

"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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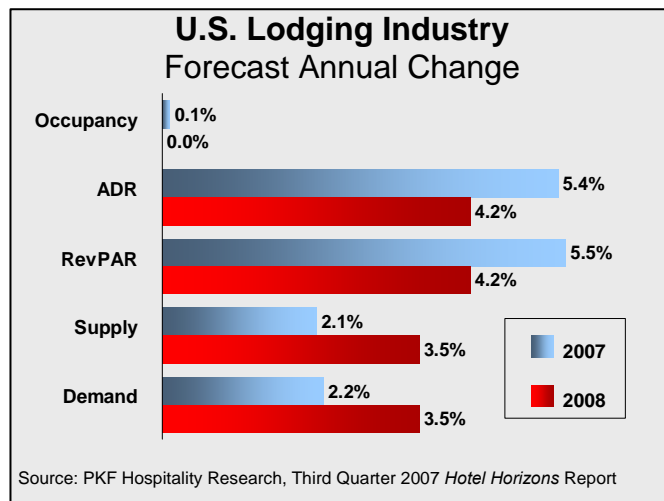
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1. FEATURE

➔ PKF Forecast: U.S. Hotel RevPAR Growth Expected to Slow Through 2008

According to a revised forecast by [PKF Hospitality Research](#), U.S. hotels will experience a slowdown in the pace of annual RevPAR (revenue per available room) growth through 2008. By the end of 2007, RevPAR is expected to increase 5.5 percent over 2006 figures – mainly due to a nominal increase in occupancy (+0.1%), and a 5.4 percent increase in average daily rates (ADR). For 2008, however, occupancy is projected to be flat, with a 4.2 percent gain in both ADR and RevPAR. As a comparison, hotels had experienced an average annual rate of 8.0 percent growth in RevPAR over the past three years.

- PKF projects a 3.5 percent increase in the supply of hotel rooms in 2008, with the majority of development occurring in upscale and midscale.
- Occupancy is forecasted to remain flat at 63.4 percent in 2008, roughly the same level expected for 2007. However, occupancy is still above the long-term average, and ADR is expected to increase faster than inflation over the next two years.



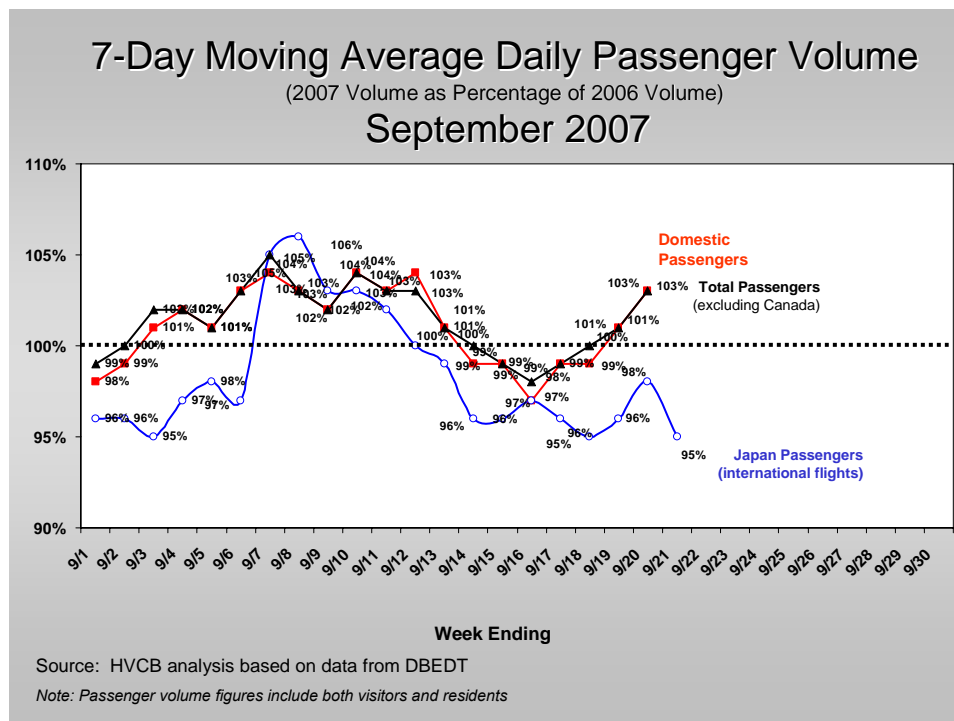
2. HAWAII

■ CONSUMER TRAVEL BEHAVIORS

➤ Domestic Passenger Volume to Hawai'i Three Points Above Prior-Year Levels for the Week

According to statistics published by the state [Department of Business, Economic Development and Tourism](#), total domestic passenger volume on nonstop flights to Hawai'i was three points above prior-year levels for the seven-day period ending September 21, 2007. Total domestic and international (excluding Canada) passenger volume ended the period up three points, while nonstop passenger volume from Japan to Hawai'i was down five points for the week.

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



■ CONSUMER TRAVEL BEHAVIORS

➤ HTA Launches Hawaiian Culture and Community Program

The [Hawai'i Tourism Authority](#) (HTA) in partnership with the [Council for Native Hawaiian Advancement](#) (CNHA) launched a program to provide funding to support organizations for projects that strengthen and perpetuate the Hawaiian culture and community – *Kūkulu Ola*, "Living Hawaiian Culture" program. Detailed information is available from [HTA's website](#).

HTA will be accepting applications until 6:00 pm (HST) on November 1st. Application packets are available at CNHA's office:

33 South King Street, Suite 513
Honolulu, HI 96813

You may also download the application for the website: www.livinghawaiianculture.org

3. NATIONAL / INTERNATIONAL

■ CONSUMER TRAVEL BEHAVIORS

➤ National Consumer Confidence Declines in August

After surging in July, the [National Consumer Confidence](#) Index retreated 6.9 points in August (from the prior month reading) to 105.0 (1985=100). The "Present Situation" index fell to 130.3 (from 138.3 in July), while the "Expectations" index declined 6.2 points to 88.2 during the month (from 94.4). Conference Board officials state that the August decline in consumer confidence can be attributed in part to a softening in business conditions and labor market conditions. Furthermore, consumers' outlook is dampened by the volatility in the financial markets and sub-prime real estate prospects.

■ CURRENT INDUSTRY DEVELOPMENTS

➤ ARC: Total Air Sales Up Through August

The Airlines Reporting Corporation (ARC) released its August 2007 operating statistics, showing that sales totaled \$56.1 billion year-to-date, up 2.8 percent from the same eight-month period in 2006. Domestic airfares decreased through August compared to last year (-3.0%), while international fares increased 8.7 percent. During the month of August (YTD information not available), e-ticketing transactions were significant, with 96.9 percent of all ARC transactions being paperless during the month. Results represent ARC's processing and settlement of travel agency and CTD sales transactions on behalf of 158 carriers.

➤ Slots for Charter Flights Increase Between U.S. and Japan

The U.S. and Japanese governments have reached an agreement allowing an unlimited number of takeoff and landing slots for charter flights for each country, according to a report in *Travel Journal International*. Prior to the September agreement, the number of slots was limited to 800 flights each (on a one-way basis). The agreement also increased the maximum number of slots in Tokyo to 400 in 2008, 500 in 2009 going forward (from the current 300 one-way slots annually).

➤ Travel Price Index Up 3.2 Percent Through July

The Travel Industry Association of America's (TIA) [Travel Price Index](#) (TPI) increased 3.2 percent year-to-date through July 2007, compared to the same period last year. Airfares increased nominally (+0.1 percent), and lodging prices increased 4.6 percent during the seven-month period. Motor fuel prices increased 2.4 percent versus prior year levels, but have been decreasing steadily in recent months. The TPI has outpaced the nation's overall Consumer Price Index (+2.5%) through July. 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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