

Israeli Tourism Peaks, Despite Dollar Slump

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With so many of Israel's visitors arriving from the United States you may think there's a real slump in tourism numbers, given the performance of the dollar. But despite the odds, Israel's tourism chiefs are talking of 2008 as a record year.

The U.S. is heading into a recession, the dollar is weak and Israel is grappling with the usual security concerns on its various borders - but the summer of 2008 is shaping up to be one of the holy land's best in terms of tourism.

As of April, 2008 was already a record year for tourism in Israel, with a 41 percent increase in tourists over April 2007 and 26% more than in April 2006, according to the Ministry of Tourism.

During the first four months of 2008, nearly one million tourists arrived in Israel, leading the ministry to predict that it will meet its goal of attracting 2.8 million tourists to Israel this year.

Moreover, the number of Americans visiting Israel is hitting an all-time high, with 85,000 American tourists during January and February, and many more expected during the course of Israel's 60th anniversary year, which began in early May, according to Arie Sommer, Israel's tourism commissioner for North and South America.

'The majority of tourists to Israel this summer are American, and the [weakened] dollar doesn't affect them one way or another,' says Mark Feldman, the American-born owner of Zion Tours Travel Agency in Jerusalem.

'Everything in the Israeli tourist industry is based on dollars, from airline tickets and hotels to half the tourist attractions, so Israel becomes a much cheaper alternative because the dollar goes a lot further here. This, coupled with the security issue which appears to be safer, and they're coming in droves.'

Numbers are up, agrees Dr. Ian Stern, a director at Archaeological Seminars, a tour company that offers a popular Dig for a Day program, but the local tourism industry is making less money because the dollar is worth less.

'Summer youth groups are cutting back in real terms on their programs, spending less on the national parks that aren't considered must-see sites, because they have to spend more on buses and hotels than they have in the past,' says Stern.

'We have the same number of people coming, but we're making less money. We've raised prices slightly but we don't want to price ourselves out of the market. The drop in the dollar has really hurt,' he adds.

Feldman says his figures are up 50% from last summer, despite the fact that clients are now paying at least one-third more for airline tickets, given the rising price of gas.

'They're coming in spite of astronomically high airfares,' says Feldman. 'Even groups are paying \$1,600, \$1,700 a ticket. It hurts me to quote them these prices.'

Andrea and Ben Leshem, from Highland Park, Illinois, spent \$1,500 on each of the tickets they purchased for their upcoming trip to Israel in July for themselves and their four children. The high price wasn't a deterrent in deciding to come for two and a half weeks, during which time they'll also be celebrating the bat mitzva of the daughter of family friends, who will also be traveling with them. But they do know another family that chose not to come because of the prices.

'The dollar is getting killed, but that's not going away,' says Ben Leshem, an investment banker. 'For us, it's an idealistic trip, and the need to come to Israel is more important than the actual prices.'

At the same time, when it came to choosing where they would stay once in Israel, the Leshems chose to rent an apartment in Jerusalem, rather than book into in a hotel, where they would have required two rooms for the family of six. The apartment they rented in the up-scale neighborhood of Rechavia cost \$250 per night or \$1,400 for the week, while two rooms at the nearby Inbal Hotel would have cost them \$600 a night.

'When our friends are here for under a week, they prefer to stay in hotels, but as their vacations get longer and longer, they prefer to rent an apartment as a base even if, for example, they spend a few nights up north,' says Leshem.

Tourists such as the Leshems make up the bulk of Norman Blaustein's clients for the various vacation rental apartments he owns in Jerusalem, the beachside city of Ashqelon and the suburban town of Efrat, which is located in the West Bank.

With prices ranging from \$250 a night during the regular season, and as much as 100% higher during the peak holiday seasons, Blaustein has found that he's been able to rent certain apartments for at least nine to 10 months a year, based on location and season.

'My apartment outside the Old City is easily rented because of the location,' says Blaustein, who is originally from New York, and now lives in Israel. 'And the Rechavia apartment' - which is being rented for part of the summer by the Leshems - 'should have some very good numbers, including throughout this summer.'

'The demand is the same as it's always been, but the dollar is in the sewer so that problem does exist,' he says.

Even Blaustein's apartment in Ashqelon, the Mediterranean seaside town that has been hit by several Kassam rockets from Gaza over the last few months, is rented from June through September by a variety of tourists from the U.S., England and France.

'It's in a very safe area - it's not a war zone,' says Blaustein. 'We're right by the marina.'

Ashqelon has always been a popular choice for tourists, particularly for French visitors aiming for a sun-and-sea vacation, but it isn't usually a hot spot for tourists looking to explore Israel.

Yet the Ashqelon marina has always been a draw for tourist boats and yachts coming through the Suez Canal, just 120 nautical miles from Ashqelon, says marina director, Hillel Reshef.

'We're the first modern marina they come across, sometimes after months of sailing,' says Reshef. 'And because our prices are Ashqelon prices,' - Ashqelon is not as expensive as its sister marina in Herzliya, further up the coast - 'we fit their needs.'

At the same time, while Ashqelon used to draw some 80% of the boats coming through the Suez Canal, a current spate of piracy on the Red Sea and a U.S. travel advisory on the region has lessened the number of boats arriving recently.

The dollar, however, isn't what has affected business. In fact, compared to the euro prices in nearby Turkey, Ashqelon is still considered something of a bargain.

'We still get many visitors,' says Reshef, who is currently preparing for the annual Eastern Mediterranean Yacht Rally. 'We're great for the winter, when we have nearly perfect weather, and that's when we see many of our tourists.'

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