

Arizona 2008 Tourism Facts

Year-end Summary





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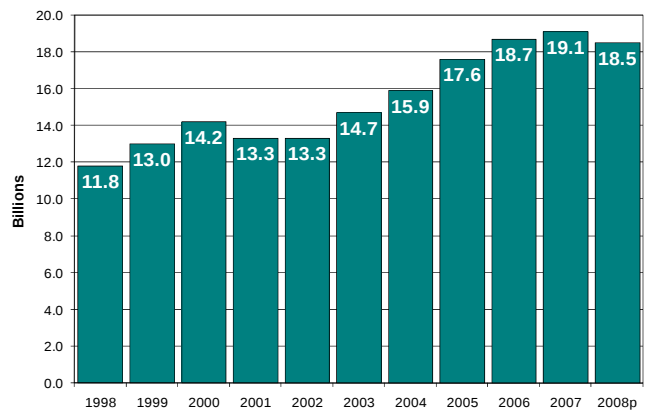
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2008 Summary

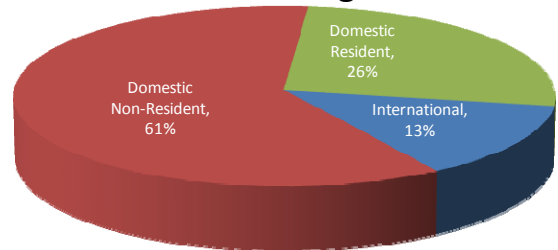
- Direct travel expenditures by all visitors to Arizona decreased -3.1 percent to \$18.5 billion in 2008.
- Direct travel spending in Arizona generated \$1.4 billion in local and state tax revenues and \$1.2 billion in federal tax revenues during 2008.
- Travel spending in Arizona generated a direct impact of 166,900 jobs with earnings of \$5.0 billion in 2008.
- Arizona hosted 37.4 million domestic and international overnight visitors, equal to roughly 102,000 visitors per day in 2008.
- Domestic non-residents made up the largest share of overnight visitors (61 percent) to Arizona with 22.6 million visitors in 2008. The second largest visitor segment was Arizona residents with 9.8 million overnight visitors, representing 26 percent of the market.
- 13 percent of Arizona's overnight visitation was made up of the nearly 5 million international overnight visitors in 2008.
- 3.8 million international visitors to Arizona came from Mexico in 2008, which is equivalent to 76 percent of overnight visitation. Since 2001, there has been a significant increase in volume in overnight Mexican visitors to Arizona, going from 4 percent in 2001 to 16 percent in 2007-08.

Direct Travel Expenditures - 1998-2008



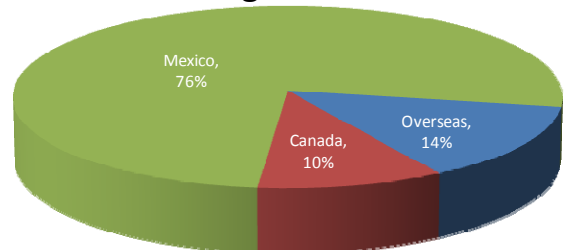
Source: Arizona Travel Impacts, Dean Runyan Associates

2008 Arizona Overnight Visitation



Source: Tourism Economics.; US Department of Commerce; Statistics Canada; U of Arizona

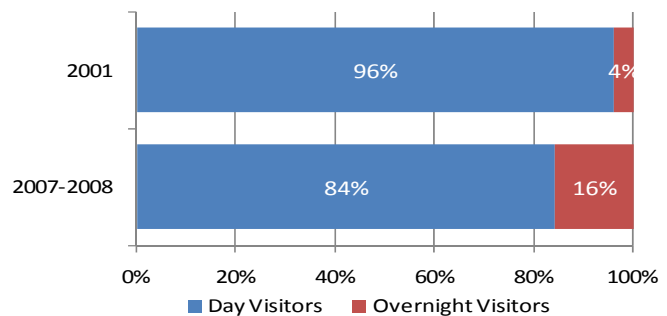
2008 Arizona Overnight International Visitation



Source: US Department of Commerce; Statistics Canada; U of Arizona

2007-2008 Mexico Visitor Survey

Overnight Visitors to Arizona



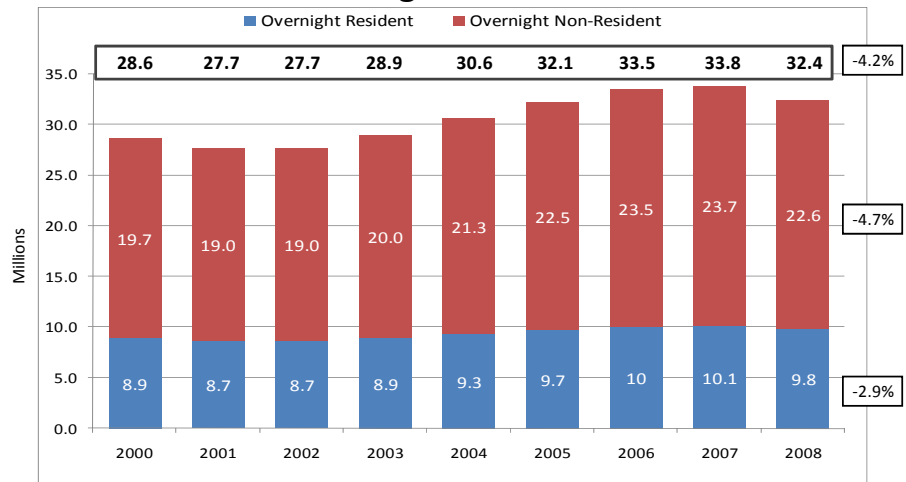
Source: U of Arizona

2008 Arizona Domestic Overnight Travel

- In 2008, there were 32.4 million Arizona domestic overnight visitors, which is a decline of -4.2 percent.
- The decline in total domestic overnight travel to Arizona was mostly due to the -4.7 percent decrease in non-resident visitors. These 22.6 million visitors represented nearly 70 percent of all domestic overnight visitation to Arizona in 2008. The smaller decline in resident visitation is consistent with closer-to-home and shorter trip travel patterns.
- There was a substantial decline of -7.6 percent in overnight domestic business travel to Arizona in 2008, reflecting the hard-hit meetings and conventions segment.
- 33 percent of Arizona's 2008 domestic overnight visitors reside here in Arizona, while another 34 percent are from the neighboring states of California, Nevada, Colorado, New Mexico & Texas.

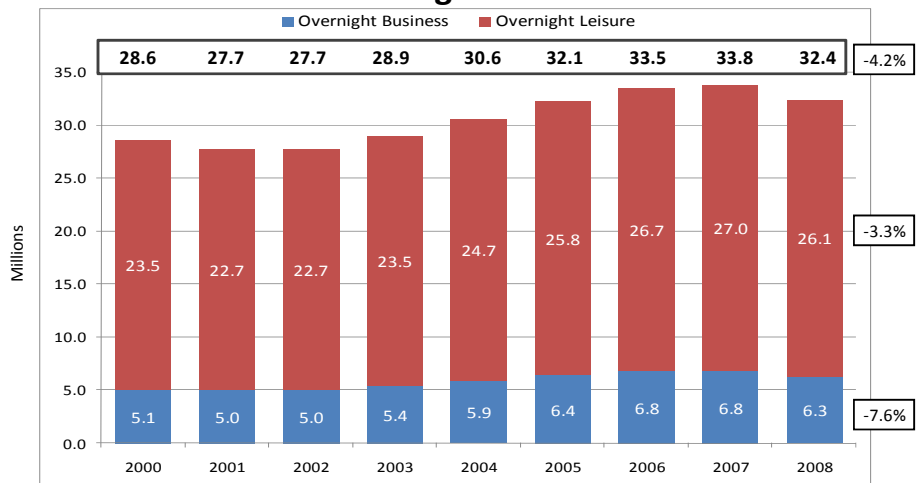


Arizona Domestic Overnight - Non-Resident vs. Residents



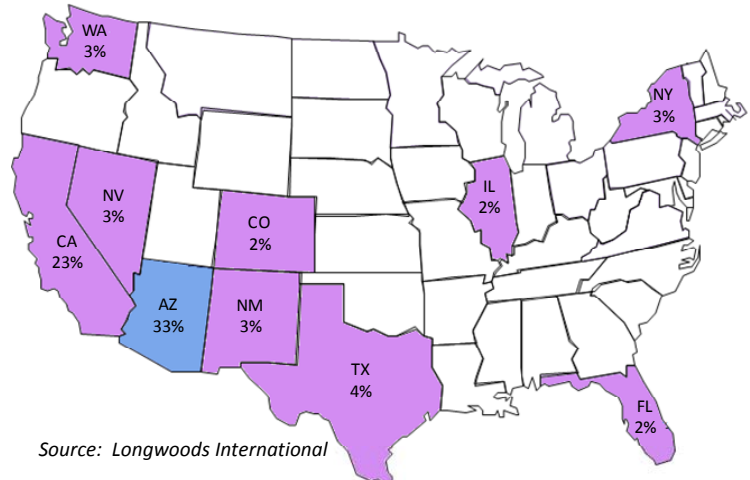
Source: Tourism Economics

Arizona Domestic Overnight - Business vs. Leisure



Source: Tourism Economics

2008 Arizona Domestic Overnight - Top Origin States



Source: Longwoods International

2008 Arizona Domestic Overnight Visitors - Non-Residents vs. Residents

- Non-resident visitors to Arizona stay longer on average (4.3 nights) compared to the average 2.3 nights of our resident visitors.
- Non-resident visitors are slightly older (46.3 years) than our resident visitors, who average 45.3 years of age.
- Non-resident visitors have a higher average household income compared to resident visitors, at \$78,400 compared to \$65,800.
- 25 percent of non-resident visitors travel by air, while 35 percent travel by auto. In contrast, 80 percent of resident visitors travel by auto. More non-residents rent cars in Arizona (20 percent) compared to the 6 percent of residents who travel in rental cars.
- Non-residents visitors primarily come to Arizona during the first and second quarters (January - June) while resident visitors travel within Arizona more often during the third and fourth quarters (July - December).

	Total Overnight	Overnight Non-Residents	Overnight Residents
Visitors	32.4 million	22.6 million	9.8 million
Average Length of Stay	3.6 nights	4.3 nights	2.3 nights
Average Travel Party Size	2.7 persons	2.7 persons	2.7 persons
Purpose of Stay	39% VFR, 14% Touring & 9% Gen Business	40% VFR, 15% Touring, 10% Gen. Business & 9% Special Event	38% VFR, 15% Outdoors & 12% Touring
Average Age	45.6 years	46.3 years	45.3 years
Average Household Income	\$74,200	\$78,400	\$65,800
Mode of Transportation*	47% Auto, 20% Air, 22% Rented Auto	35% Auto, 25% Air, 20% Rented Auto	80% Auto, 6% Rented Auto
Accommodations*	70% Paid, 30% Non-Paid	72% Paid, 28% Non-Paid	63% Paid, 37% Non-Paid
Trip Quarter	28% Q1, 26% Q2	31% Q1, 28% Q2	28% Q3, 28% Q4

Source: Tourism Economics, Longwoods International

2008 Arizona Domestic Overnight Visitors - Leisure vs. Business

- Leisure visitors tend to stay longer when they visit Arizona (3.7 nights) compared to business visitors, who stay an average of 3.0 nights.
- Leisure visitors have an average travel party size of 2.9 persons compared to business visitors with 1.8 persons in their travel party.
- Business visitors have an average age of 47.7 years which is older than leisure visitors, who have an average age of 45.1 years.
- Leisure visitors have higher average household incomes compared to business visitors, at \$82,700 compared to \$71,500.
- 50 percent of leisure visitors travel by auto compared to 35 percent of business visitors. Air travel also plays an important role with 31 percent of business visitors and 15 percent of leisure visitors traveling by air.

	Total Overnight	Overnight Leisure	Overnight Business
Visitors	32.4 million	26.1 million	6.3 million
Average Length of Stay	3.6 nights	3.7 nights	3.0 nights
Average Travel Party Size	2.7 persons	2.9 persons	1.8 persons
Purpose of Stay	39% VFR, 14% Touring & 9% Gen Business	49% VFR, 17% Touring, 10% Outdoors & 9% Special Event	68% General Business & 32% Conference/Convention
Average Age	45.6 years	45.1 years	47.7 years
Average Household Income	\$74,200	\$82,700	\$71,500
Mode of Transportation*	47% Auto, 20% Air, 22% Rented Auto	50% Auto, 17% Air, 15% Rented Auto	35% Auto, 31% Air, 23% Rented Auto
Accommodations*	70% Paid, 30% Non-Paid	67% Paid, 33% Non-Paid	86% Paid, 14% Non-Paid
Trip Quarter	28% Q1, 26% Q2	27% Q1, 27% Q2	33% Q1, 24% Q3

Source: Tourism Economics, Longwoods International

2008 Arizona Domestic Overnight Visitor - Activities

- Top activities vary quite a bit depending on travel segment.
- The top activities for non-resident visitors were taking part in shopping, fine dining, national/state parks, landmark/historic sites and swimming.
- Resident visitors were more likely to take part in shopping, fine dining, national/state parks, hiking/backpacking and bar/disco/nightclub.
- The top activities for leisure visitors were taking part in shopping, national/state parks, fine dining, casinos and landmark/historic sites.
- The top activities for business visitors were taking part in business meetings, fine dining, shopping, bar/disco/nightclub and swimming.

	Total Overnight	Overnight Non-Residents	Overnight Residents	Overnight Leisure	Overnight Business
Shopping	33.7%	36.7%	27.6%	35.8%	18.4%
Fine Dining	24.0%	27.2%	17.4%	24.5%	18.6%
National/State Park	21.5%	23.7%	17.2%	24.8%	4.1%
Casino	16.5%	14.2%	6.7%	18.5%	6.7%
Landmark/Historic Site	16.5%	19.0%	11.5%	17.8%	5.9%
Swimming	16.3%	18.8%	11.2%	17.3%	8.2%
Bar/Disco/Nightclub	13.9%	14.6%	12.7%	14.3%	11.1%
Hiking/Backpacking	12.6%	11.4%	15.1%	14.5%	2.7%
Museum	11.0%	13.1%	6.7%	12.4%	3.9%
Beach/Waterfront	9.4%	11.6%	5.1%	10.6%	1.6%
Art Gallery	8.8%	10.8%	4.9%	10.2%	2.6%
Camping	8.8%	7.3%	11.8%	10.5%	1.1%
Business Meetings	7.8%	9.5%	4.4%	2.7%	31.0%
Fair/Exhibition/Festival	6.2%	6.6%	5.3%	7.2%	1.7%
Spa	6.2%	7.2%	4.0%	6.8%	3.5%
Golf	5.9%	7.4%	2.8%	6.4%	3.3%
Theater/Opera/Dance/Symphony	5.6%	6.9%	3.0%	6.1%	3.8%
Fishing	5.3%	4.7%	6.7%	6.4%	0.4%
Prof./College Sports Event	5.0%	6.5%	1.8%	5.6%	1.8%
Biking	4.9%	6.7%	1.3%	5.7%	1.4%

Source: Longwoods International

The Economic Impact of Travel in Arizona

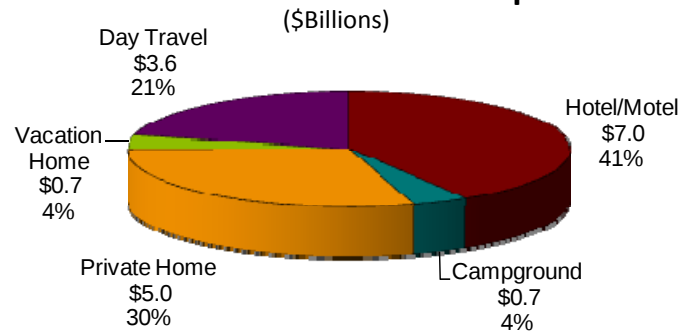
- Travel is an important contributor to the health of both the state and local economies. In 2008, total direct travel spending in Arizona was \$18.5 billion, which generated 166,900 direct jobs paying \$5 billion in earnings.
- Arizona visitors staying overnight in paid lodging accounted for 41.2 percent of all visitor spending in 2008.
- Taxes generated by the travel industry are primarily paid by visitors rather than residents. In 2008, 78 percent of the visitor spending in Arizona was by non-Arizona residents. This new money imported into the state economy means the tax revenue generated by travel spending is a net benefit to Arizona residents.

Direct Travel Expenditures - 2008

EXPENDITURES	\$18.5 B
TAX REVENUE	\$2.596 B
FEDERAL	\$1.159 B
STATE/LOCAL	\$1.437 B

Source: Arizona Travel Impacts, Dean Runyan Associates

Visitor Spending by Type of Traveler Accommodation 2008p



Source: Arizona Travel Impacts, Dean Runyan Associates

Travel Employment - 2008

EMPLOYMENT

Direct	166,900
Secondary	143,500
TOTAL	310,400

DIRECT EMPLOYMENT BY SECTOR

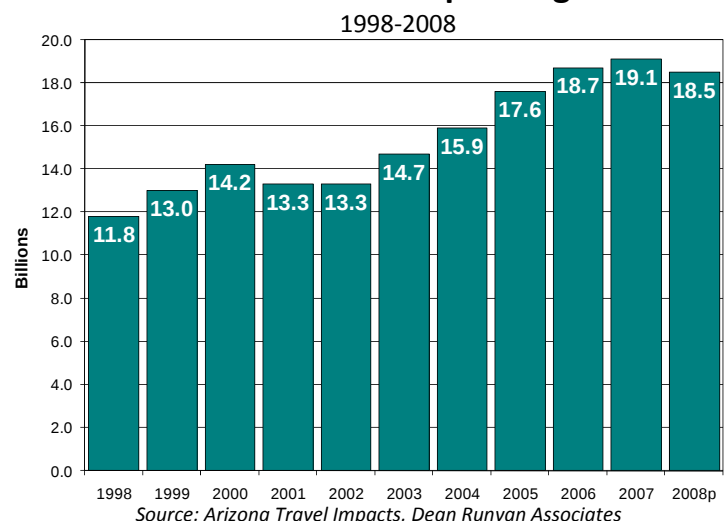
1. Accommodation & Food Services	87,000
2. Arts, Entertainment & Recreation	43,000
3. Retail Trade	19,000
4. Transportation	17,000

DIRECT PAYROLL \$5.0B

TOTAL PAYROLL \$10.2 B

Source: Arizona Travel Impacts, Dean Runyan Associates

Direct Travel Spending



Arizona Travel Impacts - 1998-2008p

Year	Spending	Earnings	Employment	Tax Revenues (\$Mln)		
	(\$Bln)	(\$Bln)	(Thousand)	Local/State	Federal	Total
1998	11.8	3.2	148.8	941	630	1,571
1999	13.1	3.5	158.1	1,043	702	1,746
2000	14.2	3.8	163.3	1,138	744	1,882
2001	13.4	3.7	153.3	1,082	777	1,859
2002	13.3	3.6	148.2	1,101	825	1,926
2003	14.7	4	158.2	1,211	912	2,122
2004	15.9	4.3	163.0	1,287	988	2,275
2005	17.6	4.5	168.8	1,399	1,081	2,479
2006	18.7	4.9	172.0	1,464	1,176	2,640
2007	19.1	5.0	170.0	1,501	1,213	2,713
2008p	18.5	5.0	166.9	1,437	1,159	2,596
Annual Percentage Change						
07-08p	-3.2%	-1.6%	-1.8%	-4.3%	-4.4%	-4.3%
98-08p	4.6%	4.5	1.2	4.3	6.3	5.1

Source: Arizona Travel Impacts, Dean Runyan Associates

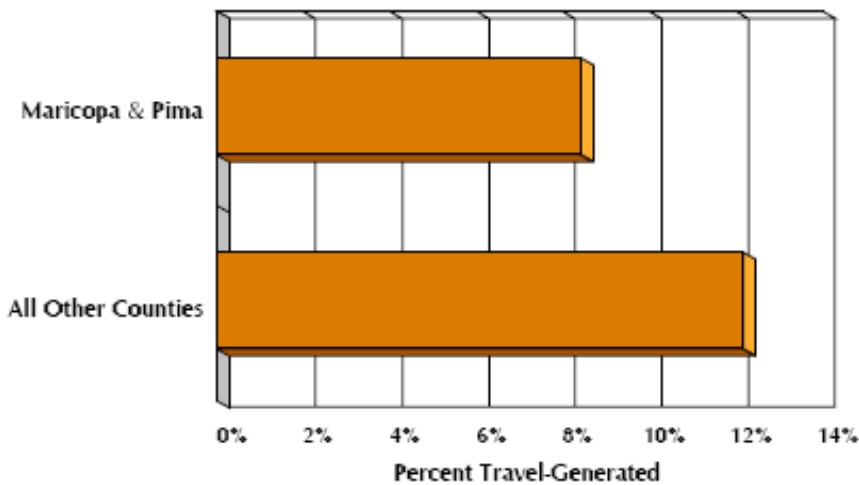
Arizona County Travel Impacts - 1998-2008p

County	Travel Spending	Related Travel-Generated Impacts				
	(\$Mln)	Earnings (\$Mln)	Employment (jobs)	Local Taxes (\$Mln)	State Taxes (\$Mln)	Total Taxes (\$Mln)
Apache	149	32	1,720	3.3	5.4	8.7
Cochise	351	83	4,520	11.7	12.5	24.3
Coconino	955	274	11,330	28.1	36.5	64.5
Gila	237	60	2,660	2.8	6.6	9.4
Graham/Greenlee	48	13	1,150	1.2	1.9	3.1
La Paz	217	31	1,270	2.1	8.3	10.3
Maricopa	11,671	3,232	91,130	318.2	366.7	684.9
Mohave	456	105	4,790	8.9	17.6	26.5
Navajo	307	73	3,520	6.7	11.1	17.8
Pima	2,105	544	22,770	43.7	79.6	123.3
Pinal	462	116	4,840	8.5	16.8	25.3
Santa Cruz	257	49	2,020	5.2	8.2	13.4
Yavapai	703	197	9,210	15.9	23.7	39.6
Yuma	599	145	5,970	14.2	22.2	36.4
Arizona	18,516	4,953	166,900	470.4	617.2	1087.6*

Source: Arizona Travel Impacts, Dean Runyan Associates

* Property taxes and sales taxes paid by travel industry employees not included.

State Transaction Privilege Taxes Generated By Direct Travel Spending, 2008p



The impact of traveler spending is relatively more important to Arizona's rural counties than urban counties.

Source: Dean Runyan Associates and Arizona Department of Revenue

Arizona County Total Direct Spending, 1998-2008p (millions)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008p	Annual Percent Chg.	
												07-08p	98-08p
Apache	80	94	109	101	100	107	113	129	138	143	149	4.0	6.4
Cochise	207	234	258	253	271	279	302	320	328	352	351	-0.2	5.5
Coconino	675	715	741	694	691	741	788	843	870	920	955	3.9	3.5
Gila	179	189	206	204	204	213	221	233	242	247	237	-4.3	2.8
Graham/Greenlee	23	26	31	28	28	30	32	36	45	48	48	-0.2	7.4
La Paz	126	146	162	160	158	175	186	208	210	216	217	0.5	5.6
Maricopa	7,327	7,989	8,779	8,176	7,979	9,069	9,888	11,069	11,910	12,198	11,671	-4.3	4.8
Mohave	249	291	322	315	315	361	397	435	483	469	456	-2.7	6.3
Navajo	179	213	240	220	221	229	238	260	283	290	307	5.6	5.5
Pima	1,552	1,725	1,876	1,738	1,788	1,885	2,019	2,197	2,263	2,237	2,105	-5.9	3.1
Pinal	206	236	263	257	257	291	323	365	408	450	462	2.7	8.4
Santa Cruz	206	226	237	237	298	262	272	274	254	255	257	0.7	2.2
Yavapai	426	579	558	543	540	581	590	642	685	717	703	-2.0	5.1
Yuma	371	407	444	434	485	501	533	567	587	590	599	1.5	4.9
Arizona	11,806	13,071	14,225	13,361	13,333	14,725	15,903	17,578	18,704	19,132	18,516	-3.2	4.6

Source: Arizona Travel Impacts, Dean Runyan Associates

2008 Arizona Lodging

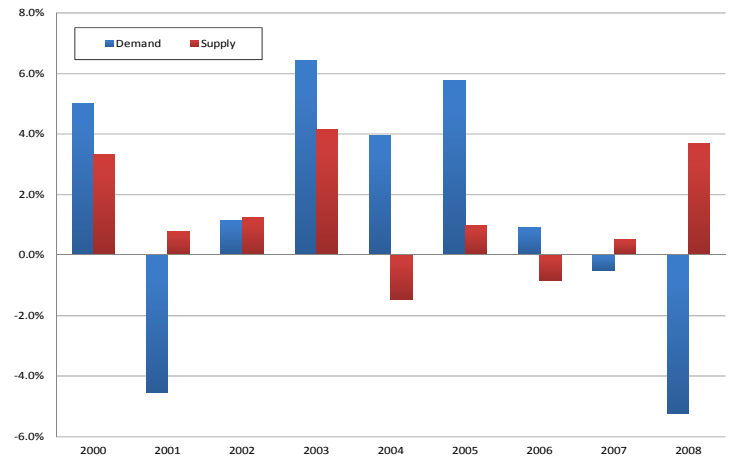
- The performance of the lodging industry in 2008 was a reflection of the current recession which started late 2007.
- Demand for lodging in Arizona decreased -5.2% over 2007 compared to the US decrease of -1.6% and the Mountain region decrease of -4.5%. Arizona's room supply increased 3.7% in 2008 while the US and Mountain Region witnessed increases of 2.7% and 3.2% respectively.
- Decreased room demand and increased room supply in 2008 drove decreases in occupancy rates in Arizona lodging. Statewide occupancy decreased an average of -8.6% for the year to a rate of 60.5%.
- Despite the decline in demand, the Average Daily Rate (ADR) for Arizona in 2008 increased 2.2% over 2007 to \$107.76. The US's ADR increased 2.4% to \$106.55 and the Mountain Region increased 2.1% to a rate of \$103.31.
- In 2008, the average RevPAR rate of \$65.25 for the state exceeded the average RevPAR rates both nationally and regionally. This reflected a decrease of -6.6% over 2007.

Mountain Region States



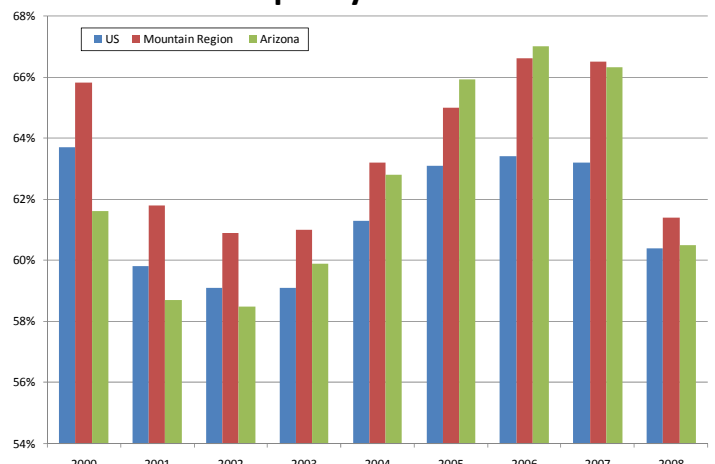
Source: U.S. Census Bureau

Arizona Demand and Supply - 2000-2008 (% Change)



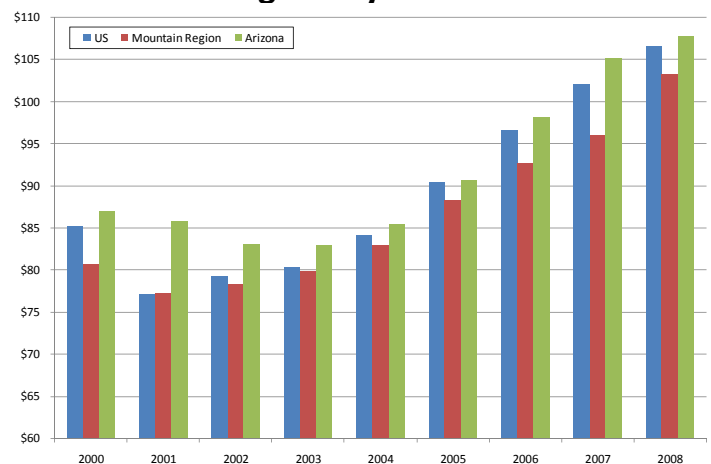
Source: Smith Travel Research

Arizona Occupancy Rates - 2000-2008



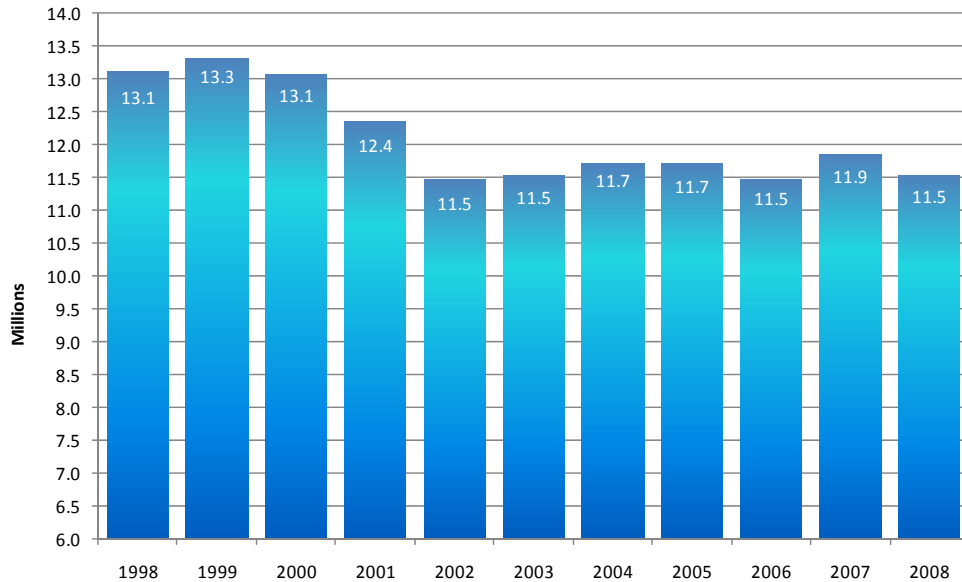
Source: Smith Travel Research

Arizona Average Daily Rates - 2000-2008



Source: Smith Travel Research

Arizona National Park Visitation - 1998-2008



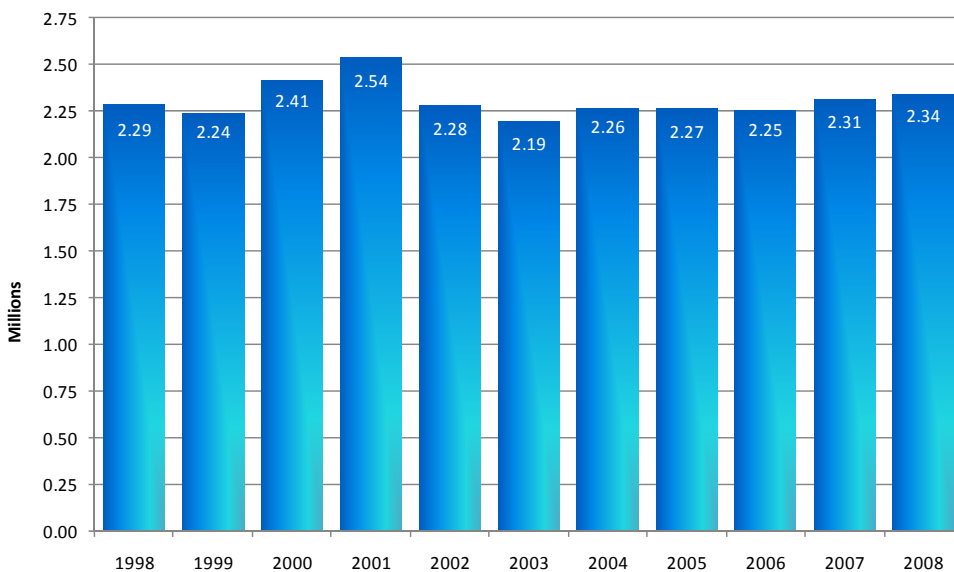
Source: National Park Service

Arizona's National Parks welcomed 11,546,945 visitors in 2008, a decrease of -2.6% from 2007.

Top Visited National Parks 2008:

1. Grand Canyon NP
2. Glen Canyon NRA
3. Lake Mead NRA
4. Canyon de Chelly NM
5. Saguaro NP

Arizona State Park Visitation - 1998-2008



Source: Arizona State Parks

There were 2,341,676 visitors to Arizona's State Parks in 2008 with an increase of 1.4 percent from 2007.

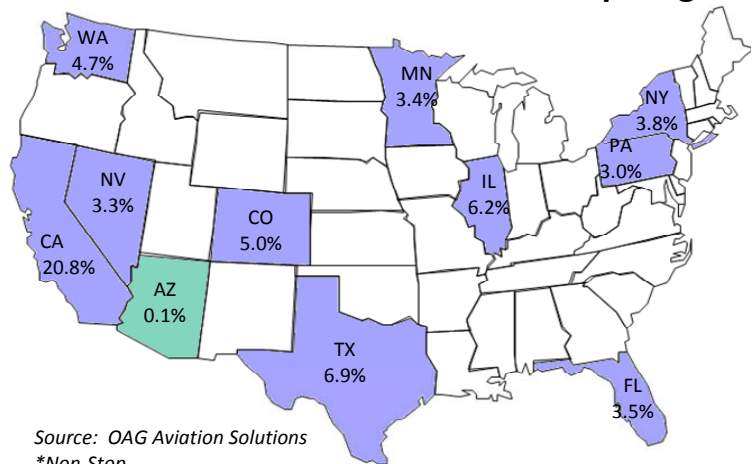
Top Visited Arizona State Parks 2008:

1. Slide Rock SP
2. Lake Havasu SP
3. Patagonia Lake SP
4. Catalina SP
5. Kartchner Caverns SP

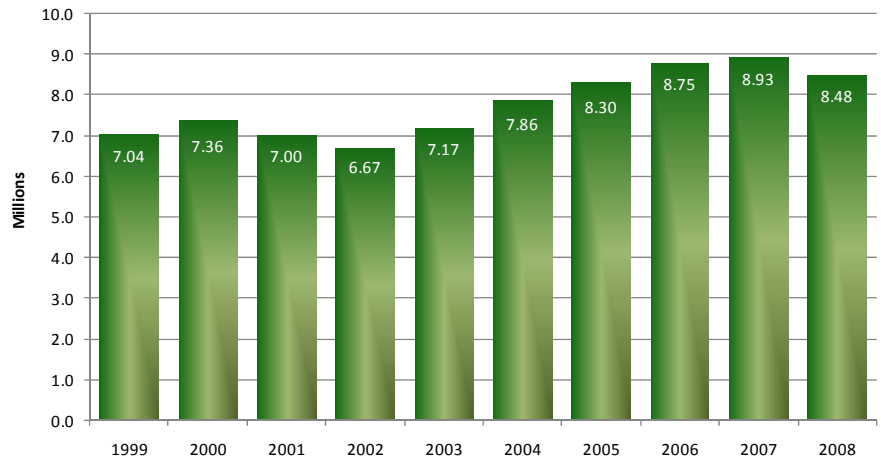
2008 Air Visitors to Arizona

- According to Dean Runyan Associates, Arizona is above average in terms of the importance of passenger air travel to the state's visitor industry. Over one-half of all travel spending by visitors to Arizona is attributable to visitors that traveled by air.
- Over 60 percent of Arizona's domestic air visitors come from the top ten origin states. 21 percent of air visitors come from California, 7 percent from Texas and 6 percent from Illinois. Air visitors traveling within Arizona only make up 0.1 percent of the total air volume to Arizona.
- In 2008, there were 8.5 million out-of-state visitors to Arizona arriving by air. This number excludes Arizona residents returning home and anyone simply making a connection at an Arizona airport. This was a -5 percent decline from 2007, which was a record year with 8.9 million domestic air visitors to Arizona.
- Reflecting the current state of the airline industry, Arizona started to see a decline in air seat capacity in the second quarter of 2008, which continued through the remainder of 2008. This is annual decline of -5.1 percent over 2007.

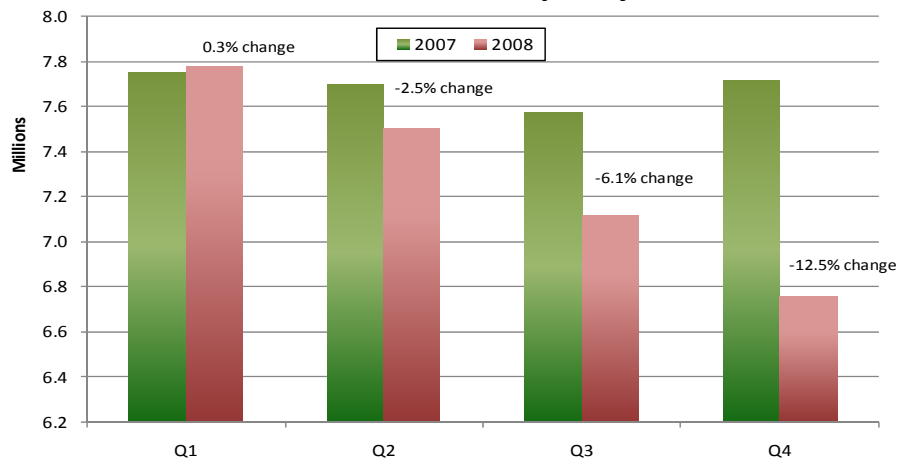
2008 Air Visitors to AZ - Market Share of Top Origin States*



Out of State Air Visitors to Arizona - 1999-2008*



2008 vs. 2007 Air Seat Capacity to Arizona*



Top Arizona Attractions by Visitation - 2008

<u>Top 25 Natural Attractions</u>	
Attraction	2008 Visitation
Grand Canyon National Park	4,491,000
Saguaro National Park	2,738,772
Glen Canyon National Recreation Area	1,900,000
South Mountain Park	1,445,547
Lake Mead National Recreation Area*	1,344,850
Canyon de Chelly	835,857
Lake Pleasant Regional Park	674,210
Montezuma Castle National Monument	603,755
Petrified Forest National Park	543,714
Grand Canyon West Skywalk	524,000
Organ Pipe Cactus National Monument	340,300
Lake Havasu State Park	286,563
Slide Rock State Park	257,422
Wupatki National Monument	239,157
Meteor Crater	213,479
Sunset Crater Volcano National Monument	209,399
Patagonia Lake State Park	181,421
Tohono Chul Park	164,459
Kartchner Caverns State Park	159,892
Catalina State Park	148,924
Dead Horse Ranch State Park	128,882
Tuzigoot National Monument	102,811
Walnut Canyon National Monument	101,833
Cattail Cove State Park	97,354
Buckskin Mountain State Park	95,201

<u>Top 25 Private Attractions</u>	
Attraction	2008 Visitation
London Bridge	3,650,000
Tempe Town Lake	2,784,000
Chase Field	2,639,915
U.S. Airways Center	1,373,607
Jobing.com Arena	1,200,000
University of Phoenix Stadium	1,112,334
The Phoenix Zoo	1,068,541
WestWorld of Scottsdale	600,000
Arizona State University Sun Devil Stadium	533,356
Reid Park Zoo	521,335
Arizona-Sonora Desert Museum	438,000
Arizona Science Center	410,908
Wildlife World Zoo & Aquarium	410,000
Desert Botanical Garden	369,016
Scottsdale Center for the Performing Arts	300,000
Mesa Art Center	289,623
Arizona Temple and Visitors' Center	273,358
Rawhide Western Town & Steakhouse	260,000
Phoenix Art Museum	257,124
Grand Canyon Railway	200,000
Arizona Snowbowl & Summer Scenic Skyride	192,228
Old Tucson Studios	189,000
Heard Museum	180,000
Tucson Museum of Art & Historic Block	160,518
Pima Air & Space Museum	155,017

Source: Reporting Entities