



Tracking Domestic Visitor Volumes for Arizona:

2017 Q4 and 2017 Full Year Estimates



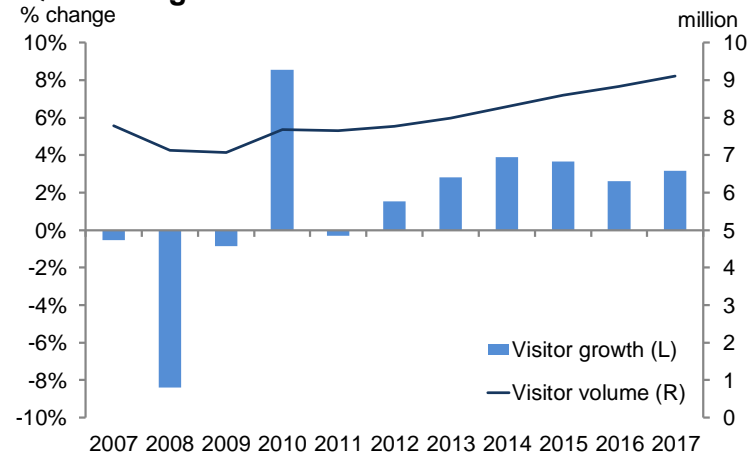
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Quarterly Summary – 2017Q4

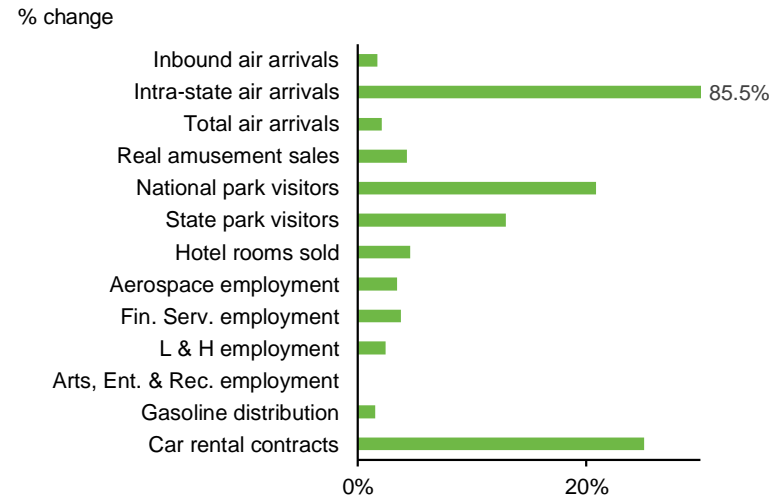
- Overnight visitation to Arizona increased 3.2% in 2017Q4.
- Overnight visits are estimated at 9.11 million for the quarter. This builds on gains achieved in the fourth quarter a year ago, resulting in a strong two-year gain of 5.8% compared to 2015Q4.
- This growth is slightly stronger than the year-over-year growth during the first three quarters of 2017 (2.3%).

Q4 Overnight visitor trend



Source: AOT / Tourism Economics

2017Q4 indicator growth



Quarterly visitation levels and growth

AZ Domestic Overnight Visitor Volume Estimates (million)

	2015				2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Overnight Leisure	8.17	7.85	7.28	7.04	8.33	8.13	7.54	7.24	8.50	8.33	7.74	7.49
Overnight Business	1.78	1.44	1.30	1.56	1.80	1.45	1.33	1.59	1.83	1.48	1.36	1.61
Overnight Resident	2.60	2.76	2.55	2.28	2.65	2.81	2.61	2.37	2.70	2.88	2.67	2.43
Overnight Nonresident	7.35	6.52	6.03	6.32	7.48	6.77	6.26	6.46	7.63	6.93	6.43	6.68
Total Overnight Visitors	9.95	9.29	8.58	8.60	10.13	9.58	8.88	8.83	10.33	9.81	9.10	9.11

AZ Domestic Overnight Visitor Volume Estimates (annual % growth)

	2015				2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Overnight Leisure	4.87%	4.57%	3.55%	3.52%	1.88%	3.52%	3.60%	2.80%	2.11%	2.48%	2.65%	3.51%
Overnight Business	4.40%	0.43%	3.06%	4.23%	1.05%	0.89%	2.31%	1.72%	1.70%	1.86%	1.90%	1.58%
Overnight Resident	4.55%	3.28%	2.52%	2.09%	1.66%	1.66%	2.46%	3.62%	1.98%	2.46%	2.25%	2.65%
Overnight Nonresident	4.87%	4.18%	3.88%	4.23%	1.75%	3.73%	3.81%	2.23%	2.05%	2.35%	2.66%	3.35%
Total Overnight Visitors	4.79%	3.91%	3.47%	3.65%	1.73%	3.11%	3.41%	2.60%	2.03%	2.38%	2.54%	3.16%

Quarterly visitor shares by segment

AZ Domestic Overnight Visitor Volume Estimates Share of Overnight Visits (%)

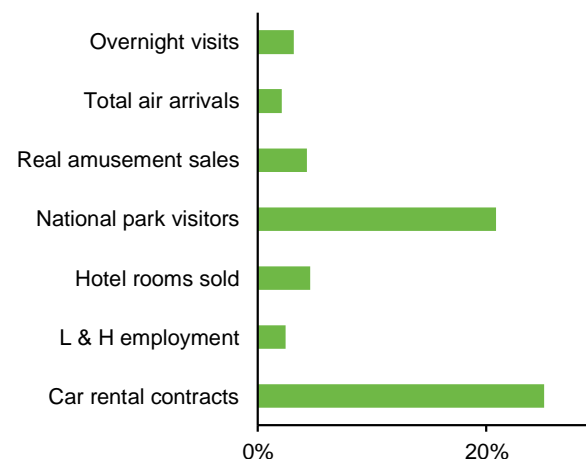
	2015				2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Overnight Leisure	82.1%	84.5%	84.8%	81.9%	82.2%	84.9%	85.0%	82.0%	82.3%	84.9%	85.1%	82.3%
Overnight Business	17.9%	15.5%	15.2%	18.1%	17.8%	15.1%	15.0%	18.0%	17.7%	15.1%	14.9%	17.7%
Overnight Resident	26.1%	29.8%	29.7%	26.5%	26.1%	29.3%	29.5%	26.8%	26.1%	29.4%	29.4%	26.7%
Overnight Nonresident	73.9%	70.2%	70.3%	73.5%	73.9%	70.7%	70.5%	73.2%	73.9%	70.6%	70.6%	73.3%

Overnight visitation – 2017Q4

- Total overnight visitation rose 3.2%. Indicators showed broad growth; hotel rooms sold were up 4.6%, and total air arrivals gained 2.1%.
- Leisure and hospitality employment gains slowed but remained positive (up 2.4% from the prior year).
- The model weight applied to car rental contract growth was reduced in light of unusually strong growth that was inconsistent with other indicators.

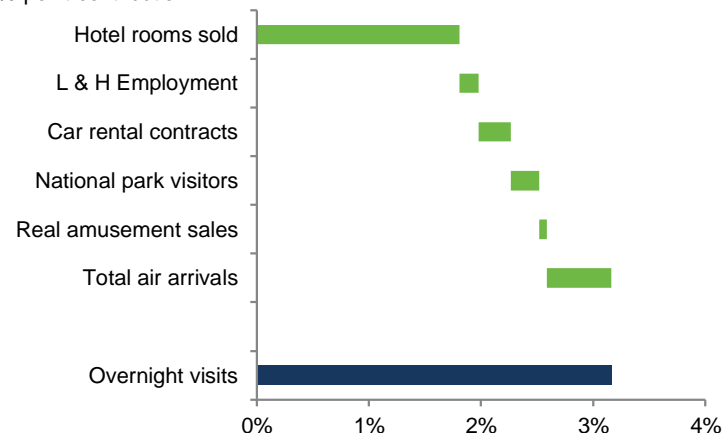
2017Q4 Overnight visits & indicator growth

% change



Contributions to Overnight Growth, 2017Q4

%-point contribution



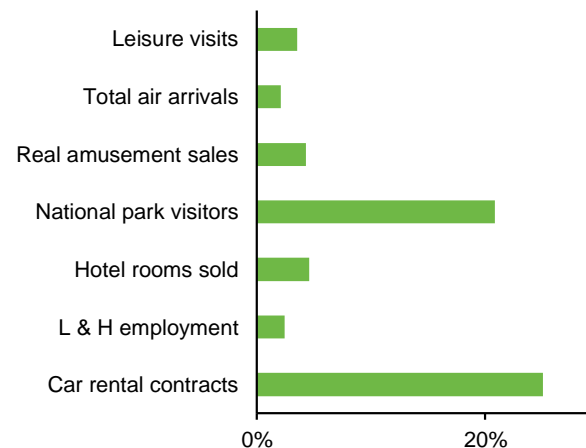
Source: Tourism Economics

Overnight leisure visitation – 2017Q4

- Growth continued in the leisure segment, with a 3.5% gain, slightly outpacing the 2.4% growth the leisure segment achieved in the first three quarters of 2017.
- All indicators showed gains, including total hotel demand (4.6%) and real amusement sales (4.3%).
- The model weight applied to National Park visitation was reduced in light of unusually strong growth.

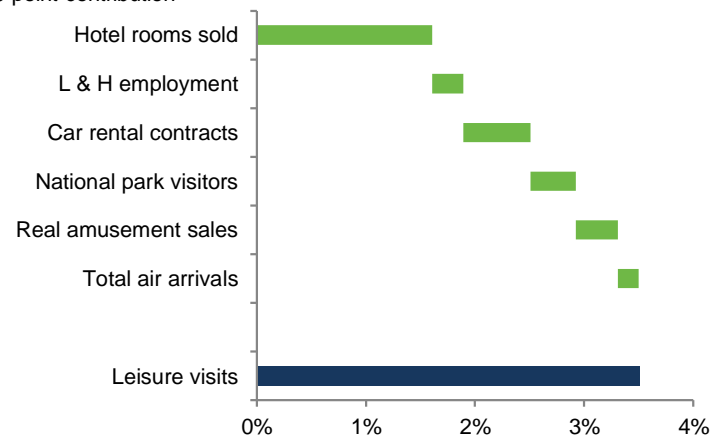
2017Q4 Leisure visits & indicator growth

% change



Contributions to Leisure Growth, 2017Q4

%-point contribution



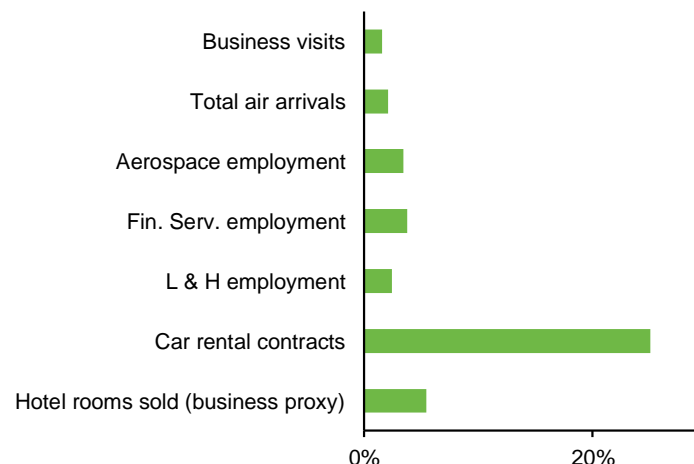
Source: Tourism Economics

Overnight business visitation – 2017Q4

- Overnight business visitation expanded 1.6%.
- Hotel demand measured as a proxy for business transient and group activity increased 5.5%, the strongest gain since 2015Q1.
- Growth in car rental contracts was much improved relative to a year-ago (25.1%).
- Employment growth in financial services (3.8%) and aerospace (3.4%) was positive.

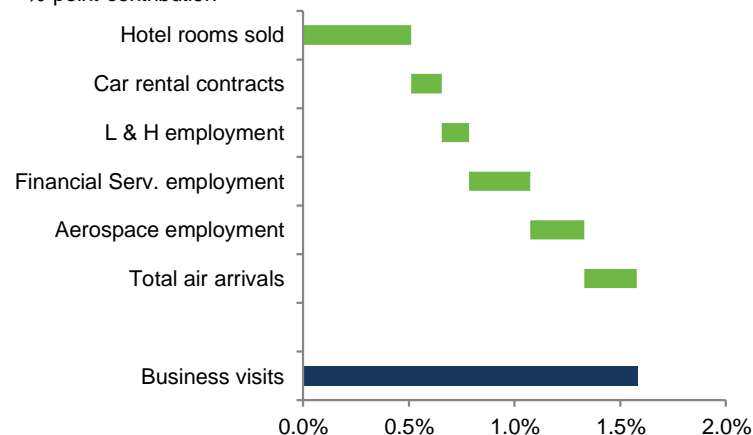
2017Q4 Business visits & indicator growth

% change



Contributions to Business Growth, 2017Q4

%-point contribution



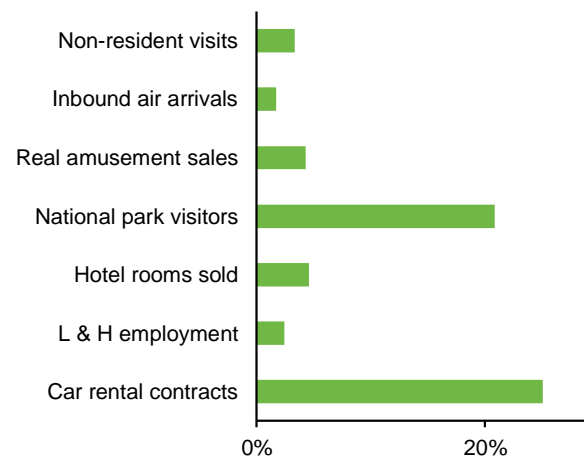
Source: Tourism Economics

Overnight non-resident visitation – 2017Q4

- Non-resident visits grew 3.4%, making up for somewhat slower growth in 2016Q4.
- Gains in hotel demand and national park visitors contributed the most to the estimated growth, though all indicators increased.
- The non-resident visitor share in Q4 (73.3%) was slightly ahead of the same quarter last year (73.2%).

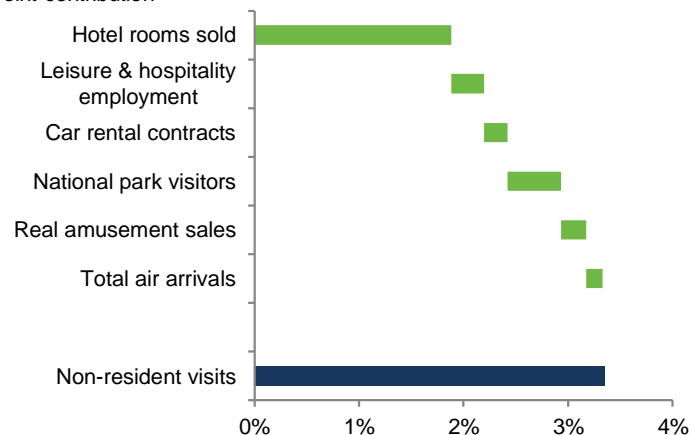
2017Q4 Non-resident visits & indicator growth

% change



Contributions to Non-resident Growth, 2017Q4

%-point contribution



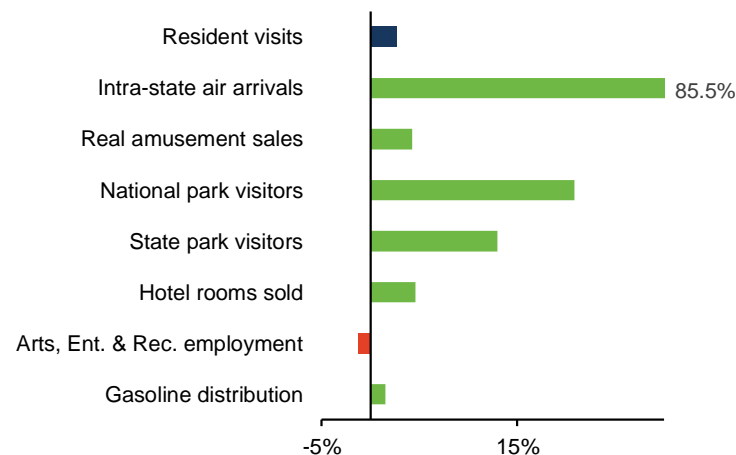
Source: Tourism Economics

Overnight resident visitation – 2017Q4

- Arizona resident overnight visits grew 2.6% in Q4, as all indicators increased except arts, entertainment and recreational employment (-1.3%).
- Real amusement sales increased 4.3%, and state park visitors rose 13.0%.
- Intra-state air arrivals showed an unusually large jump, increasing 85.5% compared to 2016Q4. As a result, the model weight applied to this input was reduced.

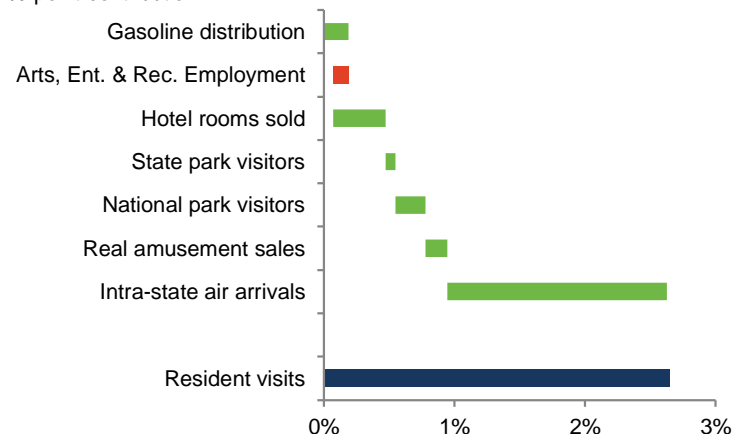
2017Q4 Resident visits & indicator growth

% change



Contributions to Resident Growth, 2017Q4

%-point contribution



Source: Tourism Economics

Annual summary

- Visitation continued to expand in 2017, as Arizona attracted 38.3 million overnight domestic visitors, setting a new high.
- Multiple indicators expanded solidly in 2017; in particular, state park and National Park visitation, leisure and hospitality employment, hotel room demand, and total air passengers.
- The pace of visitation growth moderated slightly relative to 2016.

Annual visitation summary

AZ Domestic Overnight Visitor Volume Estimates (million)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Overnight Leisure	24.74	25.78	26.69	27.00	25.60	24.75	26.08	27.02	27.44	28.03	29.14	30.35	31.24	32.07
Overnight Business	5.87	6.37	6.77	6.80	6.79	5.28	5.72	5.79	5.69	5.74	5.90	6.08	6.17	6.28
Overnight Resident	9.32	9.66	9.97	10.08	9.70	8.96	9.25	9.31	9.37	9.56	9.89	10.20	10.44	10.68
Overnight Nonresident	21.30	22.48	23.49	23.72	22.69	21.08	22.55	23.50	23.76	24.22	25.14	26.23	26.97	27.67
Total Overnight Visitors	30.62	32.15	33.46	33.80	32.39	30.03	31.80	32.81	33.13	33.77	35.03	36.43	37.41	38.35

AZ Domestic Overnight Visitor Volume Estimates (annual % growth)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Overnight Leisure	5.3%	4.2%	3.5%	1.2%	-5.2%	-3.3%	5.4%	3.6%	1.5%	2.2%	3.9%	4.2%	2.9%	2.7%
Overnight Business	9.3%	8.5%	6.3%	0.5%	-0.2%	-22.2%	8.3%	1.3%	-1.7%	0.9%	2.7%	3.1%	1.5%	1.7%
Overnight Resident	4.4%	3.7%	3.2%	1.1%	-3.8%	-7.6%	3.3%	0.7%	0.6%	2.0%	3.5%	3.1%	2.3%	2.3%
Overnight Nonresident	6.8%	5.6%	4.5%	1.0%	-4.4%	-7.1%	7.0%	4.2%	1.1%	1.9%	3.8%	4.3%	2.8%	2.6%
Total Overnight Visitors	6.0%	5.0%	4.1%	1.0%	-4.2%	-7.3%	5.9%	3.2%	1.0%	1.9%	3.7%	4.0%	2.7%	2.5%

Overnight visitor shares by segment

AZ Domestic Overnight Visitor Volume Estimates
Share of Overnight Visits (%)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Overnight Leisure	80.8%	80.2%	79.8%	79.9%	79.0%	82.4%	82.0%	82.3%	82.8%	83.0%	83.2%	83.3%	83.5%	83.6%
Overnight Business	19.2%	19.8%	20.2%	20.1%	21.0%	17.6%	18.0%	17.7%	17.2%	17.0%	16.8%	16.7%	16.5%	16.4%
Overnight Resident	30.4%	30.1%	29.8%	29.8%	29.9%	29.8%	29.1%	28.4%	28.3%	28.3%	28.2%	28.0%	27.9%	27.8%
Overnight Nonresident	69.6%	69.9%	70.2%	70.2%	70.1%	70.2%	70.9%	71.6%	71.7%	71.7%	71.8%	72.0%	72.1%	72.2%



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AN OXFORD ECONOMICS COMPANY

For more information:

info@tourismeconomics.com