

The Baltimore Tourism Barometer provides a pulse of the regional industry's health. Data are compiled from standard industry sources and/or supplied voluntarily by relevant local entities.

Local Hospitality Industry Holding Up

By now, most economic observers are aware of the economic headwinds that are gathering as 2007 winds to a close. With the subprime mortgage situation now mutating and spreading across various financial segments, the housing market weakness that began in earnest in 2005 is now enveloping a growing share of the U.S. and regional economies. Consumers appear particularly vulnerable given high debt obligation ratios and the anticipated deceleration in job growth and income formation. Government finances are also not holding up as well as might be hoped due to falling real estate transactions volumes, flat retail activity and decelerating income formation. CEO confidence has clearly been shaken by a number of factors, including the continuing decline in the value of the U.S. dollar, which has increased input costs for many.

BALTIMORE TOURISM INDICATORS	Sept. 2006	Sept. 2007	YTD 2005	YTD 2006	YTD 2007	% chg, '06 - '07
HOTEL ACTIVITY						
Room Nights Filled – Baltimore City ¹	164,874	162,125	1,431,581	1,373,278	1,393,887	1.5%
Occupancy Rate – Baltimore City	75.2%	73.5%	73.8%	69.2%	69.4%	
Avg. Daily Rate – Baltimore City	\$167.00	\$179.76	\$151.84	\$157.32	\$165.64	5.3%
Room Nights Filled – Inner Harbor	108,879	106,063	976,329	899,080	898,415	-0.1%
Occupancy Rate – Inner Harbor	77.4%	75.4%	76.2%	70.2%	70.1%	
Avg. Daily Rate – Inner Harbor	\$176.57	\$189.57	\$160.78	\$165.89	\$174.65	5.3%
Occupancy Rate – Baltimore Metro	73.7%	70.9%	71.1%	68.4%	67.8%	
Avg. Daily Rate – Baltimore Metro	\$138.65	\$149.2	\$125.96	\$131.04	\$138.47	5.7%
<i>Source: Smith Travel Research; as of September</i>						
HOTEL ROOM TAX RECEIPTS²	\$1,816,000	\$2,030,000	\$14,585,000	\$15,919,000	\$16,417,000	3.1%
<i>Source: Baltimore Department of Finance; as of September</i>						
TOTAL BWI MARSHALL AIRPORT ARRIVALS	813,555	832,241	7,470,286	7,855,801	7,908,724	0.7%
International Arrivals	30,211	17,492	278,258	273,174	204,672	-25.1%
Domestic Arrivals	783,344	814,749	7,192,028	7,582,627	7,704,052	1.6%
<i>Source: Maryland Aviation Administration; as of September</i>						
AMTRAK ARRIVALS³	36,900	39,300	302,986	309,000	334,800	8.3%
<i>Source: Amtrak; as of September</i>						
ATTENDANCE AT SELECT AREA VENUES⁴	171,136	136,843	1,673,980	1,693,629	1,430,309	-15.5%
<i>Source: select Baltimore attractions/cultural institutions</i>						
LEISURE & HOSPITALITY EMPLOYMENT	27,000	27,800	26,733	26,100	27,078	3.7%
<i>Source: Bureau of Labor Statistics; as of September</i>						
BALTIMORE CONVENTION CENTER						
Meetings, Conventions, Tradeshow	21	14	109	108	93	-13.9%
Attendance	51,211	33,259	254,174	291,968	261,660	-10.4%
Public Shows	2	2	25	21	17	-19.0%
Attendance	9,305	11,630	166,394	127,569	123,099	-3.5%
Total Events	23	16	134	129	110	-14.7%
Total Attendance	60,516	44,889	420,568	419,537	384,759	-8.3%
<i>Source: Baltimore Convention Center; as of September</i>						
TOURISM-RELATED SALES TAX REVENUE⁵	\$5,624,972	\$6,620,958	\$48,143,573	\$50,715,073	\$58,438,971	15.2%
<i>Source: Comptroller of Maryland; as of September</i>						

A falling U.S. dollar does create opportunities, however, including for exporters and for the domestic travel sector. With the dollar so weak, many Americans will increasingly look to domestic hospitality alternatives. Moreover, foreign travel to America is now brisk, and this also creates opportunities for the national and local tourist industries (unfortunately, BWI international arrivals have been on the decline over the past year).

What's more, leisure and hospitality employment is up by 800 jobs over the past year, or 3.7 percent. Much of this employment expansion is undoubtedly related to new hotels that have become operational over the past year. And the industry certainly is doing more than its share to support the State of Maryland's fiscal situation. Tourism-related sales tax revenue is up 15.2 percent year-to-date.

Nationally, leisure and hospitality employment is up 3.3 percent year-to-date, including particularly strong expansion within the museum, historical site, zoo and park category. Restaurant employment expansion has also been brisk. It may also be that stubbornly high gas prices are inducing more people to utilize AMTRAK. Both regionally and nationally, AMTRAK arrival volume is up roughly 8 percent.

Looking ahead, the question is whether the economy will continue to deteriorate, or whether the policies of the federal government and Federal Reserve will take effect quickly enough to forestall recession. Because tourism is largely driven by discretionary expenditures, any significant softening in overall economic activity will quickly be reflected in local and national tourism indicators.

NATIONAL TOURISM INDICATORS	Sept. 2006	Sept. 2007	YTD 2005	YTD 2006	YTD 2007	% chg, '06 - '07
US CONSUMER CONFIDENCE⁶ <i>Source: The Conference Board; as of September</i>	105.9	99.5	101.8	105.6	107.4	1.7%
US HOTEL OCCUPANCY RATE <i>Source: Smith Travel Research; as of September</i>	64.7%	64.7%	65.2%	65.0%	65.0%	0.0%
LEISURE & HOSPITALITY EMPLOYMENT	13,209,000	13,630,000	12,790,000	13,079,890	13,514,110	3.3%
Arts, Entertainment and Recreation	1,923,700	1,977,400	1,886,756	1,919,156	1,965,367	2.4%
Museums, Historical Sites, Zoos and Parks	125,600	132,300	120,467	123,200	130,067	5.6%
Amusements and Gambling	1,396,700	1,432,500	1,391,978	1,400,589	1,427,167	1.9%
Accommodations and Food Services	11,284,800	11,652,300	10,903,240	11,160,640	11,548,730	3.5%
Food Services and Drinking Places <i>Source: Bureau of Labor Statistics; as of September</i>	9,437,800	9,788,000	9,085,600	9,333,444	9,690,100	3.8%
AMTRAK PASSENGERS	1,938,600	2,101,000	17,959,791	18,189,900	19,489,200	7.1%
Northeast Corridor <i>Source: Amtrak; as of September</i>	1,056,700	1,135,900	9,414,067	9,450,400	10,165,500	7.6%

¹ (# of rooms) x (# days of month) x (occupancy; revised). ² 7.5% city tax; unaudited. ³ Excluding commuters

⁴ 3 of 8 venues routinely monitored by Sage. ⁵ 5% state tax; 10 industries included in Leisure/Hospitality NAICS sector.

⁶ Reported monthly; 1985 = 100.