

"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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#### ➤ Hawai'i's Top City Markets Show Strong Growth During the Five Months

The number of visitors from eight of the top 10 U.S. metropolitan statistical area (MSA) markets topped previous-year levels during the first five months of 2006, in keeping with the record high domestic arrivals year-to-date.

- Hawai'i's top market, Los Angeles, was the source of nearly 261,600 visitors through May, up 3.0 percent from the same period in 2005. Hawai'i's second largest source market, the San Francisco Bay Area, increased nominally, up 0.3 percent during this period.
- Some of the other top U.S. West markets that grew during the first five months of the year include Seattle (+2.5%); Portland (+6.7%); Phoenix (+33.4%); and Sacramento (+3.1%). Arrivals from San Diego slipped three percent during the five-month period.
- The top U.S. East market, New York, fell 5.2 percent during the five-month period. However, both Chicago (+0.3%) and Washington D.C. (+3.0%) experienced growth.

**Preliminary 2006 Arrivals to Hawai'i from Top 10 MSAs**  
January - May 2006

Metropolitan Statistical Area	Total YTD Jan-May	% Change 2006/2005
LOS ANGELES-RIVERSIDE-ORANGE COUNTY, CA CMSA	261,595	3.0%
SAN FRANCISCO-OAKLAND-SAN JOSE, CA CMSA	209,310	0.3%
SEATTLE-TACOMA-BREMINGTON, WA CMSA	106,297	2.5%
NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND, NY-NJ-CT-PA CMSA	62,353	-5.2%
SAN DIEGO, CA	60,019	-3.0%
CHICAGO-GARY-KENOSHA, IL-IN-WI CMSA	54,583	0.3%
PORTLAND-SALEM, OR-WA CMSA	54,192	6.7%
PHOENIX-MESA, AZ	53,171	33.4%
SACRAMENTO-YOLO, CA CMSA	46,826	3.1%
WASHINGTON-BALTIMORE, DC-MD-VA-WV CMSA	44,764	3.0%

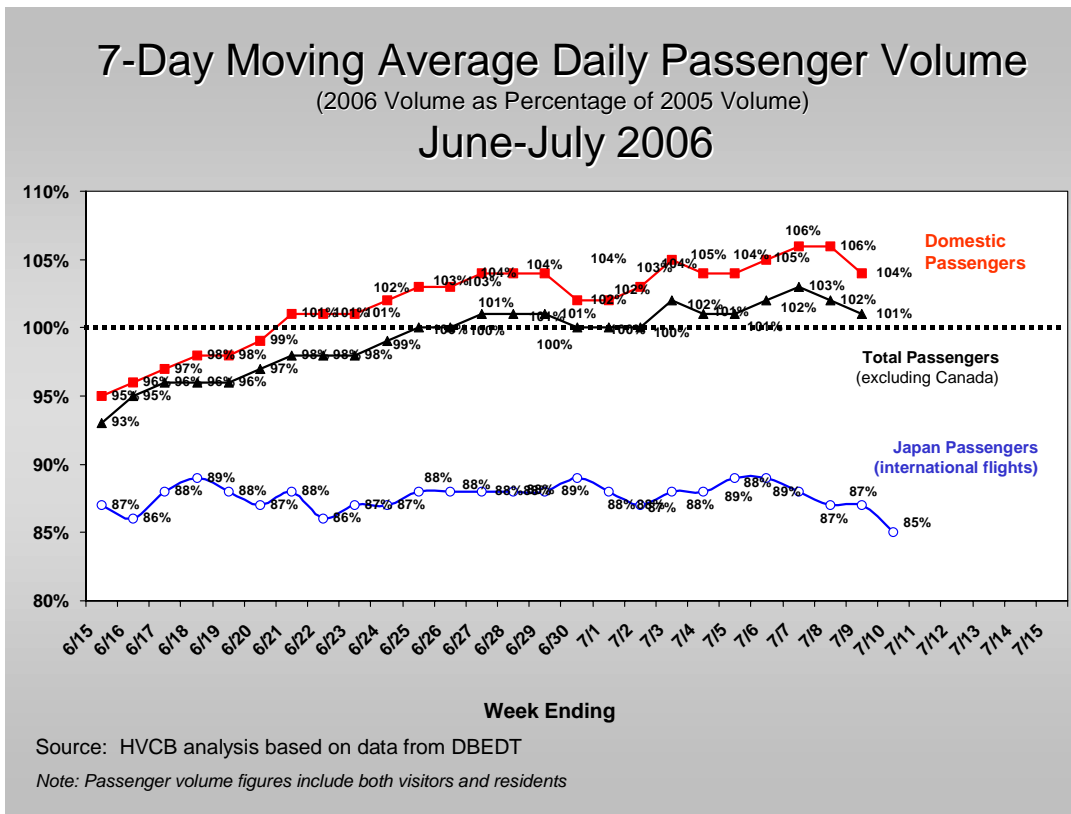
Source: HVCB analysis of DBEDT data

■ CONSUMER TRAVEL BEHAVIORS

➔ Domestic Passenger Volume Up Four Points Versus Prior-Year Levels for the Week

According to statistics published by the state [Department of Business, Economic Development and Tourism](#), domestic passenger volume on nonstop flights to Hawai'i increased four percentage points above prior-year levels for the seven-day period ending July 9, 2006. Nonstop passenger volume from Japan dropped 15 points below prior-year levels, while total domestic and international (excluding Canada) passenger volume was one percent above prior-year levels for the week.

For the most recent Seven Day Moving Average chart, visit HVCB's Market Trends Online: <http://www.hvcb.org/trends>



3. NATIONAL / INTERNATIONAL

■ CONSUMER TRAVEL BEHAVIORS

➔ Poll: Higher Gas Prices Force Changes in Summer Vacation Plans

According to a USA Today/Gallup Poll survey of 1,000 adults, one-third of all respondents reported that they are changing their summer vacation plans because of higher gas prices. Although gasoline prices have been gradually decreasing, prices are up an estimated 65 cents from a year ago. The decline in vacation plans could also be attributed to a drop in employees who get paid time off. The Society for Human Resource Management (SHRM) reports that the percentage of companies giving paid vacation time fell to 82 percent this year from 91 percent in 2002. Despite the growing number of Americans calling off their summer travel plans, hotels and airlines continue to experience high demand. Of those who reported changing vacation plans:

- 37% plan to reduce the number of trips normally taken
- 26% plan to cancel or state they cannot afford to vacation
- 23% plan to take shorter trips

## ■ CURRENT INDUSTRY DEVELOPMENTS

### ➤ Hotels Expected to Hit New Occupancy Records This Summer

The U.S. lodging industry is expected to achieve a new record in occupied rooms per night, reaching 3.28 million, beating out the 3.14 million occupied rooms per night in 2005, according to [PricewaterhouseCoopers LLP](#). Hotel occupancy is not projected to exceed the 72.1 percent achieved in 2000 (based on Smith Travel Research data), but is forecasted to hit 71.5 percent, the highest level in five years since 2000. Although U.S. hotel supply has increased by 7.7 percent since 2000, occupied rooms per night dropped 0.5 percent due to the increase in gasoline prices.

### ➤ PWC Forecasts 45 Percent Increase in New U.S. Hotel Construction This Year

[PricewaterhouseCoopers](#) LLP forecasts an increase of 119,000 new hotel rooms in 2006, a 45 percent increase compared to the number of rooms added in 2005. The majority of these new rooms will be for upscale and mid-price hotels without food and beverage. This increase is supported by the largest three-year U.S. lodging industry revenue per available room (RevPAR) increase since 1981. Last year's new hotel room construction was 82,625 rooms and 2004's hotel room construction was 80,038 rooms. The increase in construction activity in 2006 reflects a positive outlook for increased occupancy and increased average room rates. Despite these increases, supply will continue to increase at a slower pace than demand for 2006 and 2007, according to PWC.

*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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