

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

FOR IMMEDIATE RELEASE

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1. FEATURE

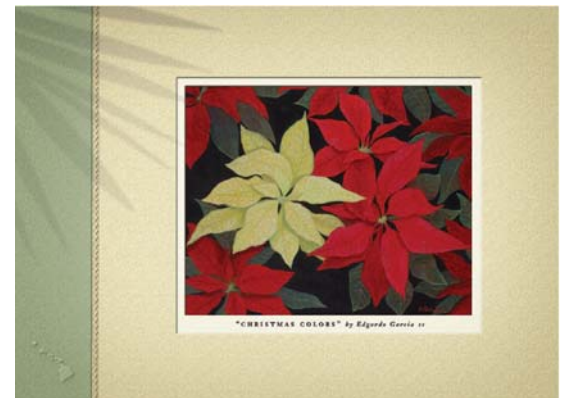
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➤ Domestic Holiday Travel Could Reach Record, Despite Rising Travel Costs

Despite double-digit increases in hotel rates, airfares, and gas prices (versus prior-year levels), domestic travel by Americans this holiday season is projected to reach a record 63.5 million, up 1.7 percent compared to the holiday record set last year, according to [AAA](#). A holiday trip is defined as travel of 50 or more miles away from home, one way, during the weekends and weeks of Christmas, Hanukkah, and New Year's Day.

- Nearly 8.8 million, or 14 percent of holiday travelers, expect to travel by air, up 1.6 percent from last holiday season.
 - The Southeast region is expected to be the source of the most air travelers this holiday season with 2.6 million travelers, followed by the West (2.5 million); Northeast (1.7 million); Midwest (1.0 million); and Great Lakes (870,000).

Seasons Greetings



Please note that this will be the final issue of **Tourism Industry Update** for the year. We'll see you in 2006!

- An estimated 69 percent of holiday travelers are expected to stay with friends or relatives, up significantly from last year's forecast due mainly to the rise in hotel room rates. Other types of accommodations during the season include: hotels and motels (22%); and rented cabin/condo (4%).
- The top destinations this winter holiday season:
 - Towns/Rural Areas -- 37%
 - Cities -- 35%
 - Oceans/Beaches -- 11%
 - Mountains -- 8%

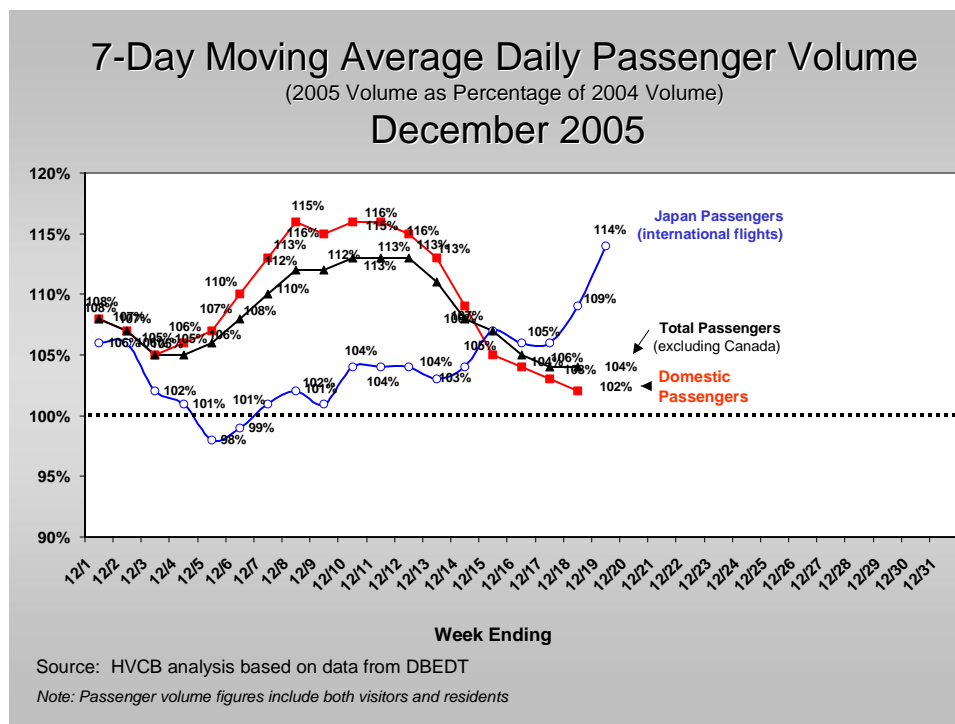
2. HAWAII

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■ CONSUMER TRAVEL BEHAVIORS

➤ Marathon Helps Boost Total Passenger Volume to Hawai'i

According to statistics published by the state [Department of Business, Economic Development and Tourism](#), total domestic and international (excluding Canada) passenger volume on nonstop flights to Hawai'i ended the latest seven-day period up four percent compared to prior-year levels for the period ending December 18, 2005. Earlier in the month, passenger volume began peaking around the time of the Honolulu Marathon, which took place on December 11th (the 2004 Marathon was run on December 12, 2004). Domestic passenger volume ended the week two percent above prior-year levels, while nonstop passenger volume from Japan was boosted 14 percent over 2004 levels for the period. *For the most recent Seven Day Moving Average chart, visit HVCB's Market Trends Online: <http://www.hvcb.org/trends>*



■ CURRENT INDUSTRY DEVELOPMENTS

➤ Delta Air Lines, US Airways Inaugurate New Daily Routes to Hawai'i

- On December 13, Delta Air Lines began daily non-stop service from Atlanta to Kahului and direct service to Kona (via Salt Lake City). These new routes increase Delta's Hawai'i operations to 11 daily nonstop flights from the mainland. Other markets served by the airline include Atlanta, Cincinnati, Los Angeles, and San Francisco.

- US Airways introduced new nonstop service between its Phoenix hub and Honolulu, and Kahului on December 16. Beginning in March 2006, US Airways/America West will inaugurate new flights between Phoenix and Honolulu, Lihue, and Kona; and between Las Vegas and Kahului. The new routes will be serviced by a Boeing 757-200 aircraft with a 190-passenger capacity.

➤ Hawai'i Air Seat Capacity Projected to be Flat This Winter

Total scheduled air seats to Hawai'i are projected to increase 0.7 percent between this winter, compared to the same period last year, according to a [Department of Business, Economic Development, and Tourism](#) (DBEDT) analysis of OAG flight schedules. Scheduled U.S. air seats are forecast to rise 1.1 percent, while international seats are set to decrease 0.4 percent:

- Scheduled non-stop air seats to Hawai'i from the U.S. West are projected to reach over 1.4 million during the three-month rolling air service forecast, up 4.5 percent over prior-year levels. Hawai'i's top domestic market, Los Angeles, is expected to see a decline (-4.6 percent) in seats during the three-month period. Hawai'i's second largest market, San Francisco is also projected to experience negative growth in air seats (-7.4%), coupled with a 40 percent drop in Hawai'i air seats from nearby Oakland International Airport. Markets with the highest percentage increases over prior-year levels are: Anchorage (+387.5%); Salt Lake City (+197.9%); Phoenix (+148.2%); and Las Vegas (+88.1%). The U.S. West air seats forecast is boosted by new service from Delta Air Lines, and America West.
- Scheduled air seats from the U.S. East are projected to decrease 11.2 percent between December and February. The two markets that are projected to see nominal growth are Dallas (+2.0%); and Newark (+0.2%). The largest U.S. East port-of-entry, Chicago, is expected to decline 15.4 percent for the period.
- Japanese scheduled air seats will decrease 10.3 percent this winter, mainly due to drops in the Osaka market, and suspensions in air service from Fukuoka. Seats from Tokyo are expected to decrease slightly, down 1.3 percent.
- Meanwhile, Canadian air seats are projected to grow 25.4 percent, much in part due to new scheduled air service by Harmony Airways and WestJet.

3. NATIONAL / INTERNATIONAL

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■ CONSUMER TRAVEL BEHAVIORS

➤ Japanese Outbound Holiday Travel to Grow Less Than One Percent

Japanese outbound travel during the holiday season will grow by 0.8 percent compared to prior-year levels, according to preliminary figures by the Japan Travel Bureau (JTB), reported by *Travel Journal International*. Overseas travel between December 23rd 2005 and January 3rd 2006 is projected to reach 624,000. Top destinations this season include Korea (85,000, down 2.3% from prior-year levels); Europe (78,000, up 4.0%); China (73,000, down 17.1%); **Hawai'i (61,000, up 1.7%)**; and Guam/Saipan (52,000, up 2.0%). JTB notes that Japanese travelers appear to be booking longer-haul travel to coincide with "Coming of Age" day, celebrated on January 9th. JTB based its results on industry trends, airline bookings, JTB reservations, and a national survey.

■ CURRENT INDUSTRY DEVELOPMENTS

➤ Travel Price Index Up Nearly Five Percent in November

The Travel Industry Association of America's (TIA) [Travel Price Index](#) (TPI) increased 4.8 percent in November 2005, compared to the same month last year. Airfares increased 6.4 percent compared to prior year levels, while lodging prices increased 2.5 percent. The TPI's increase can be attributed mainly to rising motor fuel prices (+16.2%). In addition, the TPI again outpaced the nation's general inflation, reflected in the Consumer Price Index (+3.5%) in November. The TPI is a monthly indicator 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 Tourism Industry Update. Please feel free to share your ideas:

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