

TRACKING DOMESTIC VISITOR VOLUMES FOR ARIZONA 2020 Q4 and 2020 Full Year Estimates

Prepared for:
The Arizona Office of Tourism



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QUARTERLY SUMMARY

2020 Q4

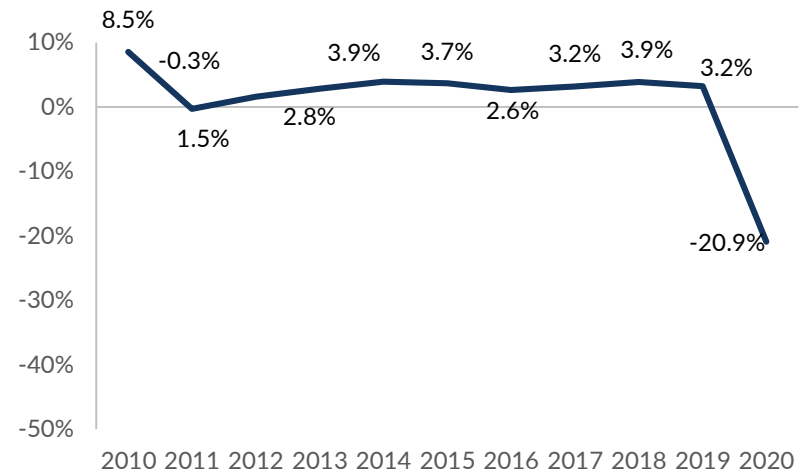
Domestic overnight visitation to Arizona decreased 20.9% in 2020 Q4, compared to 2019 Q4

Visitation to Arizona in 2020 Q4 continued to be influenced by the resurgence of the global coronavirus outbreak (COVID-19) throughout 2020, leading to subdued traveler sentiment and visitation in 2020 Q4.

Travel activity in Q4 was still significantly suppressed relative to prior year levels, with overnight visits 20.9% below 2019. This was a less severe decline than had been experienced in the prior two quarters (Q2 -23.4%, Q3 -48.1%).

Overnight visitor trend, 2020 Q4

Amounts expressed in annual % growth



Source: Arizona Office of Tourism/Tourism Economics

QUARTERLY SUMMARY

2020 Q4

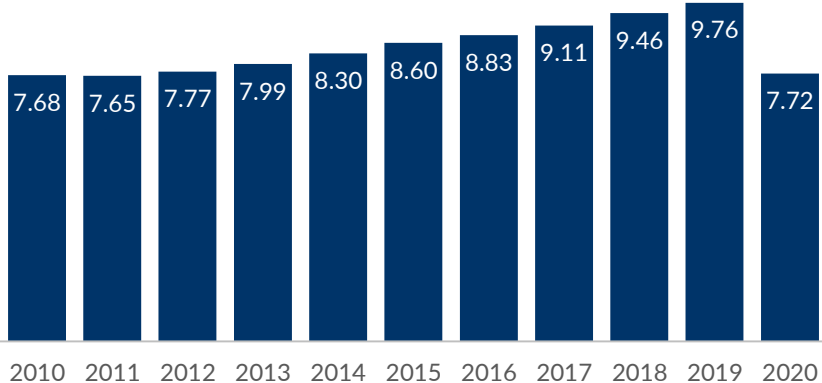
Overnight visits to Arizona fell two million in 2020 Q4, compared to 2019 Q4

Overnight visits are estimated at 7.72 million for the quarter, down 20.9% from last year.

Visitation in Q4 marked a return to a level last experienced in 2011, when visitation was 7.65 million.

Overnight visitor trend, 2020 Q4

Amounts expressed in millions



Source: Arizona Office of Tourism/Tourism Economics

QUARTERLY SUMMARY

2020 Q4

Hotel rooms sold were down 24.2% in 2020 Q4 compared to one year ago. Demand has improved over 2020 Q3 (-25.5% YOY) and Q2 (-50.4% YOY).

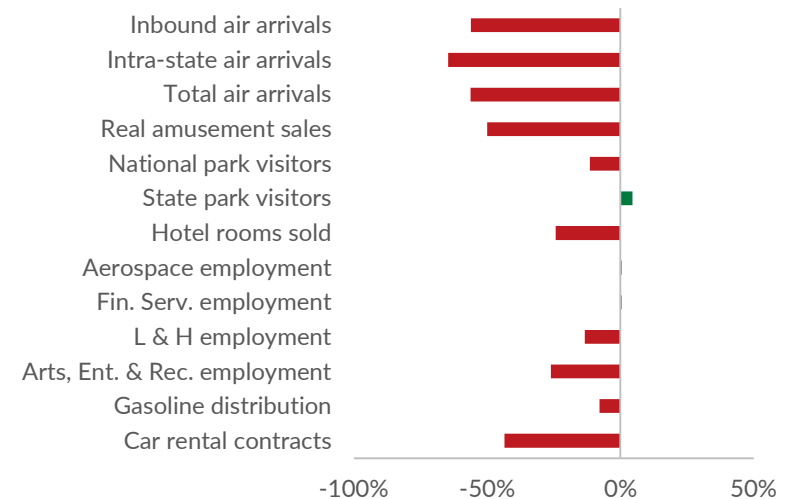
Almost all indicators of travel activity declined significantly relative to prior year levels. Declines were largest for intra-state arrivals (-64.6%), total air arrivals (-56.1%), and inbound air arrivals (-56.0%).

State parks continued to be a popular destination for low-density travel with visitation up 4.7% over the prior year. National park visits in Arizona were down 11.4% in Q4, an improvement from -45.4% in Q3. Gasoline distribution improved to down just 7.7%. Car rental contracts, however, moved little at -43.5% behind 2019 levels.

Arts, entertainment and recreation employment was 26.0% down in Q4, while leisure and hospitality jobs were down 13.2% from 2019 levels.

Indicator growth, 2020 Q4

Amounts expressed in % change



Source: Tourism Economics

DOMESTIC OVERNIGHT VISITOR VOLUME ESTIMATES

2020 Q4

Millions	2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total Overnight Visitors	10.33	9.81	9.10	9.11	10.55	10.13	9.46	9.46	10.74	10.31	9.82	9.76	9.55	5.35	7.52	7.72
Overnight Leisure	8.50	8.33	7.74	7.49	8.69	8.58	8.05	7.77	8.84	8.71	8.38	8.03	7.99	4.81	6.78	6.71
Overnight Business	1.83	1.48	1.36	1.61	1.86	1.55	1.41	1.69	1.89	1.60	1.44	1.73	1.56	0.54	0.74	1.01
Overnight Resident	2.70	2.88	2.67	2.43	2.79	2.97	2.77	2.48	2.84	2.98	2.82	2.54	2.65	1.94	2.32	2.18
Overnight Nonresident	7.63	6.93	6.43	6.68	7.76	7.16	6.69	6.98	7.90	7.33	7.00	7.22	6.90	3.41	5.20	5.54

Annual % growth	2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total Overnight Visitors	2.03%	2.38%	2.54%	3.16%	2.10%	3.27%	3.92%	3.85%	1.80%	1.83%	3.82%	3.20%	-11.07%	-48.10%	-23.43%	-20.89%
Overnight Leisure	2.11%	2.48%	2.65%	3.51%	2.19%	2.97%	3.89%	3.63%	1.79%	1.60%	4.18%	3.41%	-9.65%	-44.82%	-19.13%	-16.49%
Overnight Business	1.70%	1.86%	1.90%	1.58%	1.66%	4.93%	4.09%	4.88%	1.85%	3.11%	1.76%	2.24%	-17.66%	-65.98%	-48.50%	-41.33%
Overnight Resident	1.98%	2.46%	2.25%	2.65%	3.49%	3.07%	3.67%	2.21%	1.54%	0.55%	1.61%	2.35%	-6.49%	-34.86%	-17.66%	-14.17%
Overnight Nonresident	2.05%	2.35%	2.66%	3.35%	1.60%	3.35%	4.03%	4.45%	1.89%	2.36%	4.73%	3.51%	-12.71%	-53.50%	-25.75%	-23.25%

Source: Tourism Economics

SHARE OF DOMESTIC OVERNIGHT VISITS

2020 Q4

Percent	2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Overnight Leisure	82.3%	84.9%	85.1%	82.3%	82.4%	84.7%	85.1%	82.1%	82.4%	84.5%	85.4%	82.3%	83.7%	89.8%	90.2%	86.9%
Overnight Business	17.7%	15.1%	14.9%	17.7%	17.6%	15.3%	14.9%	17.9%	17.6%	15.5%	14.6%	17.7%	16.3%	10.2%	9.8%	13.1%
Overnight Resident	26.1%	29.4%	29.4%	26.7%	26.5%	29.3%	29.3%	26.2%	26.4%	28.9%	28.7%	26.0%	27.8%	36.3%	30.8%	28.2%
Overnight Nonresident	73.9%	70.6%	70.6%	73.3%	73.5%	70.7%	70.7%	73.8%	73.6%	71.1%	71.3%	74.0%	72.2%	63.7%	69.2%	71.8%

Source: Tourism Economics

OVERNIGHT VISITATION

2020 Q4

Total overnight visitation fell 20.9% relative to 2019 as indicators continued to remain negative in 2020 Q4

2020 Q4 indicators of total overnight visitation growth improved over Q3 but remained down over the previous year.

Each indicator was a negative contributor: total air arrivals (-56.1%), real amusement sales (-49.9%), car rental contracts (-43.5%), hotel rooms sold (-24.2%), leisure and hospitality employment (-13.2%), and national park visits (-11.4%).

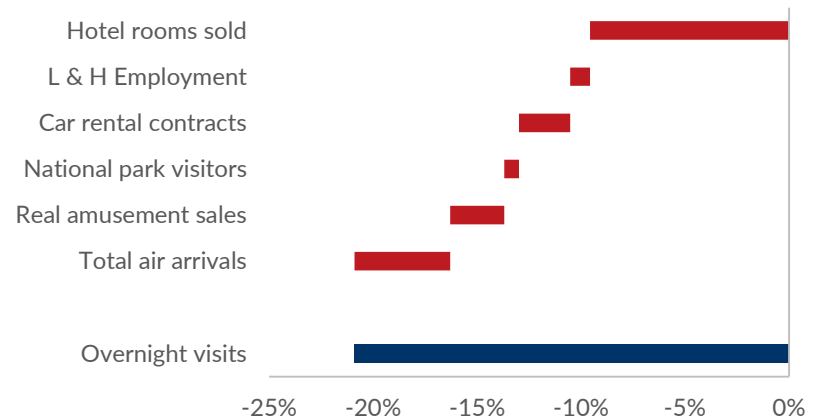
Overnight visits and indicator growth, 2020 Q4

Amounts expressed in % change



Contributions to overnight growth, 2020 Q4

Amounts expressed as %-point contribution



Source: Tourism Economics

OVERNIGHT LEISURE VISITATION

2020 Q4

Leisure visitation to Arizona in 2020 Q4 declined 16.5% relative to 2019

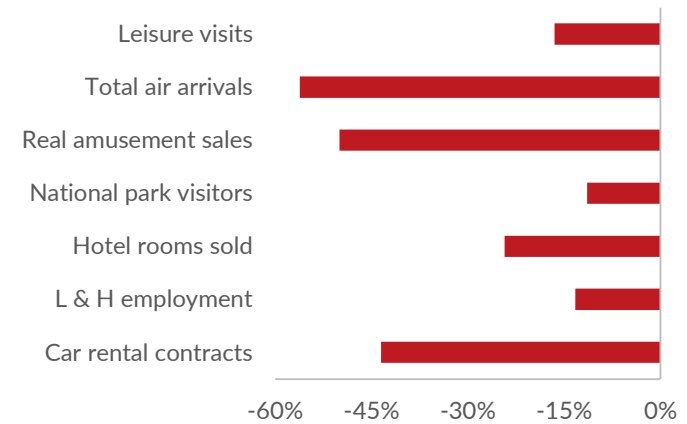
Although all indicators of leisure visitation recovered ground from the previous quarter, all year-over-year change remains negative. Key indicators demonstrated this change: hotel rooms sold declined 24.2%, and total air arrivals fell 56.0%.

Car rental contracts decreased 43.5%, while real amusement sales decreased 49.9%. National park visitation dropped 11.4%, a significant recovery from being down 45.4% in Q3, continuing to recover as parks draw in visitors desiring low-density travel.

The share of leisure visitors in Q4 (86.9%) rose 4.6% from its share in 2019 Q4 (82.3%).

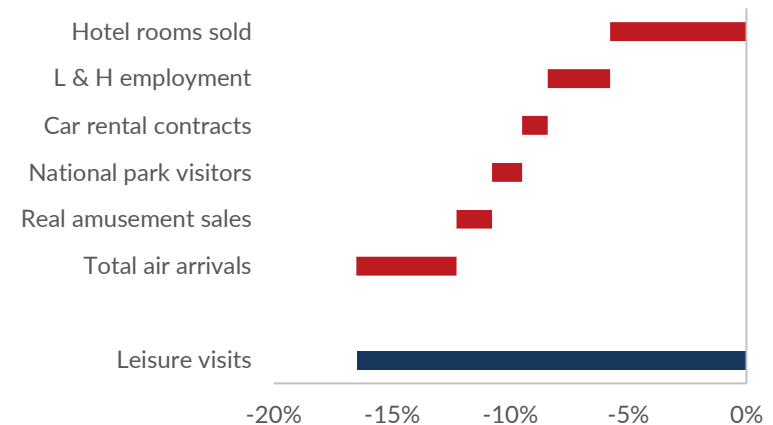
Leisure visits and indicator growth, 2020 Q4

Amounts expressed in % change



Contributions to leisure growth, 2020 Q4

Amounts expressed as %-point contribution



Source: Tourism Economics

OVERNIGHT BUSINESS VISITATION

2020 Q4

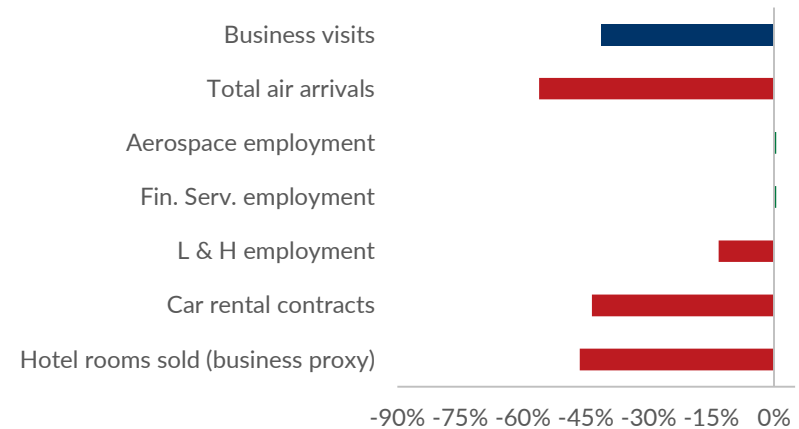
Business visitation to Arizona in 2020 Q4 decreased 41.3%, representing an improvement relative to a 48.5% decrease in the previous quarter

Hotel demand measured as a proxy for business transient and group activity decreased 46.4% in 2020 Q4 relative to 2019. Total air arrivals fell 56.1%, and car rental contracts decreased 43.5%.

Leisure and hospitality employment fell 13.2% in 2020 Q4, while aerospace employment gained only 0.5%.

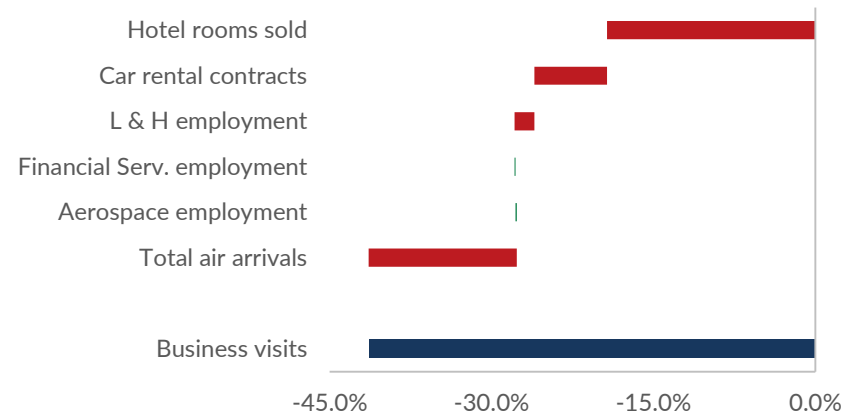
Business visits and indicator growth, 2020 Q4

Amounts expressed in % change



Contributions to business growth, 2020 Q4

Amounts expressed as %-point contribution



Source: Tourism Economics

OVERNIGHT NON-RESIDENT VISITATION

2020 Q4

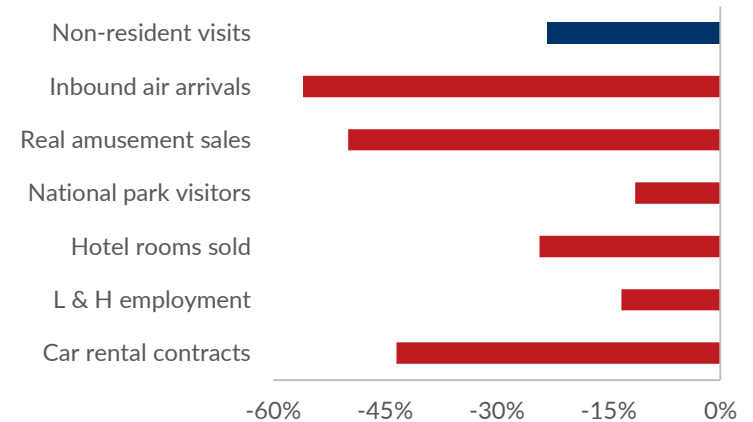
Non-resident visitation to Arizona in 2020 Q4 decreased 23.3% relative to 2019

All indicators for non-resident overnight visitation remained negative in Q4. Air arrivals from outside the state fell 56.0%, and hotel rooms sold were down 24.2%.

The non-resident visitor share in Q4 (71.8%) was 2.2 percentage points lower than the same quarter last year (74.0%), as COVID-19-related restrictions on travel and businesses continued to impact travel into Arizona.

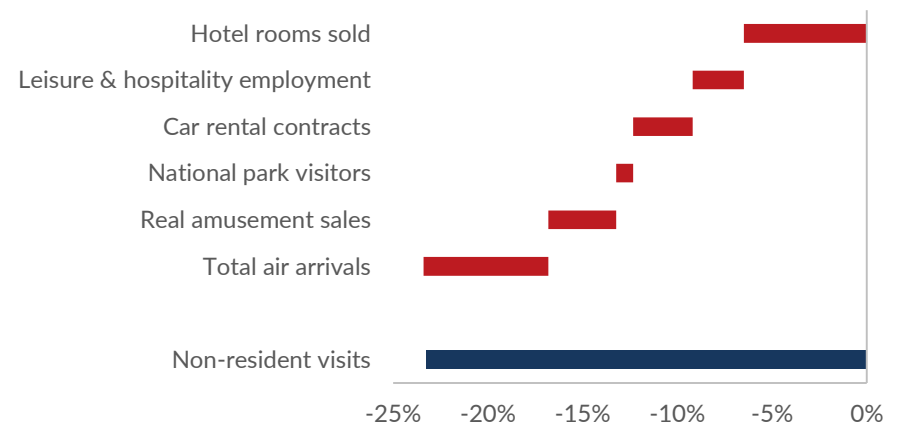
Non-resident visits and indicator growth, 2020 Q4

Amounts expressed in % change



Contributions to non-resident growth, 2020 Q4

Amounts expressed as %-point contribution



Source: Tourism Economics

OVERNIGHT RESIDENT VISITATION

2020 Q4

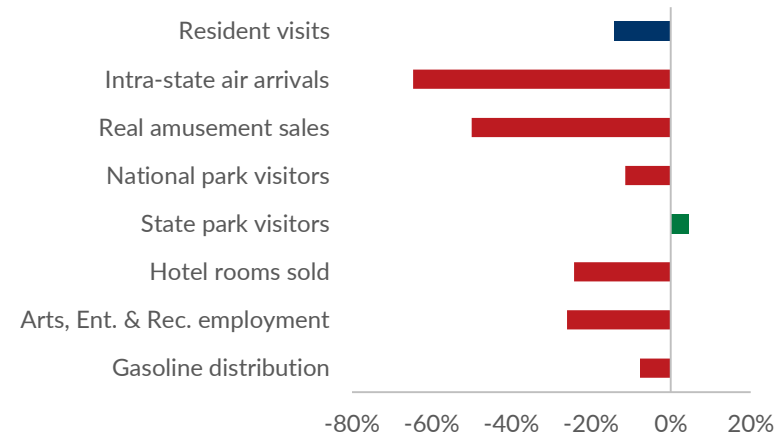
Resident visitation to Arizona in 2020 Q4 decreased 14.2% relative to 2019

Almost all indicators showed negative growth across residential visitation: intra-state air arrivals (-64.6%), real amusement sales (-49.9%), arts, entertainment and recreation employment (-26.0%), hotel rooms sold (-24.2%), national park visits (-11.4%), and gasoline distribution in gallons (-7.7%).

State park visits for 2020 Q4 were 4.7% above visitation levels in 2019 Q4 as the popularity of easily accessible outdoor activities continued.

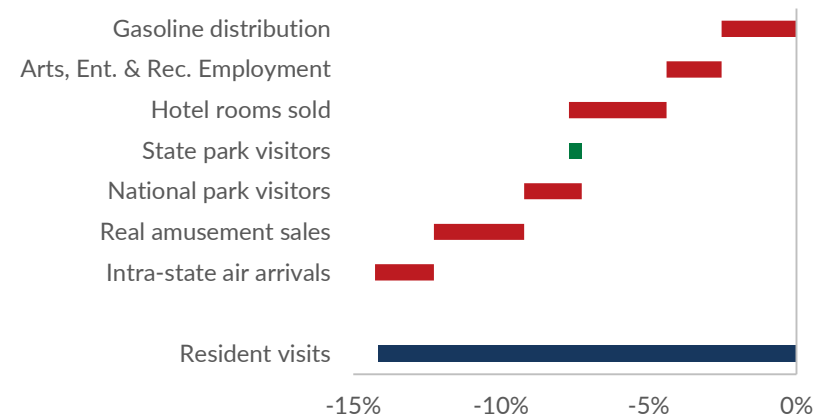
Resident visits and indicator growth, 2020 Q4

Amounts expressed in % change



Contributions to resident growth, 2020 Q4

Amounts expressed as %-point contribution



Source: Tourism Economics

ANNUAL RESULTS

ANNUAL VISITATION SUMMARY

2020

Visitation contracted significantly in 2020 (-25.8%), due to the influence of the COVID-19 global pandemic, leading Arizona to attract only 30.14 million overnight domestic visitors for the year.

The hardest hit indicators in 2020 as a result of pandemic-related travel restrictions and low traveler sentiment were related to long-haul demand and activities which promoted high-density travel, such as total/inbound/intra-state air, total/business hotel demand, amusement sales, and car rentals.

The influence of the pandemic as a result of both travel restrictions and low traveler sentiment greatly affected travel-related employment sectors such as arts and entertainment, and leisure and hospitality.

Millions	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	30.14
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	26.28
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	3.86
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	9.09
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	21.05

Source: Tourism Economics

ANNUAL OVERNIGHT VISITOR SHARES BY SEGMENT

2020

Annual % growth	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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%	-25.8%
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%	-22.6%
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%	-42.1%
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%	-18.6%
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%	-28.5%

Percent	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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%	87.2%
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%	12.8%
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%	30.2%
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%	69.8%

Source: Tourism Economics

TOURISM ECONOMICS

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