

Tourism, Travel, and Recreation

Overview

Utah's travel and tourism sector saw improvements in nearly all leading indicators in 2005. Each of the five major tourism sectors - transportation, eating and drinking, hotels and lodging, amusement and recreation, and car rentals, experienced gains. For the second consecutive year, the Utah ski industry enjoyed record breaking year in terms of skier visits. Hotel occupancies were also up. Visitation decreased slightly at national parks but increased at National Recreation Areas and Monuments. These increases resulted in higher traveler spending and increased travel-related employment in 2005.

The outlook for the industry for 2006 is cautiously optimistic, as it is expected that travel among business and leisure travelers, both international and domestic, should increase. There are still concerns about consumer confidence, gasoline prices, home heating costs, terrorism, the war in Iraq, and the U.S. image abroad, but industry experts forecast continued (but slower) growth in 2006.

2005 Summary

Utah's Travel Industry Experiences Gains. Utah's travel and tourism sector saw improvements in 2005, as did the industry on a national basis. Estimates of non-resident tourism arrivals to Utah surpassed 2004 levels, increasing 4.0% to 18.2 million. It is estimated that the number of domestic travelers grew by 3.6% to 17.5 million, while the international visitation estimate rose 4.8% to 650,000. Despite high gas prices, visitation reports indicated a 2.6% increase in vehicle traffic along Utah's interstates, but visitation decreased 3.2% at state-operated Welcome Centers. The number of visitors at Utah's five national parks decreased 0.3%, but overall visitation at Utah's National Monuments, Recreation Areas, and Historic Sites increased 4.7%.

Hotel occupancies were 65.3% in 2005, compared to 60.8% in 2004. Following a national trend, statewide room rates increased 5.1% in 2005, indicating higher demand in the state's lodging sector. Hotel room rents for 2005 surpassed room rents for 2004 by 10.0%, continuing an upward trend that has lasted over 20 years (noting that 2003's decline compared to 2002 was due to the 2002 Olympic Winter Games). This trend coincided with a 112% increase in the supply of rooms since 1994.

Nationwide, some of the larger airlines such as Delta and Northwest continued to struggle in 2005, yet Delta actually increased the number of flights into and out of Salt Lake. The number of passengers at the Salt Lake International Airport increased 23.1%. Delta also announced renewed emphasis on international travelers, which could also ultimately benefit Utah.

The ending of the recent drought helped slow the steady decline in visitation at many state parks, with visitation dropping only 1.3% in 2005. While it may take several years to fully recover from the long-lasting drought, several reservoirs began to fill-up and visitation should increase with another strong year of precipitation. The 2004/05 ski season was the best year on record in Utah based on skier visits, surpassing the record established the year before. Several ski resorts received over 600 inches of snowfall while an average season usually includes over 500 inches of snow. Poor snow levels in other parts of the country helped Utah attract a large number of out-of-state skiers. Lingering effects of the 2002 Olympics may have assisted the ski industry along with the outstanding snowfall.¹

By the end of 2004, many in the travel industry felt the industry had finally recovered from the negative effects of 9/11. Despite concerns about the economy, the war in Iraq, the U.S. image abroad, and high gas prices, the tourism industry enjoyed robust growth in 2004. This growth continued in the first half of 2005 until hurricanes Katrina and Rita hit the Gulf Coast states, causing gasoline prices, which were already perceived as high, to rise dramatically. With 78% of Utah's overnight leisure visitors traveling via automobile, there was concern that visitation would drop. Although growth did slow, it still continued.

In the years following September 11, 2001, domestic leisure travel has remained a bright spot. Some trends in domestic leisure travel include:²

- Travelers 55 or older with no children in the home are a growing segment with interest in national parks, museums, sight seeing, dining and entertainment, and adventure sports.
- Demand from leisure travelers for hotel rooms remains strong.
- Business travel is growing at a slower rate than leisure travel.
- Baby Boomers and Generation X have driven the leisure travel recovery since September 11, 2001.

Utah has benefited from an improving economy and the fact that the devastating effects of September 11, 2001 have been dissipating. Traveler spending has grown and each of the tourism sectors - transportation, eating and drinking, auto rentals, hotels and lodging, and amusement and recreation - experienced gains in 2005.³ Total traveler spending rose 9.9% in 2005 to \$5.5 billion. Total state and local taxes generated by traveler spending totaled \$433 million in 2005. The increase in traveler spending also prompted travel-related employment to increase 7.1% in 2005. Total travel-related employment was 119,900 in 2005, accounting for about 10% of total Utah nonfarm jobs.⁴

Utah's Market Share for U.S. Domestic Traveler Spending. In 2005, the nation saw improvement for the tourism industry, and Utah experienced increases in traveler spending and employment. However Utah's share of U.S. domestic traveler spending has been trending downward since 1996.⁵ One study showed that Utah's share of U.S. domestic trav-

¹Visitation reports collected from the Salt Lake City Department of Airports, National Park Service, Utah Office of Tourism, Utah Division of State Parks, Utah Department of Transportation, Ski Utah, and the Rocky Mountain Lodging Report.

²TIA Travel Outlook Conference 2005 U.S. Leisure Travel Trends, Dr. Ed McWilliams, D.K. Shifflet & Associates, October 2005.

³Second Quarter 2005 Taxable Sales, Utah State Tax Commission.

⁴The Utah Governor's Office of Planning and Budget, using a model from the former Utah Department of Community and Economic Development, that includes numbers provided by the Utah Department of Workforce Services and the Utah State Tax Commission, generate traveler spending and employment figures.

⁵Based on two independent studies: 1) Impact of Travel & Tourism on the U.S. and State Economies, Travel Industry Association of America updates this study each year - 2005 is the latest edition; 2) Utah U.S. Final Visitor Volume and Spending Estimates, D.K. Shifflet and Associates has provided visitor volume and spending information to the state since 1992.

eler spending has dropped from 1.04% in 1996 to 0.88% in 2004.⁶ A study by a different firm⁷ determined that Utah's market share has dropped from 0.85% in 1996 to 0.76% in 2003.

Each study used a different methodology; nevertheless, both showed an overall downward trend in market share since 1996. Of course, there have been ups and downs, but overall, other states are getting a larger share of the traveler spending pie. Even though Utah's tourism indicators are growing, Utah's share of traveler spending didn't increase at the same rate as other states through 2004.

2006 Outlook - Cautious Optimism

The outlook for 2006 is cautiously optimistic. Despite factors such as the economy, high fuel prices, consumer confidence, the continued presence of U.S. troops in Iraq, and the possibility of another major terrorist attack, Utah tourism is expected to increase in 2006. Slow but steady growth in domestic leisure travel should occur, especially if the economy continues to remain fairly strong. While gas prices are still high compared to a year ago, they appear to have peaked and are declining. Business travel may be constrained in the first half of 2006, but is expected to grow 1% to 2% over the course of the entire year. Airfares may rise, but the airlines should enjoy more business from international passengers, who usually stay longer and spend more money.⁸ Additionally, the Travel Industry Association of America and others are actively promoting national parks, and Utah should benefit from these efforts. A few of Utah's ski resorts opened early again in 2005 and hope to build on the record-breaking success of last year.

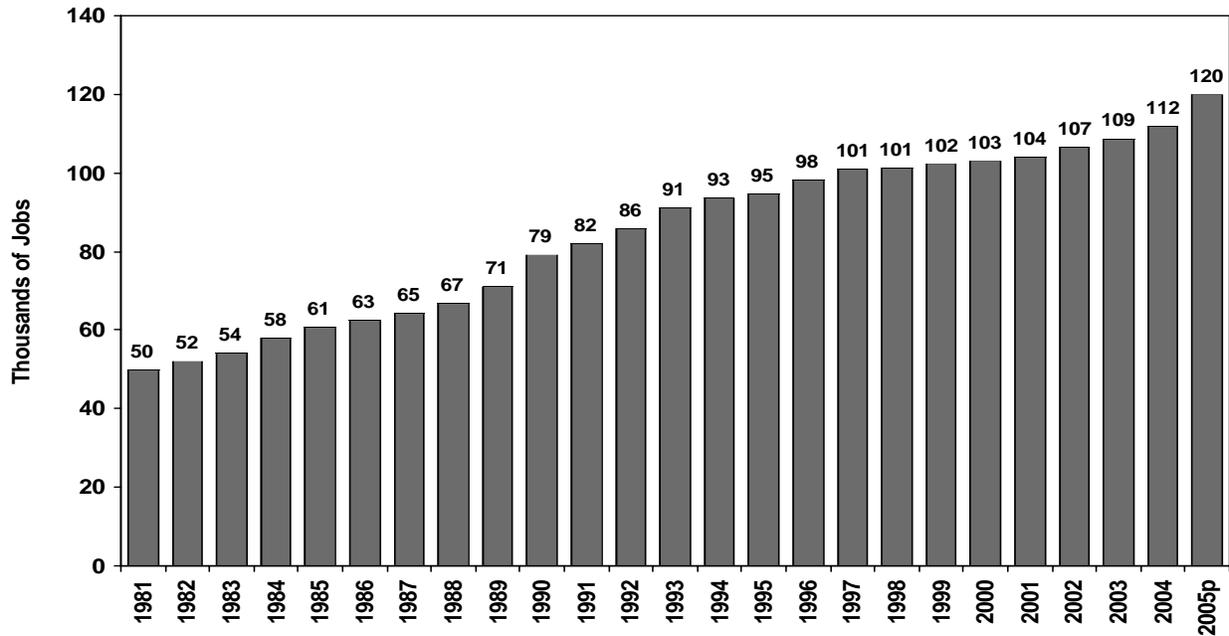
Competition among nearby destinations for the local and regional markets will continue to intensify as many states (including Utah) are increasing their marketing and promotion expenditures. National trends highlight opportunities in key segments of the travel market including adventure travel, cultural and heritage tourism, nature-based travel, and family travel. Utah is well positioned to attract these types of visitors.

⁶Final Utah U.S. 2004 Volume, D.K. Shifflet and Associates, July 2005.

⁷ Impact of Travel and Tourism on the U.S. and State Economies, Travel Industry Association of America, each edition from 1992 through 2005.

⁸ Outlook based on information from the Outlook for U.S. Travel and Tourism, Suzanne Cook, Travel Industry Association of America, October 2005.

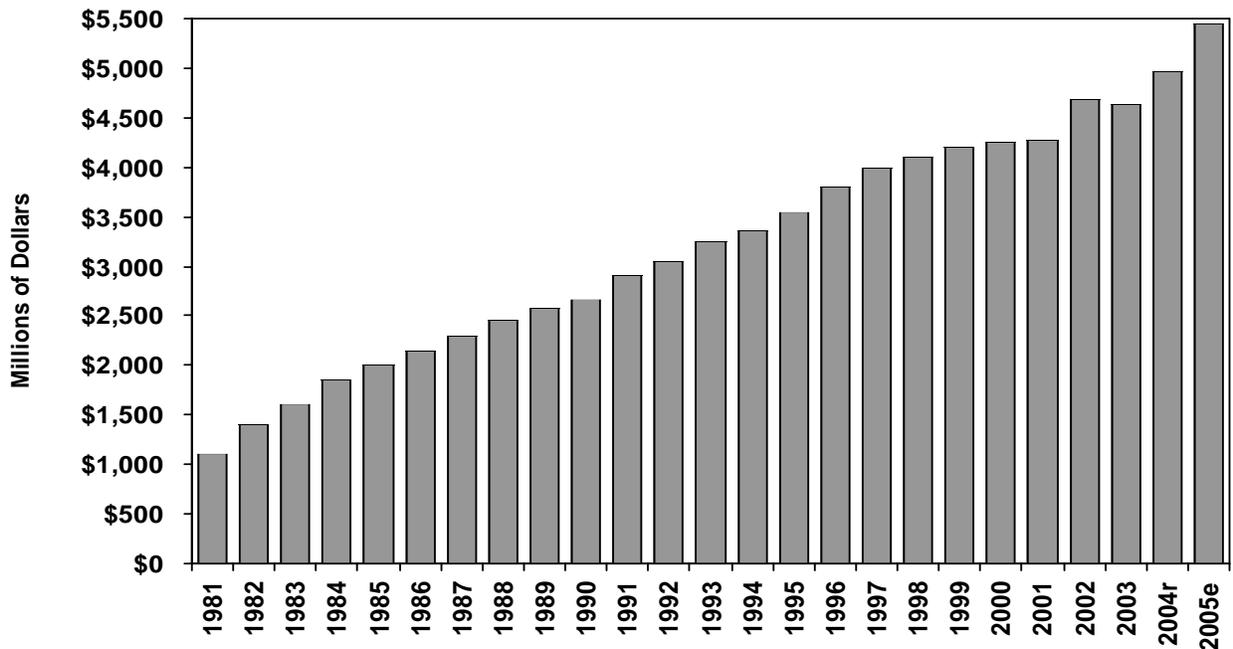
Figure 71
Utah Tourism Indicators: Travel-Related Employment



p = preliminary

Source: Utah Governor's Office of Planning & Budget, using figures provided by the former Utah Department of Community & Economic Development, the Utah Department of Workforce Services, and the Utah State Tax Commission.

Figure 72
Utah Tourism Indicators: Traveler Spending

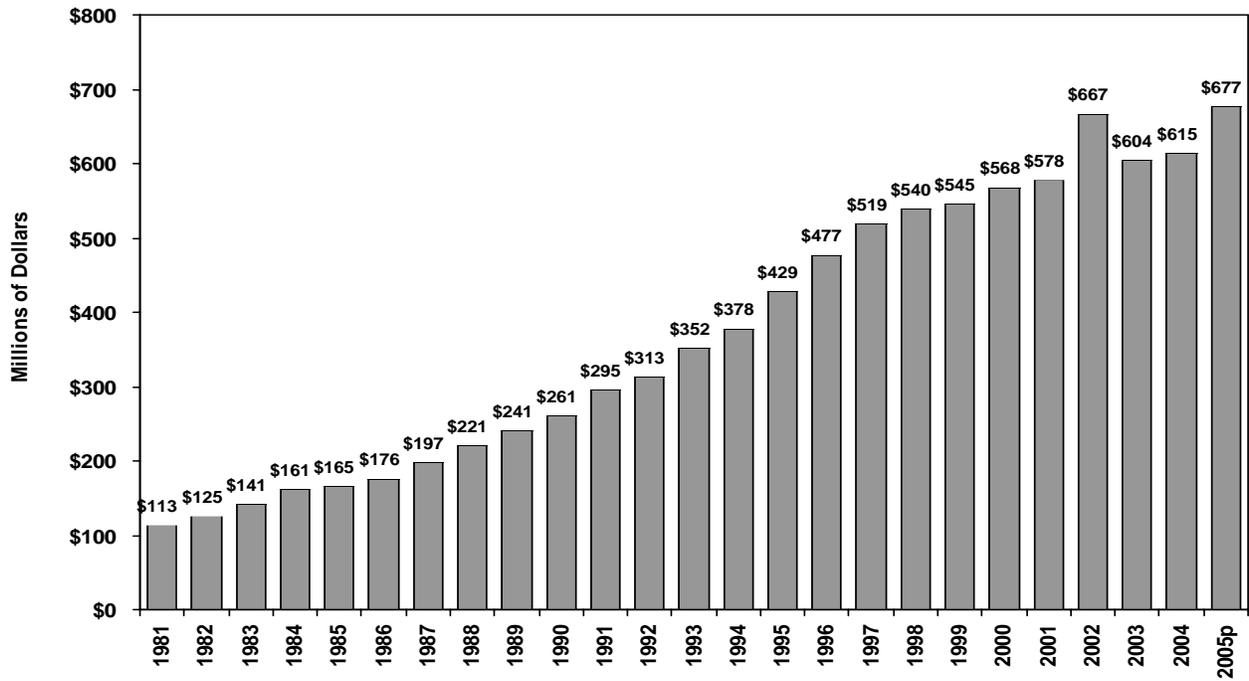


r = revised

e = estimate

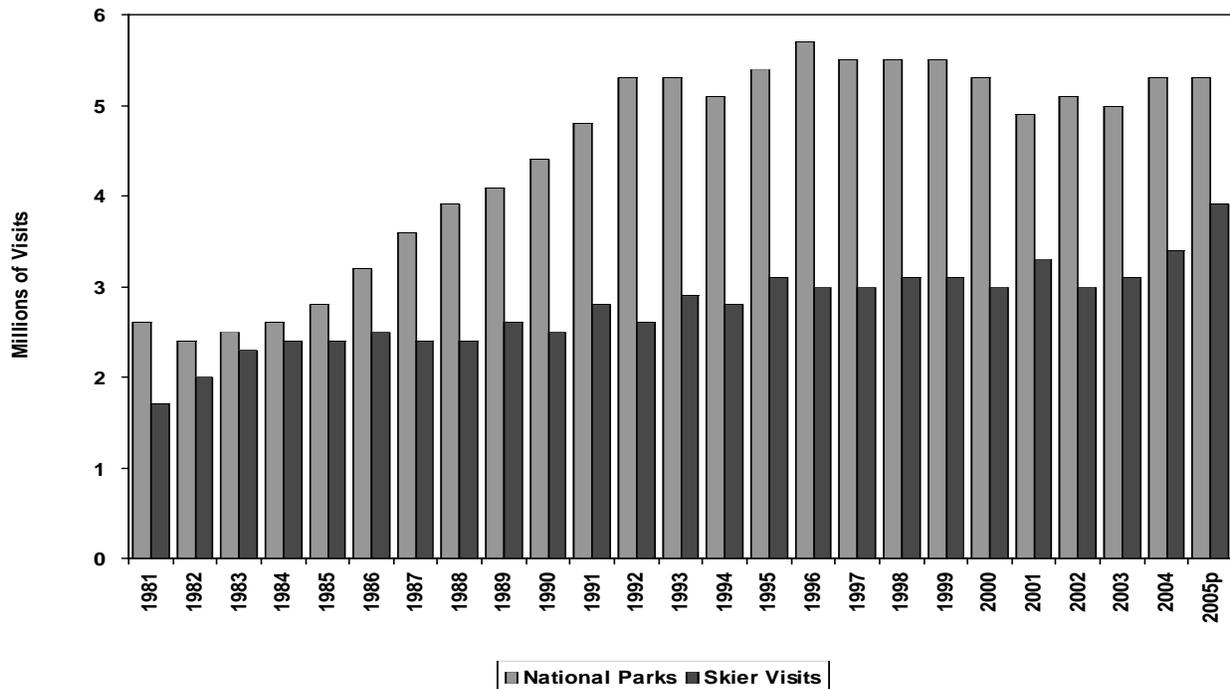
Source: Utah Governor's Office of Planning & Budget, using figures provided by the former Utah Department of Community & Economic Development, the Utah Department of Workforce Services, and the Utah State Tax Commission

Figure 73
Utah Tourism Indicators: Hotel Room Rents



p = preliminary
Sources: Utah State Tax Commission; Rocky Mountain Lodging Report; Utah Governor's Office of Economic Development Office of Tourism

Figure 74
Utah Tourism Indicators: National Park and Skier Visits



p = preliminary
Sources: Utah State Tax Commission; Rocky Mountain Lodging Report; Utah Governor's Office of Economic Development Office of Tourism

Table 90
National Parks Recreation Visits

Year	Arches	Bryce	Canyonlands	Capitol Reef	Zion	Total National Parks
1981	326,508	474,092	89,915	397,789	1,288,808	2,577,112
1982	339,415	471,517	97,079	289,486	1,246,290	2,443,787
1983	287,875	472,633	100,022	331,734	1,273,030	2,465,294
1984	345,180	495,104	102,533	296,230	1,377,254	2,616,301
1985	363,464	500,782	116,672	320,503	1,503,272	2,804,693
1986	419,444	578,018	172,987	383,742	1,670,503	3,224,694
1987	468,916	718,342	172,384	428,808	1,777,619	3,566,069
1988	520,455	791,348	212,100	469,556	1,948,332	3,941,791
1989	555,809	808,045	257,411	515,278	1,998,856	4,135,399
1990	620,719	862,659	276,831	562,477	2,102,400	4,425,086
1991	705,882	929,067	339,315	618,056	2,236,997	4,829,317
1992	799,831	1,018,174	395,698	675,837	2,390,626	5,280,166
1993	773,678	1,107,951	434,844	610,707	2,392,580	5,319,760
1994	777,178	1,028,134	429,921	605,324	2,270,871	5,111,428
1995	859,374	994,548	448,769	648,864	2,430,162	5,381,717
1996	856,016	1,269,600	447,527	678,012	2,498,001	5,749,156
1997	858,525	1,174,824	432,697	625,680	2,445,534	5,537,260
1998	837,161	1,166,331	436,524	656,026	2,370,048	5,466,090
1999	869,980	1,081,521	446,160	680,153	2,449,664	5,527,478
2000	786,429	1,099,275	401,558	612,656	2,432,348	5,332,266
2001	754,026	1,068,619	368,592	527,760	2,227,490	4,946,487
2002	769,672	886,436	375,549	523,458	2,592,835	5,147,950
2003	757,781	903,760	386,985	535,439	2,458,791	5,042,756
2004r	733,129	987,250	371,706	551,910	2,674,162	5,318,157
2005e	780,049	1,008,969	392,521	540,871	2,580,566	5,302,976

Percent Change

2004-2005	6.4%	2.2%	5.6%	-2.0%	-3.5%	-0.3%
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Average Annual Rate of Change

1981-2005	3.7%	3.2%	6.3%	1.3%	2.9%	3.1%
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r = revised

e = estimate

Source: National Park Service; Utah Governor's Office of Economic Development - Office of Tourism

Table 91
Profile of the Utah Travel Industry

Category	1996	1997	1998	1999	2000	2001	2002	2003	2004r	2005e	% Change 2004-2005	AARC 1994-2005
Total Spending by Travelers and Tourists (millions)	\$3,800	\$4,000	\$4,100	\$4,200	\$4,250	\$4,280	\$4,690	\$4,630	\$4,960	\$5,452	9.9%	4.1%
Total Number of Foreign and Domestic Visits (millions)	17.0	17.4	17.8	18.2	17.7	17.3	17.3	16.9	17.5	18.2	4.0%	0.8%
Number of U.S. Visits	16.1	16.7	17.2	17.5	17.1	16.7	16.7	16.3	16.9	17.5	3.6%	0.9%
Number of Foreign Visits	0.88	0.72	0.64	0.69	0.70	0.60	0.61	0.59	0.62	0.65	4.8%	-3.3%
Total Travel and Recreation-Related Employment	98,300	100,800	101,200	102,200	102,900	104,000	106,700	108,700	112,000	119,900	7.1%	2.2%
Direct Travel and Recreation-Related Employment	67,400	69,100	69,400	70,100	70,600	71,500	73,300	74,700	77,000	82,400	7.0%	2.3%
Indirect Travel and Recreation-Related Employment	30,900	31,700	31,800	32,100	32,300	32,500	33,400	34,000	35,000	37,500	7.1%	2.2%
Percent of All Utah Non-Agricultural Jobs	10.3%	10.1%	9.9%	9.7%	9.6%	9.6%	9.9%	9.9%	9.9%	10.3%	(x)	0.0%
Total Direct State and Local Taxes Generated by Travel Spending (millions)	\$304	\$320	\$328	\$336	\$340	\$336	\$372	\$367	\$394	\$433	9.9%	4.0%
State Government Portion	\$225	\$237	\$243	\$249	\$252	\$247	\$274	\$270	\$290	\$319	10.0%	4.0%
Local Government Portion	\$79	\$83	\$85	\$87	\$88	\$89	\$98	\$97	\$104	\$114	9.6%	4.2%
Total Airline Passengers at Salt Lake International Airport (millions)	21.1	21.1	20.3	19.9	19.9	18.4	18.7	18.5	18.4	22.6	23.1%	0.8%
Total Traffic Count at Interstate Borders (millions)	18.0	18.7	19.6	20.7	21.2	21.7	22.9	22.0	22.2	22.8	2.6%	2.7%
Total National Park Recreation Visits (millions)	5.7	5.5	5.5	5.5	5.3	4.9	5.1	5.0	5.3	5.3	-0.3%	-0.9%
Total Skier Visits (millions)	3.0	3.0	3.1	3.1	3.0	3.3	3.0	3.1	3.4	3.9	13.6%	3.1%
Total State Park Visits (millions)	7.5	7.2	6.9	6.8	6.6	6.1	5.8	4.6	4.4	4.4	-1.3%	-5.8%
Taxable Room Rents (millions)	\$477	\$519	\$540	\$545	\$568	\$578	\$667	\$604	\$615	\$677	10.0%	4.0%
Hotel/Motel Occupancy Rates	73.1%	68.0%	63.8%	61.6%	60.9%	59.9%	62.1%	58.8%	60.8%	65.3%	(x)	(x)

r = revised
e = estimate

AARC = Average Annual Rate of Change

Sources: Estimates are based on information gathered from a variety of sources including National Park Service; Utah State Tax Commission; Utah Department of Transportation; Utah Department of Workforce Services; Utah Department of Natural Resources; Salt Lake International Airport; U.S. Department of Commerce; Ski Utah; Rocky Mountain Lodging Report; Utah Department of Community & Economic Development; Utah Governor's Office of Planning and Budget; and Utah Governor's Office of Economic Development - Office of Tourism

Table 92
Utah Tourism Indicators

Year	Hotel Room Rents (Current \$)	National Park Visits	State Park Visits	Salt Lake Int'l. Airport Passengers	Skier Visits	Stateline Vehicle Crossings	Hotel Occupancy Rate	Travel-Related Employment	Traveler Spending (Millions)
1981	\$113,273,174	2,577,112	6,430,174	4,149,316	1,726,000	na	na	50,000	\$1,100
1982	124,787,207	2,443,787	6,436,488	5,861,477	2,038,544	na	na	52,000	1,400
1983	140,728,877	2,465,294	5,214,498	7,059,964	2,317,255	na	na	54,000	1,600
1984	161,217,797	2,616,301	4,400,103	7,514,113	2,369,901	na	na	58,000	1,850
1985	165,280,248	2,804,693	4,846,637	8,984,780	2,436,544	na	na	60,700	2,000
1986	175,807,344	3,224,694	5,387,791	9,990,986	2,491,191	na	na	62,500	2,150
1987	196,960,612	3,566,069	5,489,539	10,163,883	2,440,668	na	na	64,500	2,300
1988	220,687,694	3,941,791	5,072,123	10,408,233	2,368,985	na	na	67,000	2,450
1989	240,959,095	4,135,399	4,917,615	11,898,847	2,572,154	na	na	71,000	2,570
1990	261,017,079	4,425,086	5,033,776	11,982,276	2,500,134	14,135,400	63.8%	79,000	2,660
1991	295,490,324	4,829,317	5,425,129	12,477,926	2,751,551	14,886,000	69.4%	82,000	2,900
1992	312,895,967	5,280,166	5,908,000	13,870,609	2,560,805	15,510,600	70.3%	86,000	3,050
1993	352,445,691	5,319,760	6,950,063	15,894,404	2,850,000	15,669,500	71.9%	91,000	3,250
1994	378,024,547	5,111,428	6,953,400	17,564,149	2,800,000	16,589,300	73.7%	93,400	3,350
1995	429,189,045	5,381,717	7,070,702	18,460,000	3,113,800	17,301,000	73.5%	94,600	3,550
1996	477,409,577	5,749,156	7,478,764	21,088,482	2,954,690	17,963,500	73.1%	98,300	3,800
1997	519,160,181	5,537,260	7,184,639	21,068,314	3,042,767	18,696,400	68.0%	100,800	4,000
1998	540,424,182	5,466,090	6,943,780	20,297,371	3,101,735	19,590,300	63.8%	101,200	4,100
1999	545,328,875	5,527,478	6,768,016	19,944,556	3,144,328	20,675,000	61.6%	102,200	4,200
2000	567,708,954	5,332,266	6,555,299	19,900,770	2,976,769	21,191,900	60.9%	102,900	4,250
2001	578,445,705	4,946,487	6,075,456	18,367,961	3,278,291	21,721,698	59.9%	104,000r	4,280r
2002	666,718,674	5,147,950	5,755,782	18,662,030	2,974,574	22,916,391	62.1%	106,700r	4,690r
2003	603,565,200	5,042,756	4,570,393	18,466,756	3,141,212	22,006,945	58.8%	108,700	4,630
2004r	615,396,245	5,318,157	4,413,702	18,352,495	3,429,141	22,194,190	60.8%	112,000	4,960
2005e	676,935,870	5,302,976	4,356,324	22,591,921	3,895,578	22,771,238	65.3%	119,900	5,452

Percent Change

2004-2005	10.0%	-0.3%	-1.3%	23.1%	13.6%	2.6%	7.4%	7.1%	9.9%
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Average Annual Rate of Change

1981-2005	7.7%	3.1%	-1.6%	7.3%	3.4%	3.0%	0.1%	3.7%	6.9%
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r = revised
e = estimate

Sources: National Park Service; Utah State Tax Commission; Utah Department of Transportation; Utah Department of Workforce Services; Utah Department of Natural Resources; Salt Lake International Airport; Ski Utah; Rocky Mountain Lodging Report; Utah Department of Community & Economic Development; Utah Governor's Office of Planning & Budget; Utah Governor's Office of Economic Development - Office of Tourism

