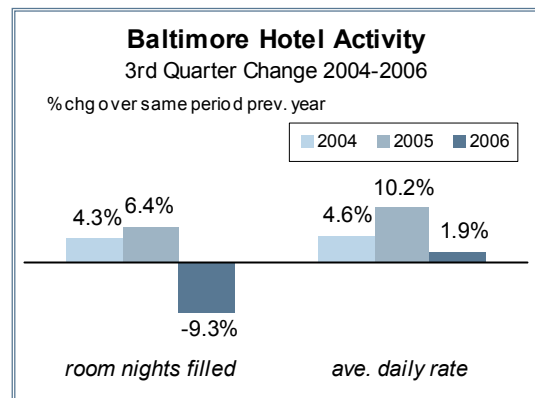


As expected, the travel and tourism industry throughout the nation continued to slow down during the third quarter of 2006. Jumpy consumer confidence during the summer months, high gas prices, global concerns and lingering fears of increased inflationary pressures on the economy remained during the quarter. Baltimore, too, mirrored this sluggish slowdown. The hotel sector reported noticeable declines in activity while the transportation sector registered healthy albeit smaller gains compared to the second quarter. Many of the city's attractions and cultural institutions saw fairly large declines in attendance while the convention center bucked the trend with a solid quarter. Travel and tourism will, in all likelihood, remain slow for the remainder of the year and well into 2007.

Hotels

The third quarter saw a significant drop in activity for Baltimore's hotels. Room nights filled dropped 9% (-51,000) to 496,000, erasing the quarterly gains of 2004 and 2005. Occupancy fell accordingly, from 81.3% in 2005 to 72.3%. The growth in room rates also slowed dramatically, increasing only 2% to \$162.

This activity drop-off was also experienced by Baltimore's Inner Harbor hotels as the number of rooms filled fell 12% (-44,000) to 322,000. The percentage of occupied rooms decreased ten percentage points, from 84.9% in 2005 to 74.7% in 2006. Room rates, which grew 11% in 2005, increased only 1% for the quarter this year ending at \$171.



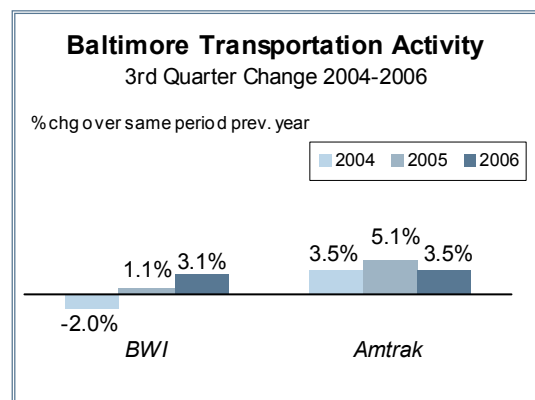
The Baltimore Metro Area ended with 71.2% hotel occupancy. Room rates grew 3%, from \$131 to \$135.

The nation's hotels registered small declines during the third quarter, capping a slow and steady shrinkage in growth over the last three years. Room nights filled fell 0.5% (-1.5 million) to 282.6 million. Occupancy slipped from 69.0% in 2005 to 68.5%.

Transportation

Baltimore/Washington International Thurgood Marshall Airport saw passenger arrivals rise 3% (+82,000) to 2.8 million. This increase, however, is considerably smaller than the 8% arrival increase in the second quarter of 2006.

Both domestic and international arrivals contributed to the growth: domestic rose 3% to 2.7 million; international climbed 5% to 103,000, reversing, in part, the decline seen in the third quarter of 2005.



Baltimore Tourism Barometer

3rd Quarter 2006 in Review - page 2

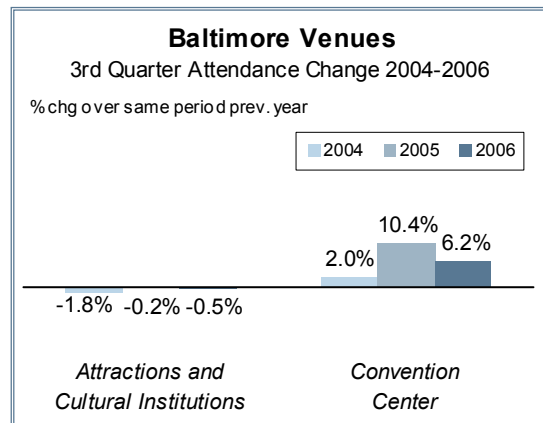
Domestic activity on US airlines nationwide posted a 4% decrease during the third quarter. Passenger levels fell 5.0 million to 123.5 million.

Amtrak continued to experience positive passenger growth with a 3.5% in arrivals (excluding commuters), up 3,500 to 104,000 in the third quarter of the year. Overall, Amtrak posted gains during this time: the Northeast Corridor rose 2% to 3.2 million passengers; the national system inched up 1% to 6.4 million.

Venues

Overall activity at Baltimore's attractions and cultural institutions remained flat during this time, as total attendance dropped under 1% (-5,000) to 994,000. The quarter's slowdown was uneven within this sector, though, as several of the smaller venues registered larger declines than the overall average, ranging from -5% to -20%.

The Baltimore Convention Center's total attendance grew a solid 6% (+8,000) during the third quarter, from 132,000 to 140,000. The number of events slipped from 47 to 42, an 11% decline.

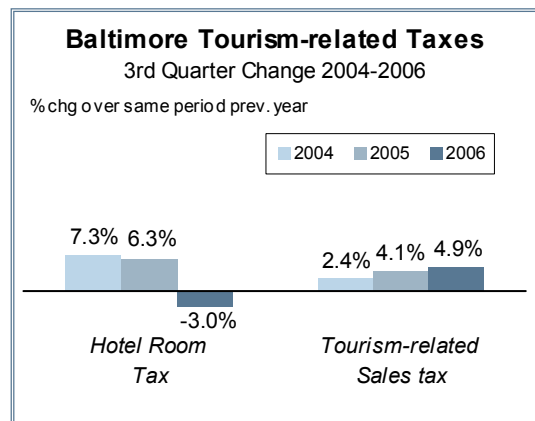


Attendance at meetings, conventions and tradeshows jumped 10% (+11,000) to 121,000, while the number of events fell from 39 to 38. Public shows, numbering four during the third quarter (down from eight in 2005), registered a 12% decline in attendance, from 21,000 to 19,000.

Tourism Tax Revenues and Jobs Supported

The slower growth among some industry sectors began to impact two of the key benefits derived from tourism -- jobs and taxes -- during the third quarter. Baltimore's *Leisure & Hospitality* industry sector supported 800 more jobs at the end of the quarter compared to 3rdQ2005. This gain was somewhat smaller than that of the second quarter, which numbered 1,000.

The falloff in hotel activity was reflected in the city's hotel room tax. Receipts fell 3% during the third quarter to \$5.7 million.



Sales and use taxes generated by Baltimore's tourism-related businesses posted a 5% gain, rising \$856,000 to \$18.4 million.

(1/11/07)

The *Baltimore Tourism Barometer* provides timely information on the Baltimore tourism industry by tracking a wide range of industry-related statistics. The *Barometer* is funded by the Baltimore Area Convention & Visitors Association. For more information on this and other BACVA research programs, email research@baltimore.org or call 410-468-1623.