

What a Difference a Year Makes!

The lodging data for the first month of 2009 reveals a pretty bleak story compared to a year ago. This time last year hotel rates and occupancy were on a steady incline and had been for several years, by contrast, in 2009, it will be hard to find any city or region of the country that has positive growth year over year in either rates or occupancy.

In January 2009, Los Angeles posted -12.9% in occupancy and -7.8% in rate, which was slightly better than San Diego which came in at -13.7% in occupancy and -8.3% in rate. San Francisco had the least decline in January ending with -9.1% in occupancy and -4.4% in rate. The tri-state area of California, Arizona and Nevada represent major feeder markets for Los Angeles. Arizona ended January at -13.0% in occupancy and -10.8% in rate, Nevada ended with a -24.9% in occupancy and -14.7% in rate and the state of California ended -12.7% in occupancy and -6.3% in rate. These feeder markets are important to Los Angeles County and surrounding areas especially as more and more meetings are looking to stay closer to home.

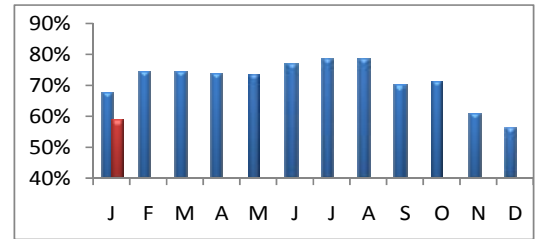
Travel trends are changing at a fast-paced rate. Meetings are reducing in size or cancelling all together and people are staying closer to home for both business and leisure trips. Many hotels are looking at leisure travel to help fill empty rooms. A majority of U.S. adults (81%) would travel more for leisure if they had more money, according to a survey by The U.S. Travel Association/Partnership February 2009 *travelhorizons*TM. And why take leisure trips? Reconnecting with family and loved ones are top priorities. Three-in-four persons said that they take leisure trips to "spend more quality time with my family" and two-thirds agreed that "leisure travel brings families together." In short, during these stressful times, leisure travel is one of the primary opportunities for families to enjoy time together. It's not only home life that is improved through leisure travel, but also the workplace. Almost 40% of U.S. adults reported that "leisure travel improves my job performance when I return to work."

The *travelhorizons*TM survey (conducted February 6-13th 2009, based on responses from 2,270 U.S. adults that traveled in 2008) also indicated the following:

- Like to take trips that involve traveling to new places and experiencing new things (64%)
- Like to take at least one major leisure trip each year (58%)
- Would rather take several short leisure trips throughout year rather than one large one (49%)
- Like to take leisure trips that are close to home (40%)

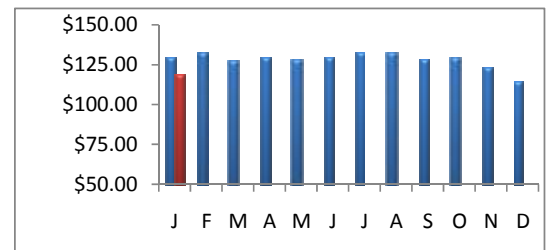
Countywide Hotel Occupancy

January's occupancy measured 58.8%, a decrease of -12.9% from last January's mark of 67.6%. The average occupancy for the top 25 markets was down -11.2%. Overall, US occupancy was also down for the month -10.7%.



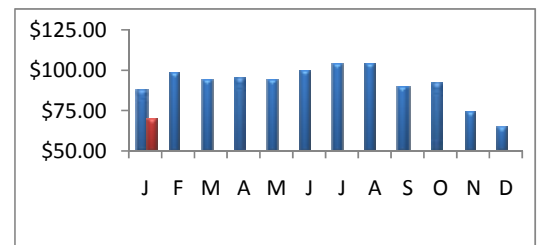
Average Daily Room Rate (ADR)

In January, county ADR went down by -7.8% over 2008 to reach \$118.81. The monthly change in room rates in the top 25 markets was -4.9%. US rates were down -5.2% for the month.



Revenue Per Available Room (RevPAR)

LA County RevPAR for the month of January was down -19.7% and finished the month at \$69.91. The RevPAR growth in the top 25 markets was down -15.6% for the month. The overall U.S. RevPAR was down -15.3% for the month.



Legend:



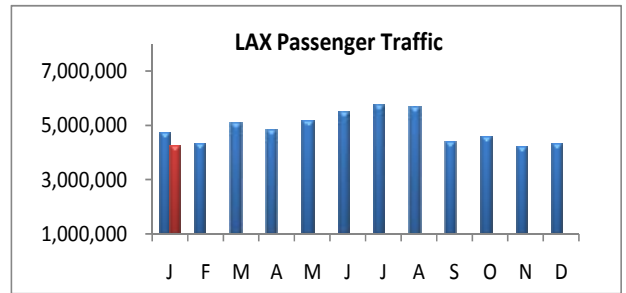
2008



2009

Airport Passenger Traffic

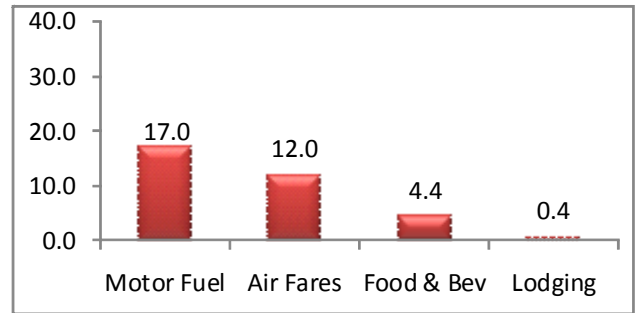
4.6 million Passengers passed through the gates of LAX in January, a decrease of -11.2% vs. last year. The domestic traffic at LAX dropped by -9.9%, while international traffic dropped by -14.3%. Passenger traffic at LA Ontario International also dropped year over year by 31.19% in January. The domestic traffic at LA/ONT was down by -31.59%, while international traffic was flat (-0.10%)



U.S. Travel Price Index

The TPI measured 5.5 percent lower in December than it did during the same month in 2007. Motor fuel prices were dropped down by -42.2% year over year, with airline fares up 1.4%. Food & beverage prices were up by 4.9% in December and lodging prices were down at -3.8%. The year-to-date changes (%) for four major tourism sectors are shown in the graph at the right.

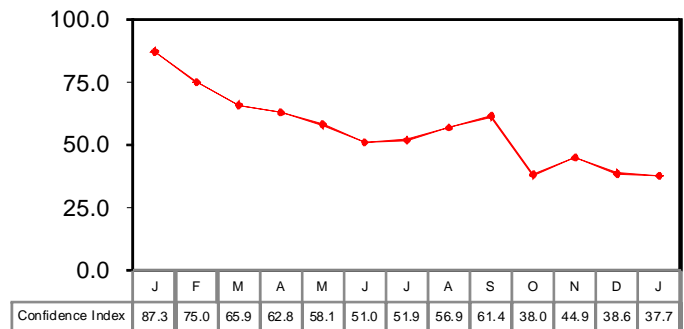
TPI Year to Date Change, January- December 2008



U.S. Consumer Confidence

"The Conference Board Consumer Confidence Index™, which had decreased in December, inched lower in January and continues to be at a historic low. The Index now stands at 37.7 (1985=100), down from 38.6 in December. The Present Situation Index declined slightly to 29.9 from 30.2 last month. The Expectations Index decreased moderately to 43.0 from 44.2.

Consumer Confidence
Jan08-Jan 2009



"The Consumer Confidence Index™" continues to hover at all-time lows (Index began in 1967) and it appears that consumers have begun the New Year with the same degree of pessimism that they exhibited in the final months of 2008. The minor change in the Present Situation Index suggests that economic conditions did not deteriorate significantly further in January but, on the other hand, they did not improve either. Looking ahead, consumers remain quite pessimistic about the state of the economy and about their earnings. And, until we begin to see considerable improvements in the Expectations Index, we can't say that the worst of times are behind us."

(Source: Quote from Conference board Website)

