals to Hawaii.
- Hawaii's top market, Los Angeles, was the source of 751,791 visitors in 2004, 6.5 percent above 2003 levels.
- Most of the other top U.S. West markets showed continued growth in 2004, including Las Vegas (+28.1%); Sacramento (+9.5%); Seattle (+7.2%); Phoenix (+5.6%); San Diego (+4.5%); and the San Francisco Bay Area (+2.3%).
- The top U.S. East markets also showed positive growth last year, fueled in part by increased nonstop air service from the region: Washington D.C. (+8.1%); Minneapolis-St. Paul (+6.4%); New York (+5.0%); and Chicago (+3.6%).

Additional statistics on Hawaii's top MSA markets are posted on HVCB's Market Trends Online website:

<http://www.hvcb.org/trends>

2004 Preliminary Arrivals from Top 15 U.S. MSA Markets

MSA/CMSA	2004P	2003	% Change '04/'03
LOS ANGELES-RIVERSIDE-ORANGE COUNTY, CA CMSA	751,791	706,081	6.5%
SAN FRANCISCO-OAKLAND-SAN JOSE, CA CMSA	550,523	537,900	2.3%
SEATTLE-TACOMA-BREMINGTON, WA CMSA	214,476	200,011	7.2%
NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND, NY-NJ-CT-PA CMSA	170,100	161,971	5.0%
SAN DIEGO, CA	157,530	150,752	4.5%
CHICAGO-GARY-KENOSHA, IL-IN-WI CMSA	121,078	116,871	3.6%
SACRAMENTO-YOLO, CA CMSA	110,539	100,973	9.5%
WASHINGTON-BALTIMORE, DC-MD-VA-WV CMSA	105,312	97,410	8.1%
PORTLAND-SALEM, OR-WA CMSA	102,422	102,730	-0.3%
PHOENIX-MESA, AZ	91,436	86,586	5.6%
DENVER-Boulder-Greeley, CO CMSA	84,792	91,801	-7.6%
DALLAS-FORT WORTH, TX CMSA	75,087	72,952	2.9%
BOSTON-WORCESTER-LAWRENCE-LOWELL-BROCKTON, MA-NH-NECMA	61,853	60,338	2.5%
MINNEAPOLIS-SAINT PAUL, MN-WI	60,335	56,717	6.4%
LAS VEGAS, NV-AZ	59,031	46,081	28.1%

Source: HVCB analysis of DBEDT data

2. HAWAII

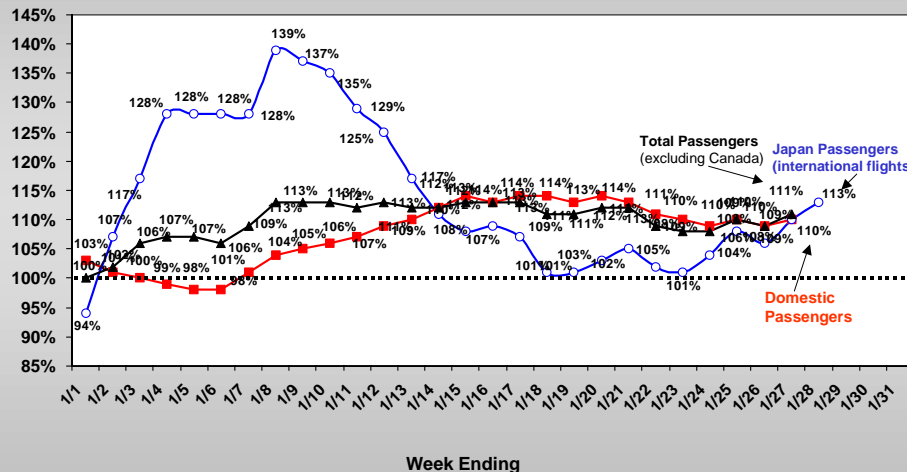
↑TOP

CONSUMER TRAVEL BEHAVIORS

Japanese Passenger Volume to Hawai'i Up 13 Percent Above Prior-Year Levels

Nonstop passenger volume from Japan increased 13 percent compared to prior-year levels for the latest seven-day period (ending January 27, 2005), according to statistics published by the state [Department of Business, Economic Development and Tourism](#). Domestic passenger volume on nonstop flights to Hawai'i increased 10 percent over 2004 levels, helping boost total domestic and international (excluding Canada) volume on nonstop flights 11 percent above 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>*

7-Day Moving Average Daily Passenger Volume (2005 Volume as Percentage of 2004 Volume) January 2005



Source: HVCB analysis based on data from DBEDT

Note: Passenger volume figures include both visitors and residents

■ CURRENT INDUSTRY DEVELOPMENTS

➤ Hawai'i Hotels Generate Record High Room Revenue in 2004

Hawai'i hotel room occupancy ended the year at 77.8 percent, an increase of 5.1 percentage points over 2003 occupancy, helping statewide hotels generate a record high \$2.73 billion in room revenue (+11.3% over 2003 revenues), according to Hospitality Advisors LLC. Statewide average daily room rates (ADR) increased 4.6 percent to a record \$150.86, and revenue per available room (RevPAR) increased 11.9 percent, averaging an all time high of \$117.36.

- According to Smith Travel Research, nationwide hotel occupancy for 2004 equaled 61.3 percent (up 3.7 percent over 2003 figures); ADR reached \$86.41 (+4.0%); and RevPAR increased to \$52.93 (+7.8%). Total room revenue for the year increased 8.8 percent to \$86.2 billion.
- By all of these measures, Hawai'i hotels outpaced the national average.

3. NATIONAL / INTERNATIONAL

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■ CONSUMER TRAVEL BEHAVIORS

➤ Online Travel Spending Up 26 Percent in 2004

In a study conducted by Internet research company, comScore Networks, U.S. travel consumers spent \$50.9 billion on online travel sites (excluding auctions and large corporate purchases) in 2004, representing a 26 percent increase over prior-year levels, according to *eMarketer*. Holiday season (November-December 2004) travel spending online equaled \$7.8 billion, a 28 percent jump over the same months in 2003.

- Non-travel retail online spending by U.S. consumers totaled 66.5 billion (+26%) in 2004, with holiday sales equaling \$15.8 billion, up 29 percent over holiday 2003 levels.

■ CURRENT INDUSTRY DEVELOPMENTS

➤ National Consumer Confidence Begins Year on Positive Note

The Conference Board's [National Consumer Confidence](#) Index continued to edge up in January, up 0.7 points from December 2004, reaching 103.4 (1985=100). Although the "Present Situation" index reached its highest level since May 2002, increasing to 110.9 (from 105.7 in December), the "Expectations" index declined to 98.4, down 2.3 points in January. The Conference Board states that the high "Present Situation" index suggests that consumers will not change their spending habits considerably over the next few months, and that the economy should continue to expand throughout the first half of the year.

➤ National Travel Price Index Up 4.5 Percent in 2004

The Travel Industry Association of America's (TIA) [Travel Price Index](#) (TPI) increased 4.5 percent in 2004 when compared to 2003, the largest annual increase since 2000. Lodging prices climbed 5.2 percent in 2004, while fares decreased 1.8 percent for the year. The price of gasoline, which jumped 18.1 percent in 2004 over prior year levels, was the main factor in the TPI increase. In addition, the TPI outpaced the nation's overall Consumer Price Index (+2.7%) for the year. The TPI is an indicator (tracked monthly) of the price change in travel goods and services available to the U.S. consumer.

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:

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