

## Domestic Travel to Rise to 2.005 Billion Person-Trips in 2008

2008-06-17

---

International Arrivals to Advance by 4.4% - U.S. Travel Resilient Despite Economic Challenges

Global Insight, the world's leading company for economic and financial analysis and forecasting, today released the second quarter 2008 update of U.S. Travel Insights, predicting a slight year-over-year increase in the total number of domestic Person-Trips, and a higher spike in international arrivals. U.S. Travel Insights forecasts domestic leisure and business travel, international arrivals and visitor spending, and is built in partnership with D.K. Shifflet & Associates, the foremost authority on U.S. travel volumes, visitor spending, and trip behavior.

### **Domestic Travel**

Total U.S. domestic Person-Trips are expected to reach a seasonally unadjusted 489 million in the second quarter of 2008, up from 487 million (+0.4%) in same period last year. Domestic Person-Trips registered 444 million in the first quarter. Leisure travel, which comprises about 76% of all domestic Person-Trips, will grow by 0.8% in the second quarter, while business travel is expected to contract by the same percentage. Better-than-expected economic growth in the first half of 2008 is the primary driver of this continued, albeit small, expansion.

"Rising travel inflation, particularly for transportation, has not yet dampened Americans' desire to travel, although it is causing significant cost-cutting changes in trip behavior," said Douglas Shifflet, Chairman and CEO of D.K. Shifflet and Associates.

Looking ahead to the third quarter of 2008, domestic leisure Person-Trips will reach 437 million. Business travelers will contribute an additional 132 million Person-Trips. This represents growth over the same quarter a year ago of 1.1% and -0.4%, respectively. Leisure Person-Trips will be bolstered in the latter half of the year by Americans spending at least part of their tax rebate on travel. The divergence of leisure and business travel demonstrates differing trip motivation. Holidaymakers and those who are off to visit family and friends have thus far been undeterred by the slowing economy and rising oil prices. On the other hand, business travel is under rising pressure due to corporate cost control and the availability of improved alternatives such as Web meetings and conference calls.

Domestic travel reached 1,999 million Person-Trips in 2007. This represented a slight decline from 2006 (-0.1%), despite robust fourth quarter performance in both leisure and business travel. U.S. Travel Insights expects full year 2008 to reach 2,005 million Person-Trips, a 0.3% increase over 2007. Unfortunately, 2009 looks to be a more challenging year as both leisure and business are expected to backslide. The slowing economy and lingering influence of rising oil prices will finally take their toll. Total Person-Trips will decline by -0.4% to 1,996 million. Leisure travel will see its first decline since 2003.

Travel spending growth will begin to slow in 2008, down from the inflation-fueled rates of 2006 and 2007. Total domestic visitor spending will rise by 3.6% this year, followed by an increase of only 0.9% in 2009. Changing trip behavior such as substituting domestic for international trips, trading down in hotel quality, foregoing in-trip shopping or entertainment spending, shorter stays, and visiting destinations closer to home have all helped to maintain the traveler's ability to go while coping with rising travel costs and economic woes.

"Rising hotel rates, gasoline prices, and air fares have thus far been met by changing trip behavior rather than a decision to stay home. This is strong evidence of the surprising resiliency of travel, particularly leisure trips," said Kenneth McGill, Managing Director of Global Insight's Travel & Tourism Service Group.

The domestic traveler will finally see some relief from rising travel costs in the latter half of 2008 and 2009. The U.S. Travel Insights' Travel Price Index (TPI) predicts trip inflation of about 2.7% for the last three quarters of 2008. Travel costs will slow further in 2009 to an average 1.6% increase for the year.

"Virtually every cost component of the TPI will begin to moderate over the next two years, including fuel costs," said Jennifer Fuller, Director at Global Insight and principal author of U.S. Travel Insights. "Slowing demand and rising supplies will take some of the heat off of hotel rates, gasoline prices, and other trip costs."

### **U.S. International Arrivals**

International arrivals to the U.S. from Europe, Canada, and Mexico have been remarkable over the past four quarters. Total arrivals will surpass 59.2 million in 2008, representing growth of 4.4% over last year and coming off an increase of 11.3% versus 2006. Through the first two months of 2008, international arrivals are up 6.4% over the same period a year ago. The rising value of foreign currencies against the dollar, their relatively strong and stable economies, and a renewed interest in destination USA have all combined to create a perfect storm of international visitation. Moreover, U.S. Travel Insights expects that trend to continue through 2009 as foreign visitors register 62.1 million trips, a 4.8% improvement over this year.

The U.S.'s most important source markets -- Canada, Mexico, United Kingdom, and Japan -- are all showing growth as foreign visitors come to key destinations such as New York, Orlando, Washington, D.C., and Las Vegas to play, shop, visit friends/family, and gamble. Japan arrivals are expected to rebound in 2008 after two consecutive years of decline, advancing 5.7% to 3.7 million arrivals. Canada and Mexico arrival growth slows after two years of double-digit advances, but remains at a very respectable 4.1% and 3.6%, respectively.

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article33094.html>

© 1998 - 2008 Nevistas and the author.

Brought to you by Hotel News Resource

*Distribute your news on our Network*

See what all the buzz is about at:

[http://www.hotelnewsresource.com/Info-news\\_account\\_info.html](http://www.hotelnewsresource.com/Info-news_account_info.html)