

TRACKING DOMESTIC VISITOR VOLUMES FOR ARIZONA 2021 Q4 and 2021 Full Year Estimates

Prepared for:
The Arizona Office of Tourism



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QUARTERLY SUMMARY

2021 Q4

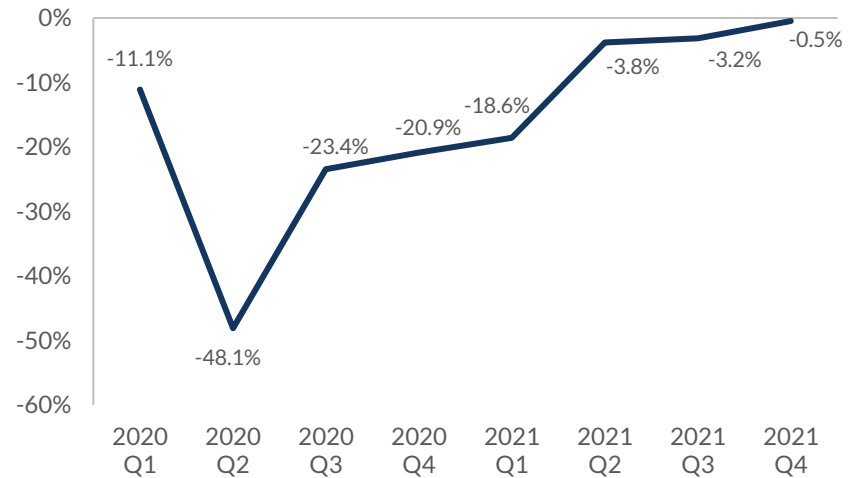
Domestic overnight visitation to Arizona in 2021 Q4 was -0.5% behind levels in 2019 Q4, compared to -3.2% in the previous quarter

Travel activity in 2021 Q4 averaged just 0.5% below 2019 levels, leading overnight visitation to its closest position behind 2019 levels since the onset of the pandemic. Visitation performance was supported by improving health conditions and lower risk-aversion to travel.

Change relative to 2019	2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total Overnight Visitors	-11.1%	-48.1%	-23.4%	-20.9%	-18.6%	-3.8%	-3.2%	-0.5%
Overnight Leisure	-9.6%	-44.9%	-19.1%	-16.5%	-14.8%	-1.4%	-1.3%	1.2%
Overnight Business	-18.1%	-65.3%	-48.9%	-41.1%	-36.2%	-17.2%	-13.9%	-8.3%
Overnight Resident	-5.6%	-34.2%	-17.5%	-13.0%	-12.9%	-1.2%	-0.3%	0.7%
Overnight Nonresident	-13.0%	-53.8%	-25.8%	-23.6%	-20.6%	-4.9%	-4.3%	-0.9%

Overnight visitation 2020 Q1 - 2021 Q4

Amounts expressed in % change relative to 2019 levels



Source: Arizona Office of Tourism/Tourism Economics

QUARTERLY SUMMARY

2021 Q4

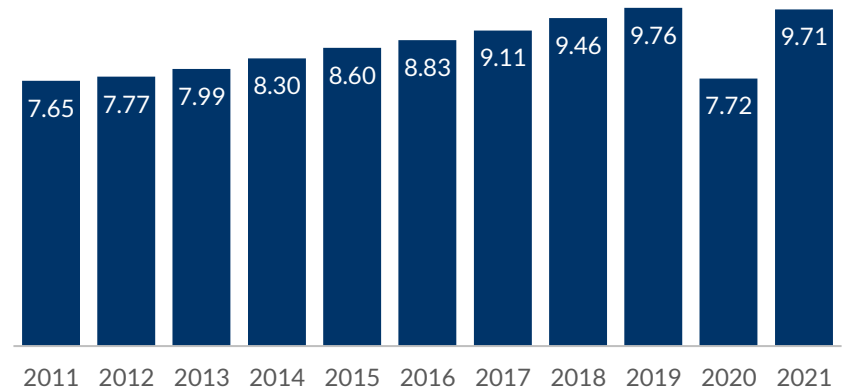
Overnight visits to Arizona in 2021 Q4 were only 50,000 below visitation levels in 2019 Q4

Overnight visits are estimated at 9.71 million for the quarter, up 25.8% from last year, and 0.5% behind levels two years ago.

Visitation in 2021 Q4 was approximately 50,000 shy of record Q4 levels in 2019 of 9.76 million visitors.

Overnight visitor trend, 2021 Q4

Amounts expressed in millions



Source: Arizona Office of Tourism/Tourism Economics

QUARTERLY SUMMARY

2021 Q4

Hotel rooms sold and real amusement sales were above 2019 levels for the first time

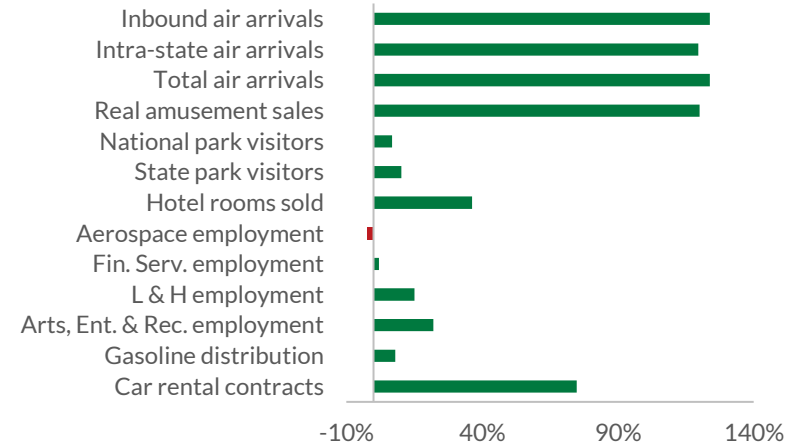
For the first time since the COVID-19 pandemic's onset, hotel rooms sold for the quarter and real amusement sales were 3.3% and 10.2% above 2019 Q4, respectively. State park visits were up most versus the same quarter in 2019 (+15.3% versus 2019 levels).

Total air arrivals during 2021 Q4 moved back to negative change versus 2019 (-1.8%) after registering 2.2% above 2019 levels last quarter. National park visits were less negative in 2021 Q4 versus 2019 (-2.2%) compared to the Q3 (-22.2%). Similarly, car rental contracts improved in Q4 (-1.2% versus 2019 levels) compared to Q3 (-21.0%).

Versus the same period in 2020, total air arrivals (+123%) and real amusements sales (120%) displayed the strongest growth in Q4. Except for aerospace employment, all indicators displayed growth year-over-year (YOY).

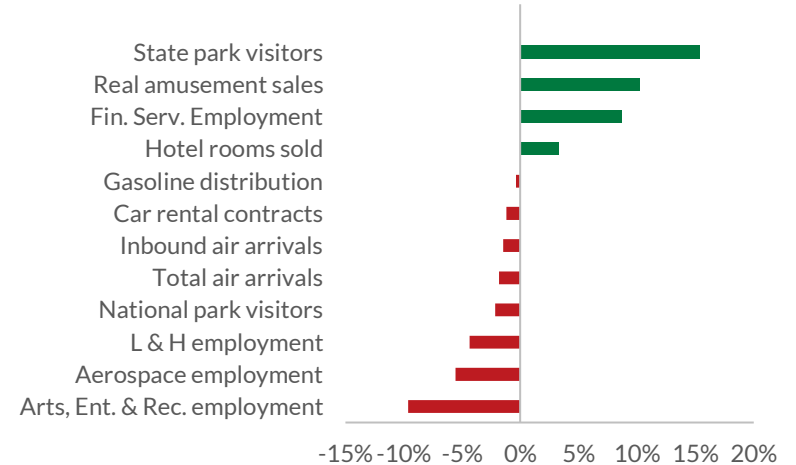
Indicator growth, 2021 Q4

Amounts expressed in % change YOY



Indicator growth, 2021 Q4

Amounts expressed in % change from the same quarter in 2019



Source: Tourism Economics

DOMESTIC OVERNIGHT VISITOR VOLUME ESTIMATES

2021 Q4

Millions	2018				2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total Overnight Visitors	10.55	10.13	9.46	9.46	10.74	10.31	9.82	9.76	9.55	5.35	7.52	7.72	8.74	9.92	9.51	9.71
Overnight Leisure	8.69	8.58	8.05	7.77	8.84	8.71	8.38	8.03	8.00	4.80	6.78	6.70	7.54	8.60	8.27	8.13
Overnight Business	1.86	1.55	1.41	1.69	1.89	1.60	1.44	1.73	1.55	0.55	0.73	1.02	1.21	1.32	1.24	1.59
Overnight Resident	2.79	2.97	2.77	2.48	2.84	2.98	2.82	2.54	2.68	1.96	2.32	2.21	2.47	2.95	2.81	2.55
Overnight Nonresident	7.76	7.16	6.69	6.98	7.90	7.33	7.00	7.22	6.87	3.39	5.20	5.52	6.27	6.97	6.70	7.16

Annual % growth	2018				2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total Overnight Visitors	2.10%	3.27%	3.92%	3.85%	1.80%	1.83%	3.82%	3.20%	-11.07%	-48.10%	-23.43%	-20.89%	-8.44%	85.33%	26.46%	25.79%
Overnight Leisure	2.19%	2.97%	3.89%	3.63%	1.79%	1.61%	4.18%	3.39%	-9.55%	-44.94%	-19.07%	-16.53%	-5.79%	79.16%	21.92%	21.24%
Overnight Business	1.66%	4.93%	4.09%	4.88%	1.84%	3.08%	1.72%	2.32%	-18.12%	-65.35%	-48.85%	-41.13%	-22.13%	138.87%	68.39%	55.75%
Overnight Resident	3.49%	3.07%	3.67%	2.21%	1.54%	0.47%	1.60%	2.22%	-5.63%	-34.20%	-17.53%	-13.04%	-7.65%	50.13%	20.85%	15.76%
Overnight Nonresident	1.60%	3.35%	4.03%	4.45%	1.89%	2.40%	4.74%	3.55%	-13.02%	-53.76%	-25.80%	-23.64%	-8.75%	105.71%	28.97%	29.80%

SHARE OF DOMESTIC OVERNIGHT VISITS

2021 Q4

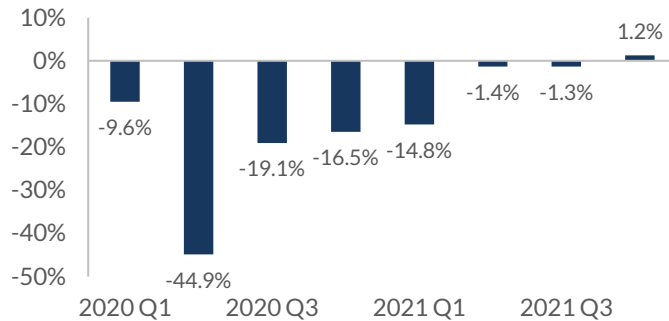
Percent	2018				2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Overnight Leisure	82.4%	84.7%	85.1%	82.1%	82.4%	84.5%	85.4%	82.3%	83.8%	89.7%	90.2%	86.8%	86.2%	86.7%	87.0%	83.7%
Overnight Business	17.6%	15.3%	14.9%	17.9%	17.6%	15.5%	14.6%	17.7%	16.2%	10.3%	9.8%	13.2%	13.8%	13.3%	13.0%	16.3%
Overnight Resident	26.5%	29.3%	29.3%	26.2%	26.4%	28.9%	28.7%	26.0%	28.0%	36.7%	30.9%	28.6%	28.3%	29.7%	29.5%	26.3%
Overnight Nonresident	73.5%	70.7%	70.7%	73.8%	73.6%	71.1%	71.3%	74.0%	72.0%	63.3%	69.1%	71.4%	71.7%	70.3%	70.5%	73.7%

VISITATION COMPARED TO 2019 LEVELS

2021 Q4

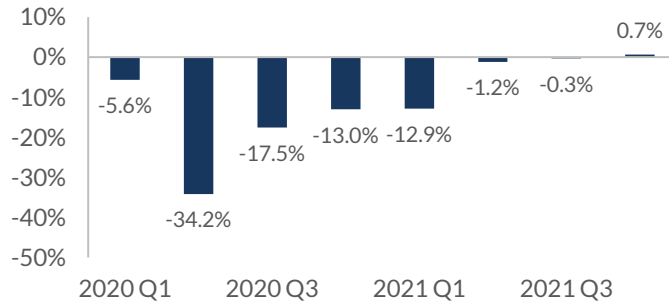
Leisure

Amounts expressed in % change versus same quarter in 2019



Resident

Amounts expressed in % change versus same quarter in 2019

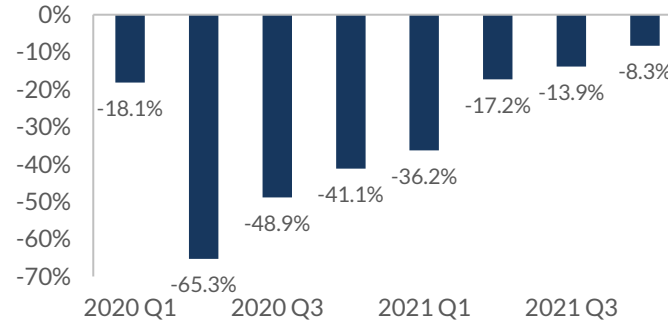


Change relative to 2019

	2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total Overnight Visitors	-11.1%	-48.1%	-23.4%	-20.9%	-18.6%	-3.8%	-3.2%	-0.5%
Overnight Leisure	-9.6%	-44.9%	-19.1%	-16.5%	-14.8%	-1.4%	-1.3%	1.2%
Overnight Business	-18.1%	-65.3%	-48.9%	-41.1%	-36.2%	-17.2%	-13.9%	-8.3%
Overnight Resident	-5.6%	-34.2%	-17.5%	-13.0%	-12.9%	-1.2%	-0.3%	0.7%
Overnight Nonresident	-13.0%	-53.8%	-25.8%	-23.6%	-20.6%	-4.9%	-4.3%	-0.9%

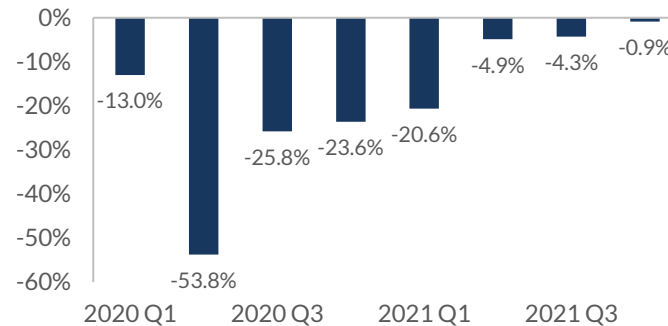
Business

Amounts expressed in % change versus same quarter in 2019



Nonresident

Amounts expressed in % change versus same quarter in 2019



OVERNIGHT VISITATION

2021 Q4

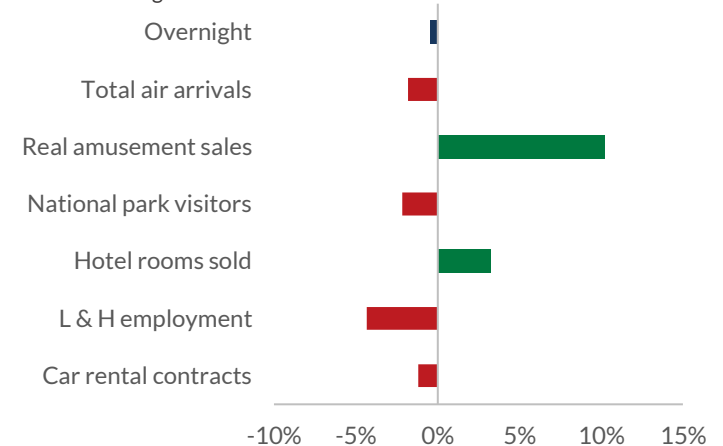
Total overnight visitation was 0.5% below 2019 levels in 2021 Q4, up from -3.2% in 2021 Q3

Total air arrivals was the leading growth contributor to year-over-year growth for the quarter, although down 1.8% versus 2019 Q4. The hotel rooms sold contribution to overnight visits growth has increased in significance as it rose above 2019 levels to +3.3% versus the same period.

All other indicators showed positive year-over-year growth and were (in order by contribution): real amusement sales (+10.2% vs. 2019), car rental contracts (-1.2% vs. 2019), leisure and hospitality employment (-4.3% vs. 2019), and national park visits (-2.2% vs. 2019).

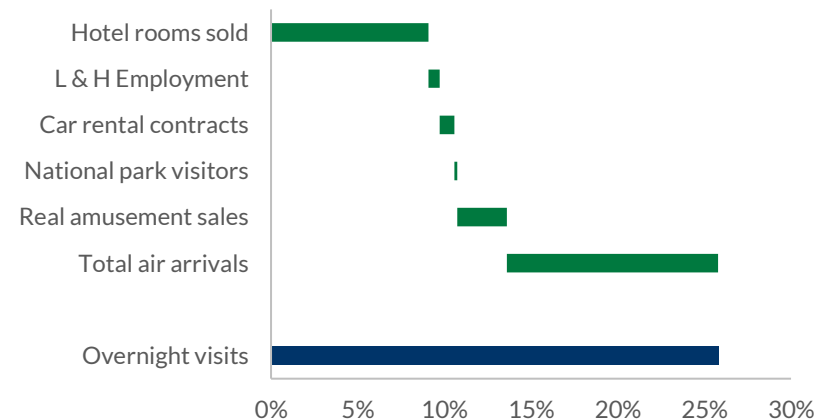
Overnight visits and indicator growth, 2021 Q4

Amounts expressed in % change relative to 2019



Contributions to overnight growth, 2021 Q4

Amounts expressed as %-point contribution to YOY growth



Source: Tourism Economics

OVERNIGHT LEISURE VISITATION

2021 Q4

Leisure visitation to Arizona in 2021 Q4 was up 1.2% relative to 2019 Q4

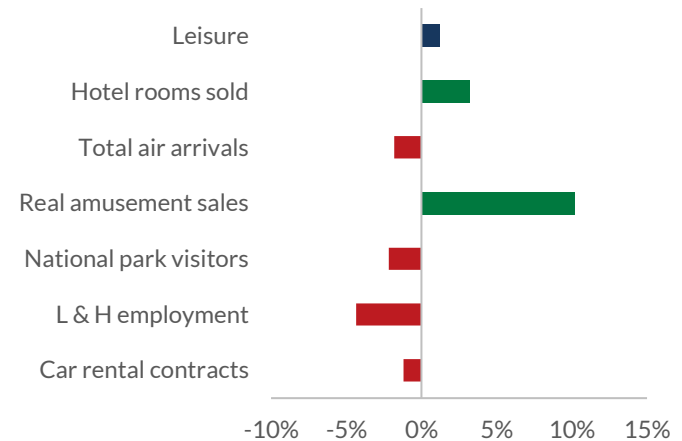
Leisure visits were above pre-pandemic levels for the first time, driven by hotel rooms sold, which performed at 3.3% above 2019 levels. Real amusement sales were up the most (+10.2% versus 2019 Q4) but were a smaller contributor to year-over-year growth.

Total air arrivals slipped back into negative growth territory (-1.8% versus 2019) after increasing in Q3 (+2.2%), while car rental contracts were still down -1.2%, albeit less than Q3 (-21.0% versus 2019). Leisure and hospitality employment was down -4.3% from 2019, and hotel rooms sold were 2.2% below levels in 2019, compared to -22.2% in Q3.

The share of leisure visitors in Q4 (83.7%) was down 3.1 ppt from its share in 2020 Q4 (86.8%), and up 1.4 ppt from its share in 2019 Q4 (82.3%).

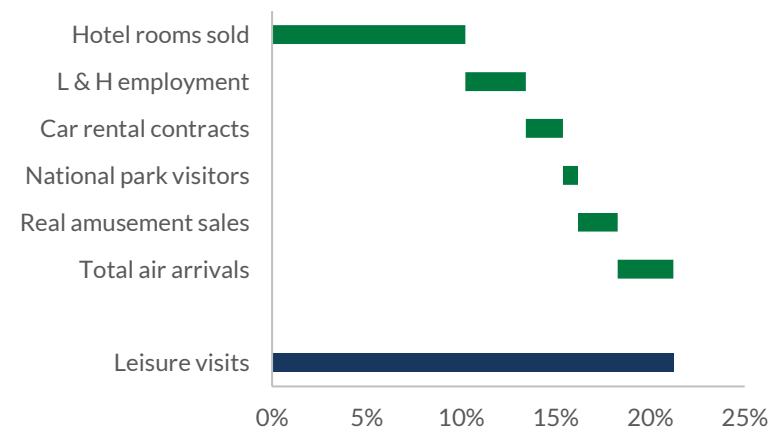
Leisure visits and indicator growth, 2021 Q4

Amounts expressed in % change relative to 2019



Contributions to leisure growth, 2021 Q4

Amounts expressed as %-point contribution to YOY growth



Source: Tourism Economics

OVERNIGHT BUSINESS VISITATION

2021 Q4

Business visitation to Arizona in 2021 Q4 was 8.3% behind levels in 2019 Q4 (up from -13.9% in Q3)

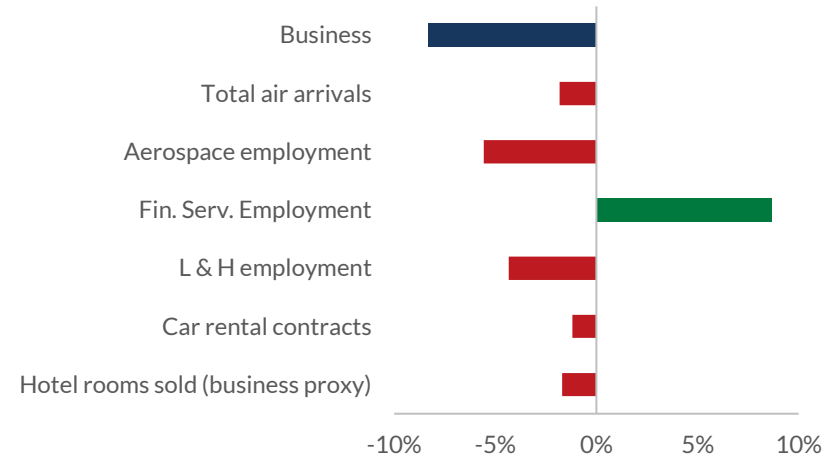
Hotel demand in 2021 Q4, measured as a proxy for business transient and group activity, was 1.7% below 2019 Q4 levels (up from -12.9% in Q3).

Total air arrivals, which was the largest contributor to year-over-year business growth, was 1.8% below 2019, while financial services employment was 8.7% above 2019 Q4 levels.

Leisure and hospitality employment was 4.3% below employment in 2019 Q4, while aerospace employment was down 5.6% - negatively contributing to the year-over-year change in business visits.

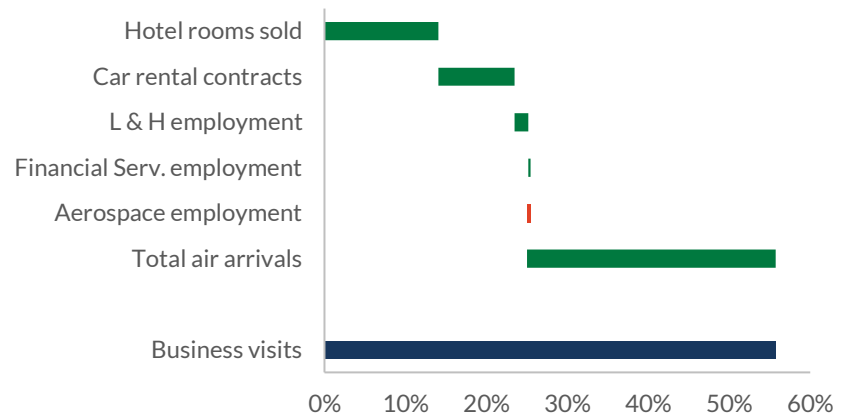
Business visits and indicator growth, 2021 Q4

Amounts expressed in % change relative to 2019



Contributions to business growth, 2021 Q4

Amounts expressed as %-point contribution to YOY growth



Source: Tourism Economics

OVERNIGHT RESIDENT VISITATION

2021 Q4

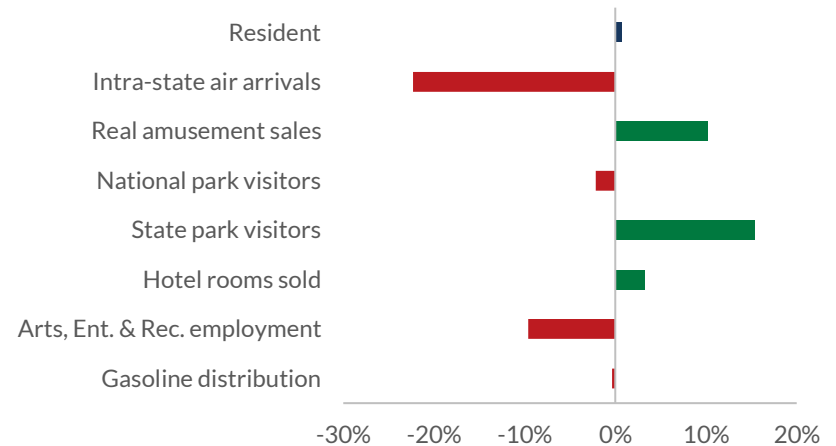
Resident visitation to Arizona in 2021 Q4 was up 0.7% compared to 2019 Q4

The overall resident visitation improvement in 2021 Q4 versus 2019 was led by strong performance in state park visitors versus 2019 Q4 of 15.3%. Real amusement sales and hotel rooms sold in Q4 also displayed improvements relative to the same period in 2019.

All indicators showed positive year-over-year growth across residential visitation (in order by contribution): intra-state air arrivals (-22.3% vs. 2019), real amusement sales (+10.2% vs. 2019), hotel rooms sold (+3.3% vs. 2019), arts, entertainment & recreation employment (-9.6% vs. 2019), gasoline distribution (-0.4% vs. 2019), state park visits (+15.3% vs. 2019), and national park visits (-2.2% vs. 2019).

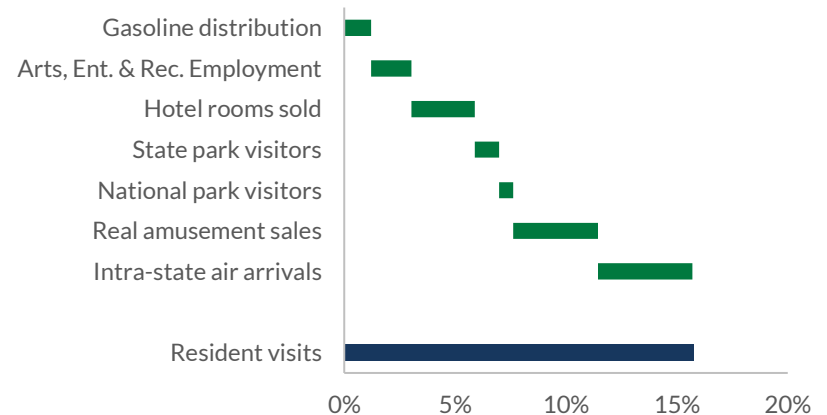
Resident visits and indicator growth, 2021 Q4

Amounts expressed in % change relative to 2019



Contributions to resident growth, 2021 Q4

Amounts expressed as %-point contribution to YOY growth



Source: Tourism Economics

OVERNIGHT NON-RESIDENT VISITATION

2021 Q4

Non-resident visitation to Arizona in 2021 Q4 was 0.9% below 2019 levels (an improvement from -4.3% the prior quarter)

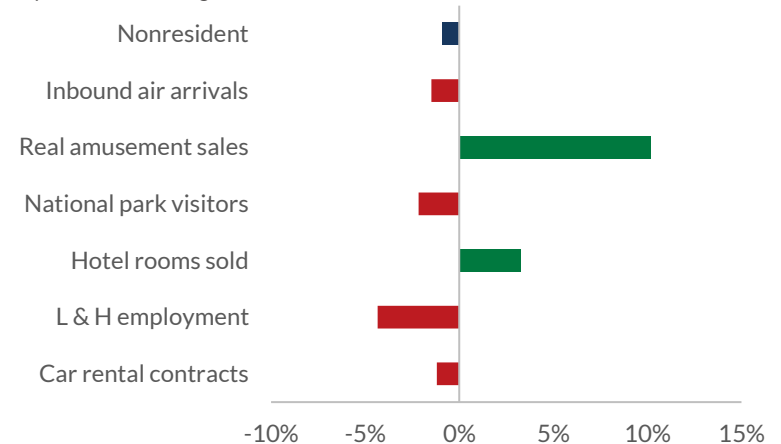
Inbound air arrivals performed at 1.5% below levels in 2019, while hotel rooms sold – the biggest driver of overall year-over-year non-resident visitation growth – were 3.3% above 2019 Q4 levels. Real amusement sales were up the most (+10.2% versus 2019).

Car rentals were also an important driver of non-resident year-over-year growth, down less in Q4 (-1.2%) than Q3 (-21.0%) versus the respective periods in 2019. National park performance was a smaller driver of overall year-over-year non-resident growth compared to the previous quarter – down 2.2% relative 2019.

The non-resident visitor share in Q4 (73.7%) was 2.3 ppt above the same quarter last year (71.4%), and 0.3 ppt below its share in 2019 Q4 (74.0%).

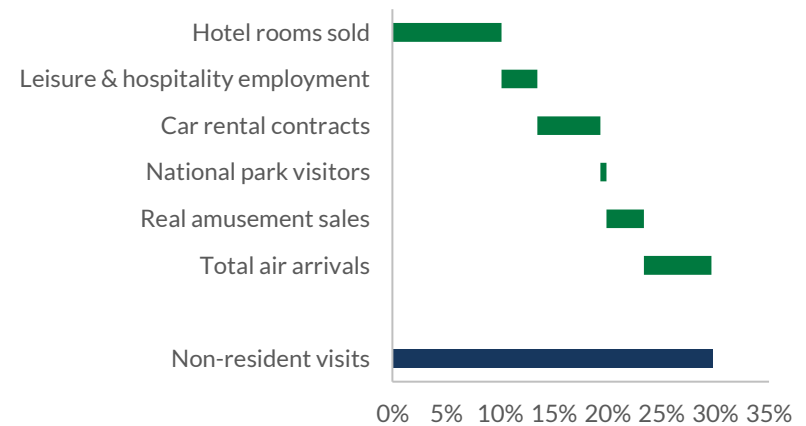
Non-resident visits and indicator growth, 2021 Q4

Amounts expressed in % change relative to 2019



Contributions to non-resident growth, 2021 Q4

Amounts expressed as %-point contribution to YOY growth



Source: Tourism Economics

ANNUAL RESULTS

ANNUAL VISITATION SUMMARY

2021

Travel demand regained momentum over the year as health conditions improved and many pandemic restrictions eased, leading Arizona to attract 37.88 million overnight domestic visitors for the year. Visitation rebounded strongly in 2021 (+25.7%) after contracting in 2020 (-25.8%) but remained 6.8% below 2019 levels.

Inbound air, total/business hotel demand, amusement sales, and car rentals grew the most (year-over-year) after significant contraction in 2020.

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 in 2020. In 2021, even as demand for travel has recovered strongly, hesitancy to return to work, coupled with movement into new industries by former travel and tourism employees, appear to have slowed the jobs recovery.

By overnight visitor segment, leisure and resident travel have recovered the most relative to 2019. Business visitation improved during the year but remains below 2019 levels.

Millions	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Overnight Visitors	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	37.88
Overnight Leisure	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	32.53
Overnight Business	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	5.35
Overnight Resident	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	11.17	9.17	10.78
Overnight Nonresident	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	29.46	20.98	27.11

Source: Tourism Economics

ANNUAL OVERNIGHT VISITOR SHARES BY SEGMENT

2021

Annual % growth	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Overnight Visitors	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%	25.7%
Overnight Leisure	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%	23.8%
Overnight Business	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%	38.8%
Overnight Resident	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%	1.4%	-17.9%	17.6%
Overnight Nonresident	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%	-28.8%	29.2%

Percent	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Overnight Leisure	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%	85.9%
Overnight Business	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%	14.1%
Overnight Resident	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%	30.4%	28.4%
Overnight Nonresident	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%	69.6%	71.6%

Source: Tourism Economics

TOURISM ECONOMICS

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