HAWAI'I TOURISM AUTHORITY

U.S. Fact Sheet

United States Overview

The U.S. West and U.S. East are Hawai'i's two largest source markets for visitors, with domestic air seats accounting for 68 percent of total seats to the state in 2017. U.S. West includes visitors who travel to the Hawaiian Islands from the 12 Pacific states west of the Rockies, and U.S. East includes all other states.

Interest in Hawai'i is expected to remain strong, although value continues to be a deciding factor. The HTA continues to work with Hawai'i Tourism U.S.A. to market and promote Hawai'i to reach the "avid travelers" and now the "avid explorers." In 2017, some new activities occurring in the market include: 1) a New York City market activation involving out-of-home; digital, social, travel trade and influencer events; 2) evolution of the #LetHawaiiHappen – 'Journeys'; 3) use of 360 and Virtual Reality content for online marketing and training; 4) hosting of a Millennial Travel Professional Summit; 5) developing and refining tools and technology to reach meeting planners.

June 2017 Quick Facts[1]

Visitor Expenditures:	$5.27 billion
Primary Purpose of Stay:	Pleasure (2,368,643) vs. MCI (180,629)
Average Length of Stay:	9.55 days
First Time Visitors:	26.9%
Repeat Visitors:	73.1%

U.S. West

U.S. WEST MMA (by Air)	2015	2016P	% Change 2016P vs 2015	2017 Forecast (Jun. 2017)	% Change 2016P vs 2017 Forecast	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
Visitor Expenditures* ($ Millions)	5,275.7	5,602.2	6.2%	5,650.6	0.9%	3,061.4	2,745.6	11.5%
Visitor Days	32,561,688	33,497,107	2.9%	33,471,947	-0.1%	17,002,615	16,516,903	2.9%
Arrivals	3,507,652	3,658,380	4.3%	3,656,608	0.0%	1,856,249	1,796,089	3.3%
Per Person Per Day Spending* ($)	162.0	167.2	3.2%	170.6	2.0%	180.1	166.2	8.3%
Per Person Per Trip Spending* ($)	1,504.0	1,531.3	1.8%	1,545.3	0.9%	1,649.3	1,528.7	7.9%
Length of Stay (days)	9.28	9.16	-1.4%	9.15	0.0%	9.16	9.20	-0.4%

**Excludes supplemental business spending*

[1] 2016 and 2017 data are preliminary.

U.S. East

U.S. EAST MMA (by Air)	2015	2016P	% Change 2016P vs 2015	2017 Forecast (Jun. 2017)	% Change 2016P vs 2017 Forecast	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
Visitor Expenditures* ($ Millions)	3,674.6	3,845.3	4.6%	3,980.5	3.5%	2,211.6	1,986.4	11.3%
Visitor Days	18,580,408	19,097,032	2.8%	19,617,545	2.7%	10,682,785	10,041,522	6.4%
Arrivals	1,803,670	1,869,826	3.7%	1,921,265	2.8%	1,043,970	967,914	7.9%
Per Person Per Day Spending* ($)	197.8	201.4	1.8%	204.4	1.5%	207.0	197.8	4.7%
Per Person Per Trip Spending* ($)	2,037.3	2,056.5	0.9%	2,071.8	0.7%	2,118.4	2,052.2	3.2%
Length of Stay (days)	10.30	10.2	-0.9%	10.21	0.0%	10.2	10.4	-1.4%

**Excludes supplemental business spending*

Contact Information

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Market Summary

U.S. West

- In 2016, growth in arrivals (+4.3% to 3,658,380 visitors) and higher daily spending (+3.2% to $167 per person) contributed to a 6.2% gain in visitor expenditures to $5.6 billion. Through June 2017, increased in arrivals (+3.3% to 1,856,249 visitors) and higher daily spending (+8.3% to $180 per person) led to a 11.5% growth in visitor expenditures to $3.06 billion.
- Airlift: In 2016, air seats increased 1.5% to 7,324,285 compared to 7,217,348 in 2015 for U.S. West. The largest growth in inbound seat inventory were from San Francisco and Seattle. Through June 2017, scheduled seats from U.S. West dropped 2.7 percent from the first six months of 2016.

U.S. East

- In 2016, arrivals increased (+3.7% to 1,869,826 visitors) as did visitor expenditures (+4.6% to $3.85 billion). Daily spending of $201 per person (+1.8%) was higher compared to 2015. Through June 2017, visitor arrivals (+7.9% to 1,043,970 visitors), daily spending (+4.7% to $207 per person) and visitor expenditures (+11.3% to $2.21 billion) all exceeded year-to-date 2016.
- Airlift: For 2016, growth in scheduled air seats (-0.5% to 923,602) was flat in compared to 2015. Growth in seats out of Minneapolis, New York JFK and Houston were offset by fewer seats from Chicago, Atlanta and Dallas. Through June 2017, scheduled seats from U.S. East rose 12.8%.

Market Conditions

<u>Overall U.S.</u>

- While demand for travel to Hawaiʻi remains strong among U.S. air leisure travelers, rising travel prices continue to play a factor with converting this demand into actual Hawaiʻi vacations.
- “Affordability” and “value” continue to play a large role in consumer willingness to travel.
- The U.S. Consumer Confidence Index rebounded slightly in June following two months of decline. Currently, the Index stands at 118.9 (1985=100), up +1.3 points from the month prior. Of note, while sentiments about present economic conditions improved, future expectations continued to slide downward.
- The U.S. unemployment rate declined once again in May 2017, falling another -0.1 points to 4.3 percent. Year to date, U.S unemployment has dropped a full -0.5 points, raising speculation that the labor market is at or near full employment. Other employment fundamentals remained mostly unchanged from the month priorThe U.S. Consumer Confidence Index declined again in May 2017, though the slide was less pronounced than April’s drop. Currently, the Index stands at 117.9 (1985=100), down -1.5 points from the month prior. The decrease was driven by growing concerns about the future of the economy, while perceptions of current economic conditions remained mostly unchanged.
- Between July and September 2017, U.S. airlift to Hawaiʻi is expected to increase +2.5 percent compared to the same period in 2016. Approximately 2.2 million air seats are bound for Hawaiʻi from the U.S. mainland over the course of the next three months.
    - For the first time in 2017, capacity from the U.S. West market is expected to exceed 2016 levels. Denver (+23.3%) leads in added capacity. Likewise, total air seats are also increasing from San Francisco (+5.7%), Los Angeles (+2.1%), and Seattle (+1.0%). Though gateways such as Oakland (-7.8%) and San Diego (-6.3%) are still shedding capacity, overall air seats are expected to increase by +1.4 percent from 2016 levels in the July through September period.

- Meanwhile, capacity from the U.S. East market has continued to grow with July through September scheduled air seats up +11.7 percent from the previous year. Air seats from Dallas (+21.1) have grown considerably, while the continuation of Delta's Minneapolis route through the summer months adds an additional +12,000 seats not flown last year.

- Though political and economic uncertainty seems to be dragging somewhat on consumer confidence, in regards to leisure travel, these negative effects should be offset by the recent weakening of the U.S. dollar. The U.S. Dollar Index (DXY) dropped to 95.59 in June, the lowest it has been since October of last year. These less favorable exchange rates will increase the relative affordability of Hawai'i as a vacation destination, particularly compared to major international competitors such as Europe. Conversely, increased security measures and the partial reinstatement of the "travel ban" threaten to disrupt the U.S. travel market at large.

Visitor Statistics

U.S. West

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Excludes supplemental business spending

U.S. East

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Excludes supplemental business spending

Distribution by Island

U.S. West

U.S. WEST MMA (by Air)	2015	2016P	% Change 2016P vs 2015	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
O'ahu	1,525,939	1,567,646	2.7%	789,770	774,848	1.9%
Maui County	1,263,378	1,336,658	5.8%	663,690	648,244	2.4%
...Maui	1,244,689	1,314,432	5.6%	652,919	637,407	2.4%
...Moloka'i	26,145	25,521	-2.4%	11,519	12,583	-8.5%
...Lāna'i	22,422	25,800	15.1%	12,076	12,607	-4.2%
Kaua'i	603,519	619,321	2.6%	314,027	297,230	5.7%
Island of Hawai'i	631,224	649,422	2.9%	355,169	321,013	10.6%

U.S. East

U.S. EAST MMA (by Air)	2015	2016P	% Change 2016P vs 2015	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
O'ahu	1,072,333	1,089,757	1.6%	591,238	552,381	7.0%
Maui County	676,007	707,408	4.6%	399,979	370,048	8.1%
...Maui	665,964	695,708	4.5%	394,395	363,813	8.4%
...Moloka'i	18,996	14,932	-21.4%	7,776	8,194	-5.1%
...Lāna'i	17,727	20,212	14.0%	10,426	10,219	2.0%
Kaua'i	344,210	354,150	2.9%	201,316	181,561	10.9%
Island of Hawai'i	400,979	413,937	3.2%	243,524	215,381	13.1%

Airlift

	2017					2016					2017 vs. 2016 (%)				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
US WEST	**1,717,063**	**1,828,516**	**1,880,665**	**1,744,589**	**7,170,833**	**1,789,501**	**1,864,300**	**1,916,172**	**1,754,312**	**7,324,285**	**-4.0%**	**-1.9%**	**-1.9%**	**-0.6%**	**-2.1%**
Anchorage	25,758	15,105	13,356	17,013	71,232	27,058	15,648	13,366	16,827	72,899	-4.8%	-3.5%	-0.1%	1.1%	-2.3%
Bellingham	10,176	318	0	6,519	17,013	16,789	9,454	0	6,376	32,619	39.4%	96.6%	0.0%	2.2%	47.8%
Denver	55,803	47,594	46,163	45,487	195,047	37,711	43,786	42,633	43,478	167,608	48.0%	8.7%	8.3%	4.6%	16.4%
Las Vegas	70,514	74,594	72,283	69,678	287,069	71,218	73,182	74,846	71,891	291,137	-1.0%	1.9%	-3.4%	-3.1%	-1.4%
Los Angeles	548,722	647,273	683,992	591,321	2,471,308	566,998	656,656	700,502	601,033	2,525,189	-3.2%	-1.4%	-2.4%	-1.6%	-2.1%
													-		
Oakland	84,571	102,543	111,954	88,559	387,627	90,998	108,098	125,824	89,400	414,320	-7.1%	-5.1%	11.0%	-0.9%	-6.4%
Phoenix	113,046	116,441	127,980	118,016	475,483	124,805	125,441	126,852	116,476	493,574	-9.4%	-7.2%	0.9%	1.3%	-3.7%
Portland	89,913	70,341	65,644	79,636	305,534	95,402	72,934	68,880	83,900	321,116	-5.8%	-3.6%	-4.7%	-5.1%	-4.9%
Sacramento	37,620	38,038	38,456	38,456	152,570	38,402	38,402	38,824	38,624	154,252	-2.0%	-0.9%	-0.9%	-0.4%	-1.1%
Salt Lake City	26,370	23,751	24,012	25,836	99,969	23,751	23,751	21,402	26,060	94,964	11.0%	0.0%	12.2%	-0.9%	5.3%
San Diego	67,164	72,705	75,384	69,342	284,595	69,297	75,165	81,327	70,824	296,613	-3.1%	-3.3%	-7.3%	-2.1%	-4.1%
San Francisco	282,102	308,396	326,012	297,059	1,213,569	298,387	309,314	320,519	291,519	1,219,739	-5.5%	-0.3%	1.7%	1.9%	-0.5%
San Jose	68,414	80,365	88,360	81,841	318,980	82,183	88,154	90,464	83,378	344,179	16.8%	-8.8%	-2.3%	-1.8%	-7.3%
Seattle	236,890	231,052	207,069	215,826	890,837	246,502	224,315	210,733	214,526	896,076	-3.9%	3.0%	-1.7%	0.6%	-0.6%
US EAST	**261,362**	**255,075**	**256,372**	**220,525**	**993,334**	**235,057**	**222,627**	**229,607**	**236,311**	**923,602**	**11.2%**	**14.6%**	**11.7%**	**-6.7%**	**7.6%**
Atlanta	26,370	26,663	26,956	26,956	106,945	26,663	26,663	27,182	26,956	107,464	-1.1%	0.0%	-0.8%	0.0%	-0.5%
Chicago	36,120	36,856	37,128	42,588	152,692	34,033	35,776	34,400	40,592	144,801	6.1%	3.0%	7.9%	4.9%	5.4%
Dallas	79,026	79,211	81,510	66,857	306,604	65,738	69,806	70,851	65,928	272,323	20.2%	13.5%	15.0%	1.4%	12.6%
Houston	30,960	32,284	33,488	33,488	130,220	31,304	31,304	31,648	31,648	125,904	-1.1%	3.1%	5.8%	5.8%	3.4%
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Minneapolis	24,612	22,561	13,478	0	60,651	21,271	0	0	15,319	36,590	15.7%	NA	NA	100.0%	65.8%
New York JFK	39,094	25,298	25,576	23,630	113,598	27,250	26,166	27,048	28,386	108,850	43.5%	-3.3%	-5.4%	-16.8%	4.4%
Newark	19,130	21,070	22,264	20,472	82,936	21,538	22,022	22,264	20,948	86,772	11.2%	-4.3%	0.0%	-2.3%	-4.4%
Washington D.C.	6,050	11,132	15,972	6,534	39,688	7,260	10,890	16,214	6,534	40,898	16.7%	2.2%	-1.5%	0.0%	-3.0%

Source: Diio Mii airline schedules

Group vs. FIT; Leisure vs. Business

U.S. West

U.S. WEST MMA (by Air)	2015	2016P	% Change 2016P vs 2015	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
Group vs FIT						
Group tour	64,081	63,032	-1.6%	37,786	35,589	6.2%
True Independent	2,838,902	2,978,339	4.9%	1,524,840	1,463,590	4.2%
Leisure vs business						
Pleasure (Net)	2,927,726	3,049,420	4.2%	1,542,060	1,488,093	3.6%
MCI (Net)	148,434	144,646	-2.6%	87,937	85,117	3.3%
Convention/Conf.	90,948	86,866	-4.5%	50,732	49,252	3.0%
Corp. Meetings	37,329	37,929	1.6%	23,055	22,317	3.3%
Incentive	25,785	25,141	-2.5%	17,334	16,871	2.7%

U.S. East

U.S. EAST MMA (by Air)	2015	2016P	% Change 2016P vs 2015	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
Group vs FIT						
Group tour	81,159	84,232	3.8%	51,844	48,202	7.6%
True Independent	1,399,790	1,451,828	3.7%	811,979	748,987	8.4%
Leisure vs business						
Pleasure (Net)	1,422,020	1,473,704	3.6%	826,583	760,313	8.7%
MCI (Net)	145,486	136,409	-6.2%	92,692	78,699	17.8%
Convention/Conf.	86,872	79,557	-8.4%	52,562	43,136	21.9%
Corp. Meetings	29,187	29,264	0.3%	19,923	17,927	11.1%
Incentive	36,252	34,036	-6.1%	24,203	21,137	14.5%

First Timers vs. Repeat Visitors

U.S. West

U.S. WEST MMA (by Air)	2015	2016P	% Change 2016P vs 2015	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
1st timers (%)	18.8	19.0	1.3%	18.8	19.1	-0.3
Repeaters (%)	81.2	81.0	-0.3%	81.2	80.9	0.3

U.S. East

U.S. EAST MMA (by Air)	2015	2016P	% Change 2016P vs 2015	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
1st timers (%)	40.9	41.5	1.4%	41.3	40.7	0.6
Repeaters (%)	59.1	58.5	-1.0%	58.7	59.3	-0.6

Tax Revenue

U.S. West

U.S. WEST MMA (by Air)	2015	2016P	% Change 2016P vs 2015	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
State tax revenue generated* ($ Millions)	561.86	653.92	16.4%	357.35	320.48	11.5%

**State government tax revenue generated (direct, indirect, and induced)*

U.S. East

U.S. EAST MMA (by Air)	2015	2016P	% Change 2016P vs 2015	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
State tax revenue generated* ($ Millions)	391.35	448.84	14.%	258.15	231.86	11.3%

**State government tax revenue generated (direct, indirect, and induced)*

Industry

Major Tour Operators

Presently, the top 10 tour operators for The Hawaiian Islands, based on room night production reports and confirmation from in-market supplier partners, are:

- Expedia
- Costco Travel
- Liberty/GoGo (Flight Center USA)
- Pleasant Holidays
- Travelocity
- Blue Sky Tours
- Funjet Vacations
- MLT/Delta Vacations
- Classic Vacations
- United Vacations