



Tracking Domestic Visitor Volumes for Arizona:

2019 Q4 and 2019 Full Year Estimates



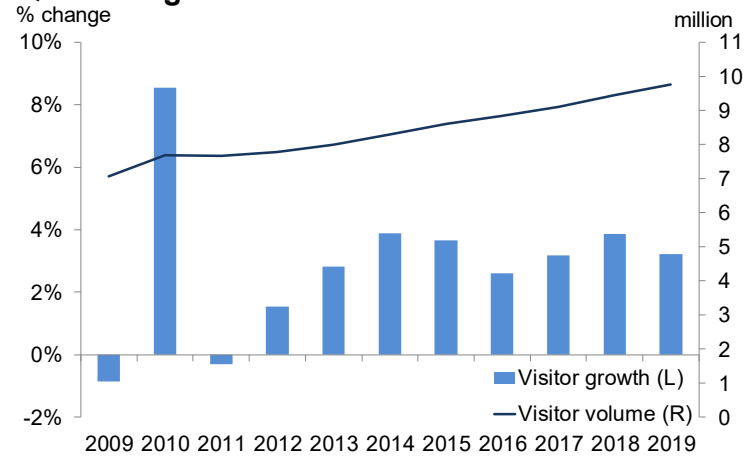
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Quarterly Summary – 2019Q4

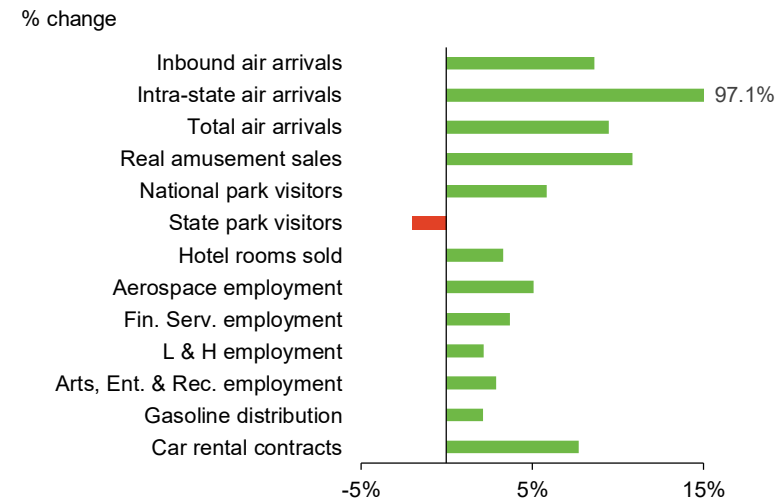
- Overnight visitation to Arizona increased 3.2% in 2019Q4. This growth outpaced overall year-over-year growth in 2019 (2.6%).
- Overnight visits are estimated at 9.8 million for the quarter. This builds on gains achieved in the same quarter over three years, resulting in a solid three-year gain of 10.6% compared to 2016Q4.
- Hotel rooms sold increased 3.3% in 2019Q4, compared to 3.7% in 2018Q4.

Q4 Overnight visitor trend



Source: AOT / Tourism Economics

2019Q4 indicator growth



Quarterly visitation levels and growth

| AZ Domestic Overnight Visitor Volume Estimates (million) | | | | | | | | | | | | | | | | |
|---|-------|------|------|------|-------|------|------|------|-------|-------|------|------|-------|-------|------|------|
| | 2016 | | | | 2017 | | | | 2018 | | | | 2019 | | | |
| | Q1 | Q2 | Q3 | Q4 | 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 | 8.84 | 8.71 | 8.38 | 8.03 |
| 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 | 1.89 | 1.60 | 1.44 | 1.73 |
| 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 | 2.84 | 2.98 | 2.82 | 2.54 |
| 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 | 7.90 | 7.33 | 7.00 | 7.22 |
| 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 | 10.74 | 10.31 | 9.82 | 9.76 |

| AZ Domestic Overnight Visitor Volume Estimates (annual % growth) | | | | | | | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2016 | | | | 2017 | | | | 2018 | | | | 2019 | | | |
| | Q1 | Q2 | Q3 | Q4 | 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% | 1.80% | 1.62% | 4.18% | 3.42% |
| 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% | 1.85% | 3.10% | 1.76% | 2.24% |
| 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% | 1.57% | 0.59% | 1.61% | 2.35% |
| 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% | 1.89% | 2.36% | 4.73% | 3.51% |
| 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% | 1.81% | 1.84% | 3.82% | 3.21% |

Quarterly visitation shares by segment

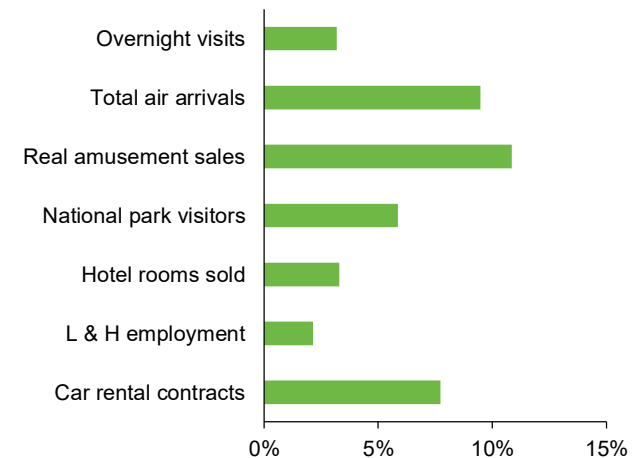
| AZ Domestic Overnight Visitor Volume Estimates | | | | | | | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Share of Overnight Visits (%) | | | | | | | | | | | | | | | | |
| | 2016 | | | | 2017 | | | | 2018 | | | | 2019 | | | |
| | Q1 | Q2 | Q3 | Q4 | 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% | 82.4% | 84.5% | 85.4% | 82.3% |
| 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% | 17.6% | 15.5% | 14.6% | 17.7% |
| 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% | 26.4% | 28.9% | 28.7% | 26.0% |
| 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% | 73.6% | 71.1% | 71.3% | 74.0% |

Overnight visitation – 2019Q4

- Total overnight visitation rose 3.2%. Indicators rallied growth; real amusement sales rose 10.9%, total air arrivals grew 9.5%, and car rental contracts increased 7.7%.
- National park visitation increased 5.9%, with its strongest fourth quarter growth since 2017.
- Total hotel demand rose 3.3% for 2019Q4, slightly behind fourth quarter gains from a year ago, at 3.7%.

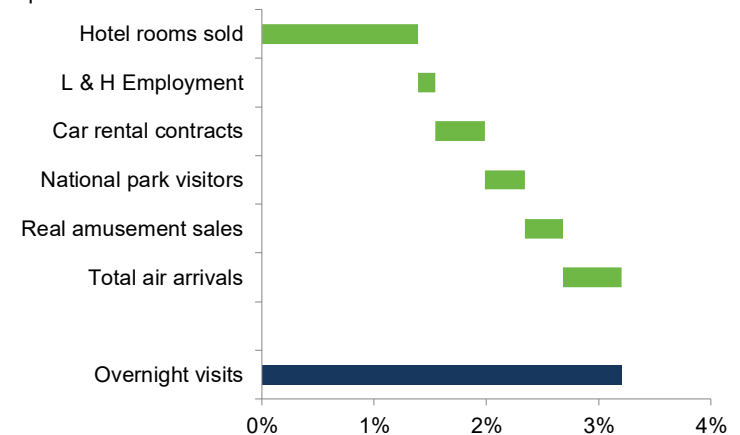
2019Q4 Overnight visits & indicator growth

% change



Contributions to Overnight Growth, 2019Q4

%-point contribution



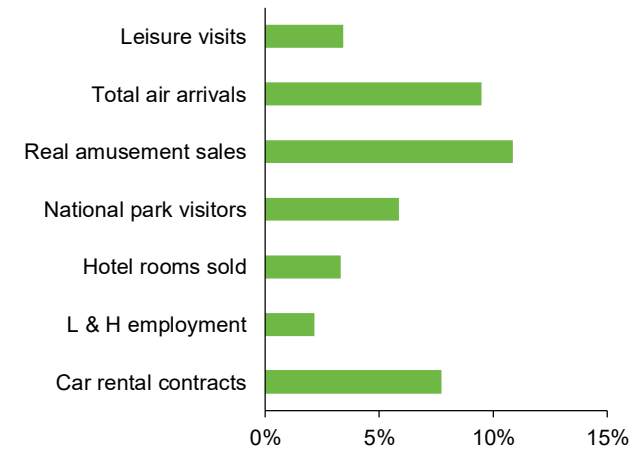
Source: Tourism Economics

Overnight leisure visitation – 2019Q4

- Growth continued in the leisure segment, with a 3.4% gain, representing faster growth than the 2.7% leisure growth experienced overall in 2019.
- Key indicators supported this growth, including total hotel demand (3.3%), total air arrivals (9.5%), and national park visits (5.9%).
- Car rental contracts increased 7.7%, though the history of this indicator has been volatile.

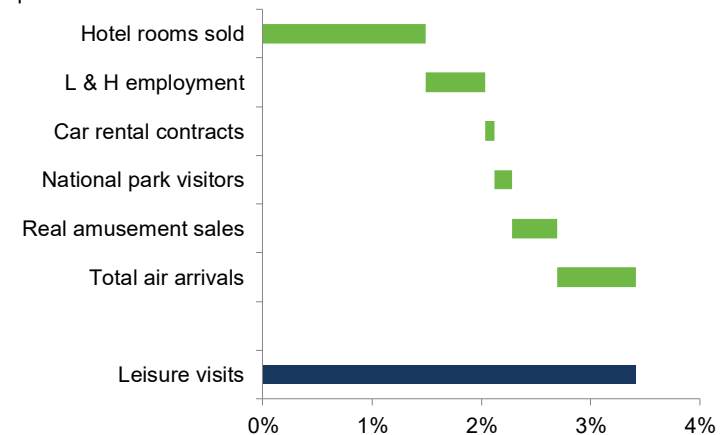
2019Q4 Leisure visits & indicator growth

% change



Contributions to Leisure Growth, 2019Q4

%-point contribution

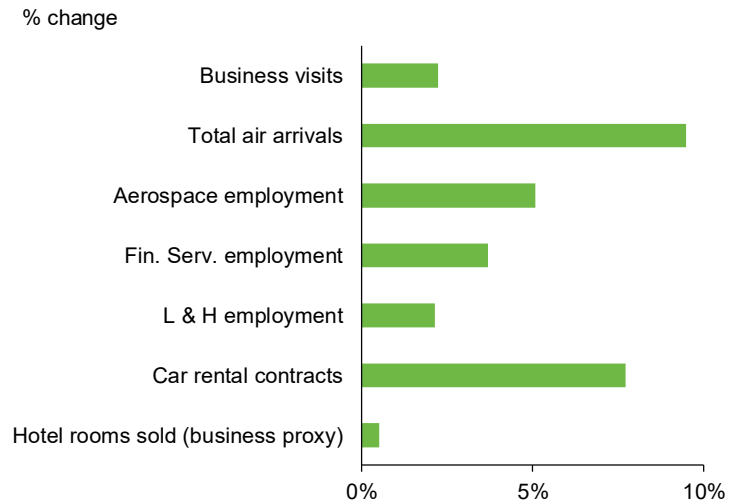


Source: Tourism Economics

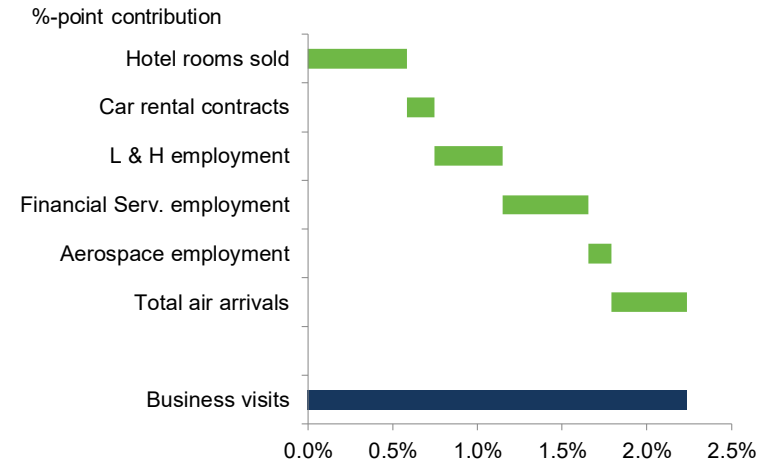
Overnight business visitation – 2019Q4

- Overnight business visitation expanded by 2.2%. This growth is on par with overall business visitation for 2019, which increased 2.2%.
- Hotel demand measured as a proxy for business transient and group activity increased 0.5%, following a strong 5.0% gain in the same quarter a year earlier.
- Aerospace and finance employment both experienced gains, at 5.1% and 3.7%, respectively.

2019Q4 Business visits & indicator growth



Contributions to Business Growth, 2019Q4



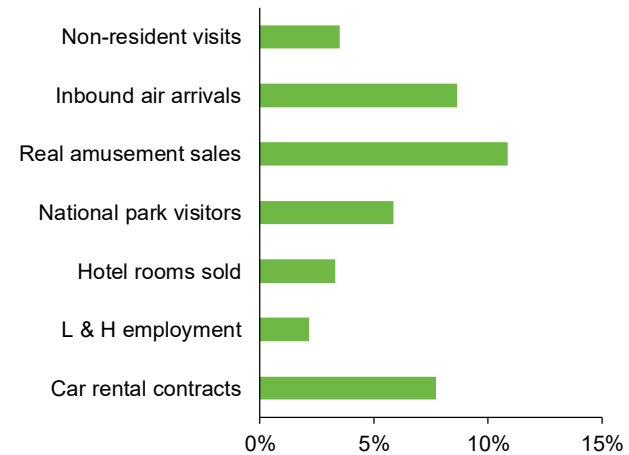
Source: Tourism Economics

Overnight non-resident visitation – 2019Q4

- Non-resident visits grew 3.5%, ahead of the 3.1% growth achieved in 2019 overall.
- Indicators continue to be positive. Air arrivals from outside the state rose 8.7%, and real amusement sales rose 10.9%.
- The non-resident visitor share in Q4 (74.0%) was slightly ahead of the same quarter last year (73.8%).

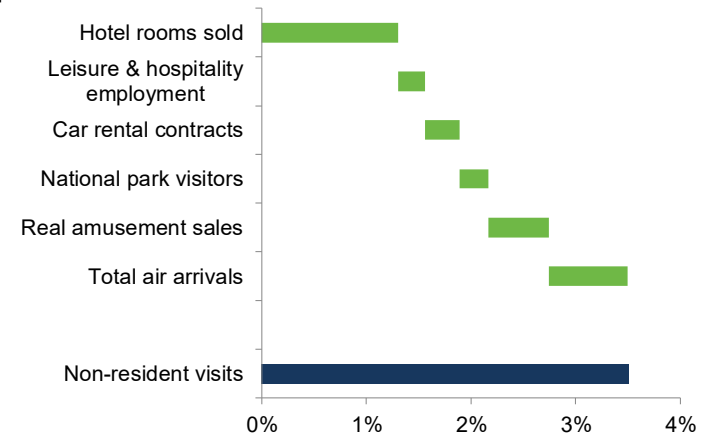
2019Q4 Non-resident visits & indicator growth

% change



Contributions to Non-resident Growth, 2019Q4

%-point contribution



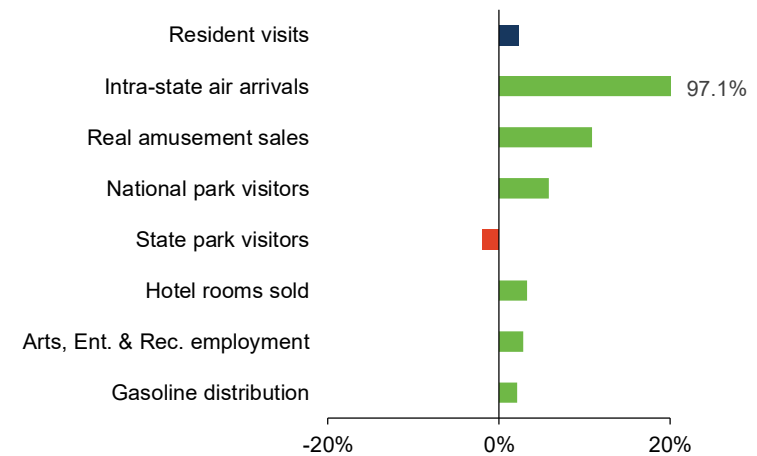
Source: Tourism Economics

Overnight resident visitation – 2019Q4

- Arizona resident overnight visits grew 2.4% in Q4, as indicators showed mostly positive growth.
- Intra-state air arrivals showed an unusually strong increase of 97.1%, after increasing 29.4% in 2018Q4. As a result, the model weight applied to this input was reduced.
- Real amusement sales rose 10.9%, and gasoline distribution in gallons rose 2.1%.

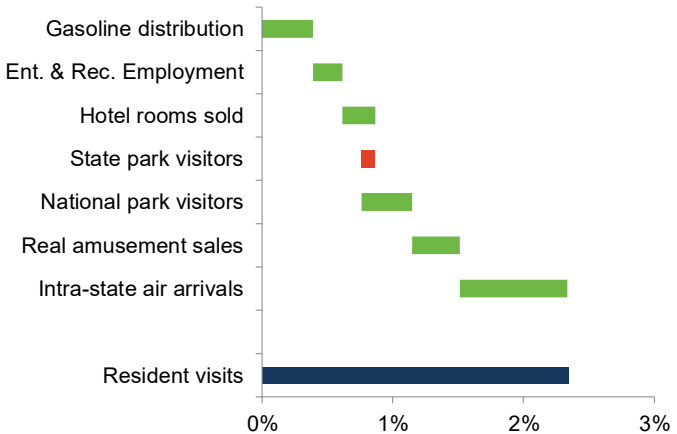
2019Q4 Resident visits & indicator growth

% change



Contributions to Resident Growth, 2019Q4

%-point contribution



Source: Tourism Economics

Annual summary

- Visitation continued to expand in 2019, as Arizona attracted 40.63 million overnight domestic visitors, setting another new high.
- Multiple indicators expanded solidly in 2019; in particular, real amusement sales, total air passengers, hotel room demand, and employment in tourism-related sectors (leisure and hospitality; arts, entertainment, and recreation).
- The pace of visitation growth in 2019 (2.6%) slowed relative to 2018 (3.2%).

Annual visitation summary

| AZ Domestic Overnight Visitor Volume Estimates (million) | | | | | | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| 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 | 33.97 |
| 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 | 6.66 |
| 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 | 11.18 |
| 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 | 29.45 |
| 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 | 40.63 |

| AZ Domestic Overnight Visitor Volume Estimates (annual % growth) | | | | | | | | | | | | | | | |
|---|------|------|------|-------|--------|------|------|-------|------|------|------|------|------|------|------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| 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% | 2.7% |
| 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% | 2.2% |
| 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% | 1.5% |
| 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% | 3.1% |
| 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% | 2.6% |

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 | 2019 |
| 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% | 83.6% |
| 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% | 16.4% |
| 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% | 27.5% |
| 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% | 72.5% |



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