



Tracking Domestic Visitor Volumes for Arizona:

2018 Q4 and 2018 Full Year Estimates



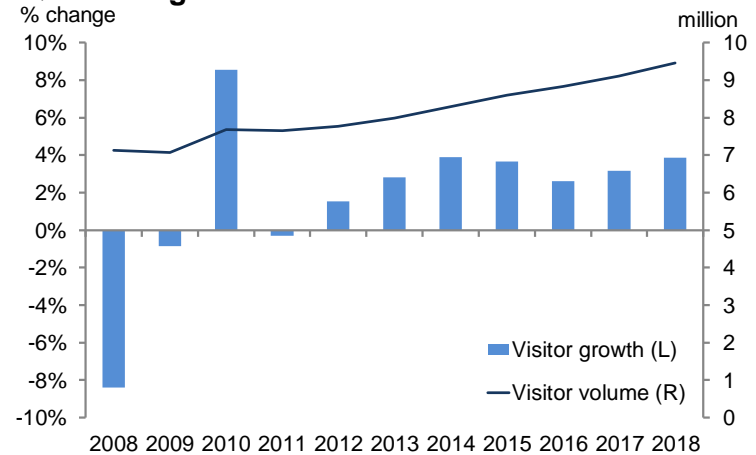
TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Quarterly Summary – 2018Q4

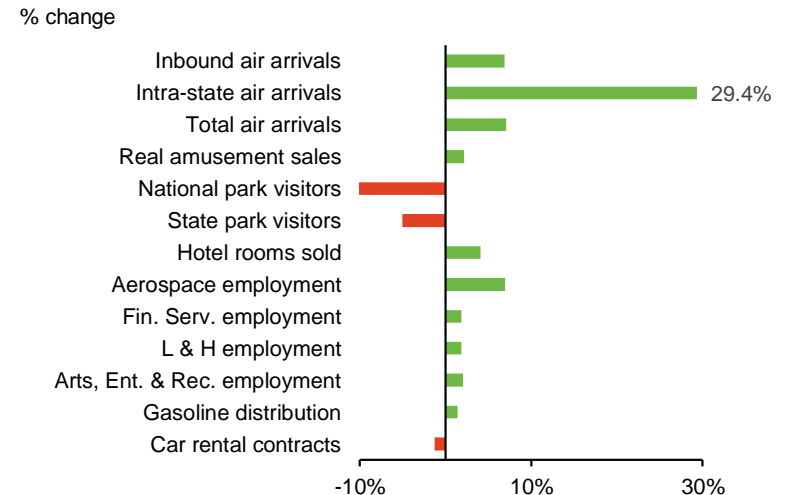
- Overnight visitation to Arizona increased 3.9% in 2018Q4. This growth is stronger than the overall year-over-year growth last year (2.5%).
- Overnight visits are estimated at 9.5 million for the quarter. This builds on gains achieved in the same quarter a year ago, resulting in a strong two-year gain of 7.1% compared to 2016Q3.

Q4 Overnight visitor trend



Source: AOT / Tourism Economics

2018Q4 indicator growth



Quarterly visitation levels and growth

AZ Domestic Overnight Visitor Volume Estimates												
(million)												
	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Overnight Leisure	8.33	8.13	7.54	7.24	8.50	8.33	7.74	7.49	8.69	8.58	8.05	7.77
Overnight Business	1.80	1.45	1.33	1.59	1.83	1.48	1.36	1.61	1.86	1.55	1.41	1.69
Overnight Resident	2.65	2.81	2.61	2.37	2.70	2.88	2.67	2.43	2.79	2.97	2.77	2.48
Overnight Nonresident	7.48	6.77	6.26	6.46	7.63	6.93	6.43	6.68	7.76	7.16	6.69	6.98
Total Overnight Visitors	10.13	9.58	8.88	8.83	10.33	9.81	9.10	9.11	10.55	10.13	9.46	9.46

AZ Domestic Overnight Visitor Volume Estimates												
(annual % growth)												
	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Overnight Leisure	1.88%	3.52%	3.60%	2.80%	2.11%	2.48%	2.65%	3.51%	2.19%	2.97%	3.89%	3.63%
Overnight Business	1.05%	0.89%	2.31%	1.72%	1.70%	1.86%	1.90%	1.58%	1.66%	4.93%	4.09%	4.88%
Overnight Resident	1.66%	1.66%	2.46%	3.62%	1.98%	2.46%	2.25%	2.65%	3.49%	3.07%	3.67%	2.21%
Overnight Nonresident	1.75%	3.73%	3.81%	2.23%	2.05%	2.35%	2.66%	3.35%	1.60%	3.35%	4.03%	4.45%
Total Overnight Visitors	1.73%	3.11%	3.41%	2.60%	2.03%	2.38%	2.54%	3.16%	2.10%	3.27%	3.92%	3.85%

Quarterly visitation shares by segment

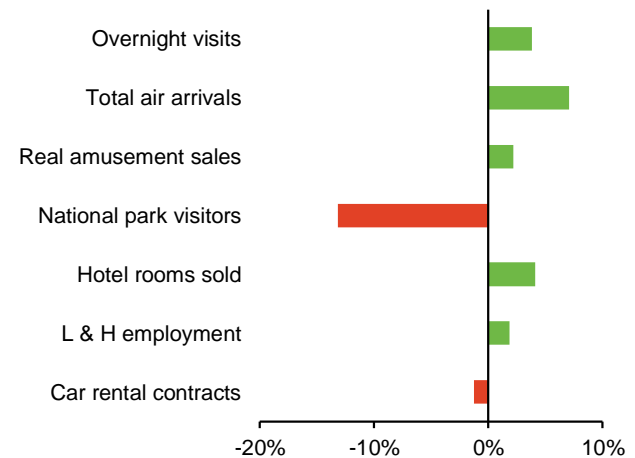
AZ Domestic Overnight Visitor Volume Estimates												
Share of Overnight Visits (%)												
	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Overnight Leisure	82.2%	84.9%	85.0%	82.0%	82.3%	84.9%	85.1%	82.3%	82.4%	84.7%	85.1%	82.1%
Overnight Business	17.8%	15.1%	15.0%	18.0%	17.7%	15.1%	14.9%	17.7%	17.6%	15.3%	14.9%	17.9%
Overnight Resident	26.1%	29.3%	29.5%	26.8%	26.1%	29.4%	29.4%	26.7%	26.5%	29.3%	29.3%	26.2%
Overnight Nonresident	73.9%	70.7%	70.5%	73.2%	73.9%	70.6%	70.6%	73.3%	73.5%	70.7%	70.7%	73.8%

Overnight visitation – 2018Q4

- Total overnight visitation rose 3.9%. Indicators showed mixed growth; hotel rooms sold rose 4.1% but amusement sales rose just 2.2%.
- National Park visitation data was negative due to park-specific method changes as well as declines in visitation following NPS Centennial awareness in 2016 and 2017.
- Revised employment data showed a slower pace of leisure and hospitality and employment growth in recent quarters.

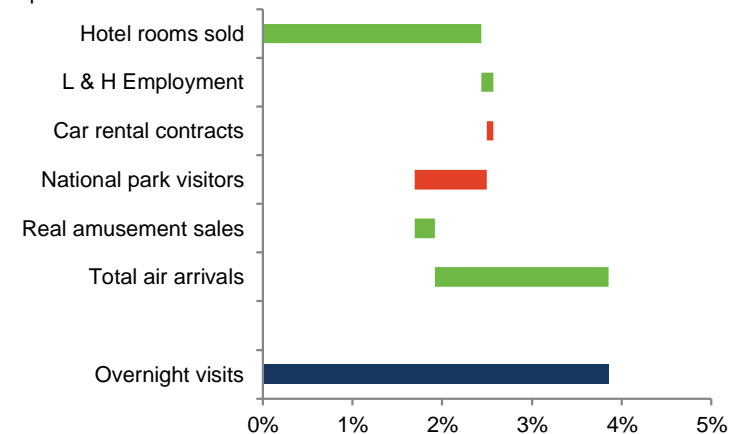
2018Q4 Overnight visits & indicator growth

% change



Contributions to Overnight Growth, 2018Q4

%-point contribution

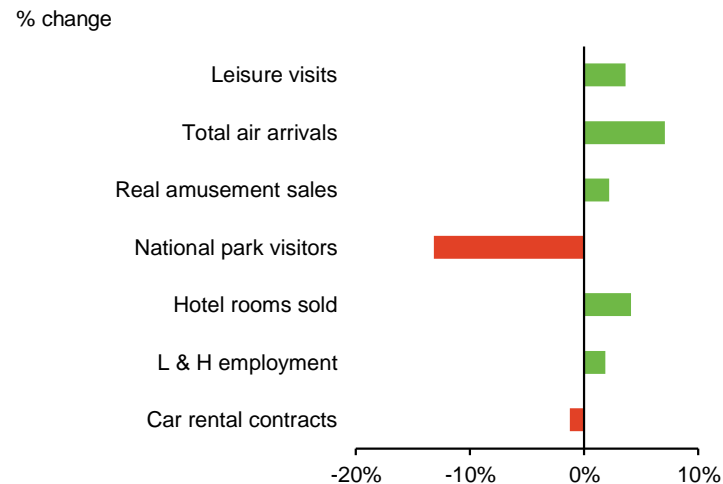


Source: Tourism Economics

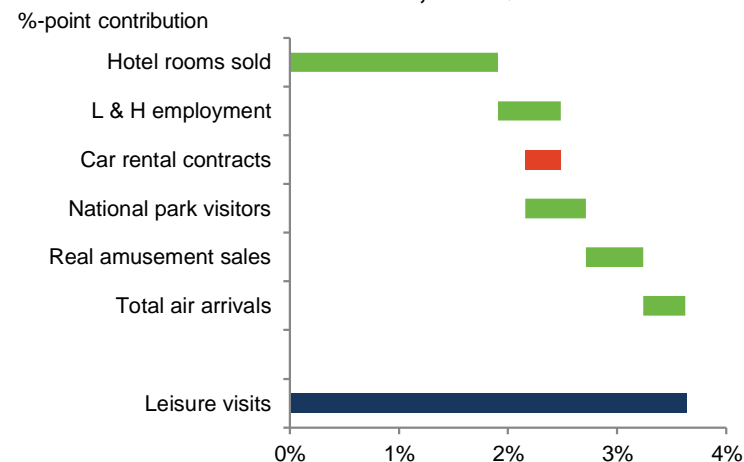
Overnight leisure visitation – 2018Q4

- Growth continued in the leisure segment, with a 3.6% gain, outpacing the 2.7% growth the leisure segment achieved in 2017.
- Key indicators showed gains, including total hotel demand (4.1%) and total air arrivals (7.1%), but car rental contracts declined 1.3%.
- The model weight applied to National Park visitors was reduced due to changes in visitation count methods at certain parks and post-Centennial impacts.

2018Q4 Leisure visits & indicator growth



Contributions to Leisure Growth, 2018Q4

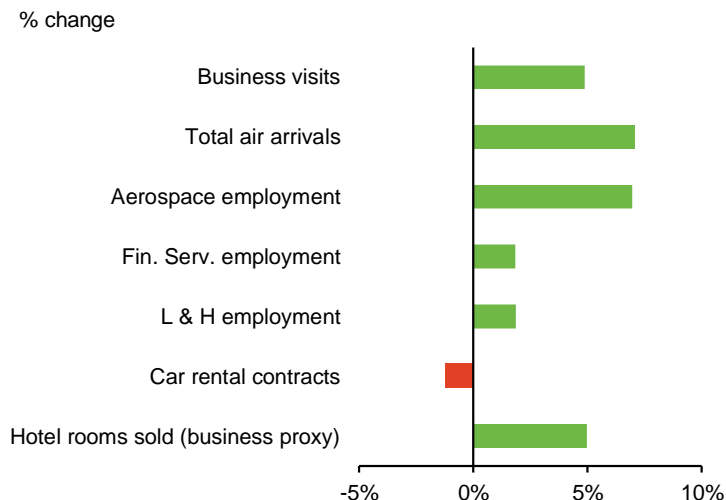


Source: Tourism Economics

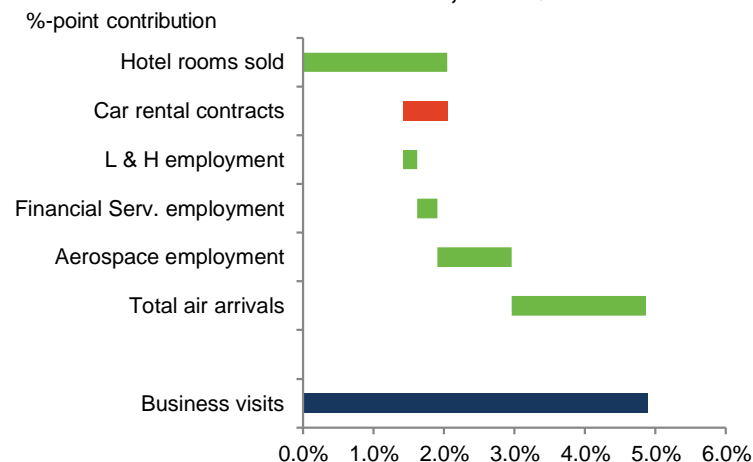
Overnight business visitation – 2018Q4

- Overnight business visitation expanded by 4.9%. This continued the strong growth experienced in the prior two quarters.
- Hotel demand measured as a proxy for business transient and group activity increased strongly (5.0%), following a strong gain in 2018Q3 (7.0%).
- Aerospace employment increased 7.0%, well ahead of finance employment (1.8%).

2018Q4 Business visits & indicator growth



Contributions to Business Growth, 2018Q4

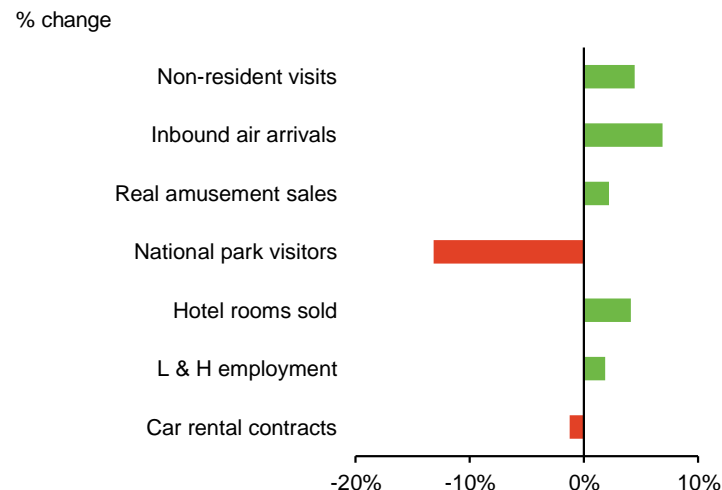


Source: Tourism Economics

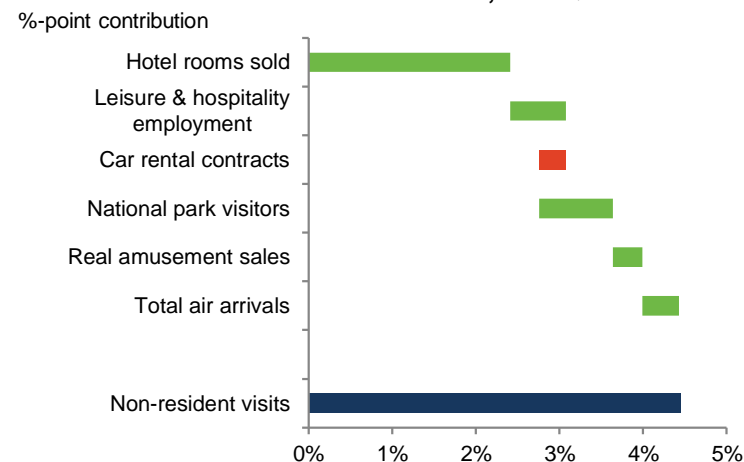
Overnight non-resident visitation – 2018Q4

- Non-resident visits grew a strong 4.5%, outpacing the 2.6% growth achieved in 2017.
- Indicators were generally positive, with the exception of National Park visitation (due to method changes and post-Centennial declines) and a slight decline in car rental contracts.
- The non-resident visitor share in Q4 (73.8%) was slightly ahead of the same quarter last year (73.3%).

2018Q4 Non-resident visits & indicator growth



Contributions to Non-resident Growth, 2018Q4



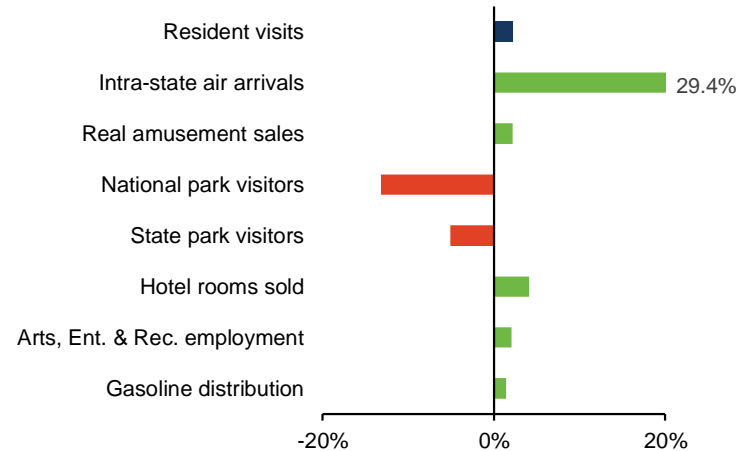
Source: Tourism Economics

Overnight resident visitation – 2018Q4

- Arizona resident overnight visits grew 2.2% in Q4, as indicators showed mixed growth.
- National Park visitation declined (method changes and post-Centennial declines) and state park visitors also declined slightly, but the rest of the indicators increased.
- Intra-state air arrivals showed an unusually strong increase of 29.4%. As a result, the model weight applied to this input was reduced.

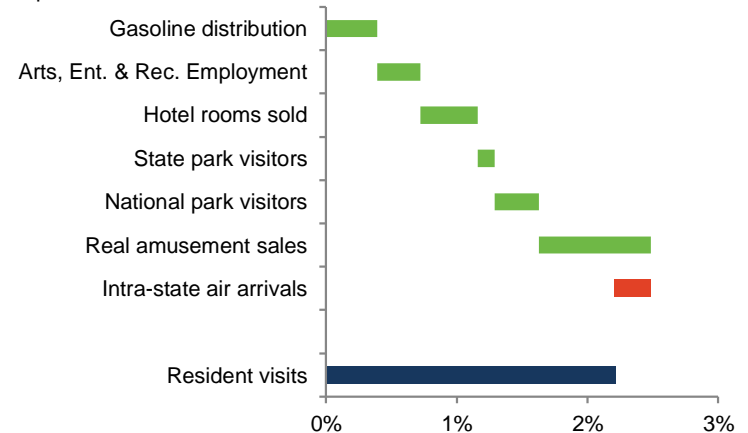
2018Q4 Resident visits & indicator growth

% change



Contributions to Resident Growth, 2018Q4

%-point contribution



Source: Tourism Economics

Annual summary

- Visitation continued to expand in 2018, as Arizona attracted 39.6 million overnight domestic visitors, setting a new high.
- Multiple indicators expanded solidly in 2018; in particular, hotel room demand, employment in tourism-related sectors (leisure and hospitality; arts, entertainment, and recreation) and total air passengers.
- The pace of visitation growth in 2018 (3.2%) accelerated relative to 2017 (2.5%).

Annual visitation summary

AZ Domestic Overnight Visitor Volume Estimates (million)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Overnight Leisure	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	33.08
Overnight Business	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	6.51
Overnight Resident	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	11.01
Overnight Nonresident	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	28.58
Total Overnight Visitors	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	39.59

AZ Domestic Overnight Visitor Volume Estimates (annual % growth)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Overnight Leisure	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%	3.1%
Overnight Business	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%	3.8%
Overnight Resident	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%	3.1%
Overnight Nonresident	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%	3.3%
Total Overnight Visitors	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%	3.2%

Overnight visitor shares by segment

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Overnight Leisure	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%	83.5%
Overnight Business	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%	16.5%
Overnight Resident	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%	27.8%
Overnight Nonresident	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%	72.2%



TOURISM ECONOMICS

AN OXFORD ECONOMICS COMPANY

For more information:

info@tourismeconomics.com