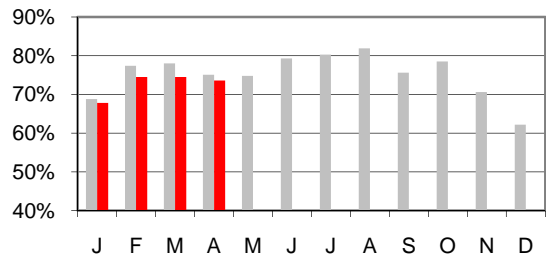


\$4.50 for a Gallon of Gas: Is it Time to Worry?

Certainly a 30%+ year over year increase in the cost of gas is causing economic pain among many families and has resulted in cuts in service among several carriers in the airline industry and even increased ridership on public transportation. But, somewhat surprisingly, we in the travel industry may not feel the bite from the spike in prices as much as might be expected. As of the end of April, a study co-sponsored by the Travel Industry Association of America and the Ypartnership found that six of ten households planning on using a car, truck, or SUV for summer travel would not alter their plans even if gas prices were to go up- and the last month has certainly borne out that possibility. Peter Yesawich, president and CEO of Ypartnership, said of the findings, "the data confirm, once again, that vacations are a non-negotiable part of contemporary life, even in challenging economic times." Of course, if six in ten households say they do not expect to change travel habits then it follows that the other four in ten households do expect to modify their travel plans. But these modifications appear to be more in the realm of trips closer to home and fewer total trips, and less in cancelled vacation plans. One area to watch though is reduced spending on the trips that are taken. The area cited as most likely for cuts in spending is shopping, followed by entertainment and meals. As such, we see value as the name of the game this summer and predict increased competition for the dollars that will be spent. Creative marketing and smart pricing will likely be rewarded.

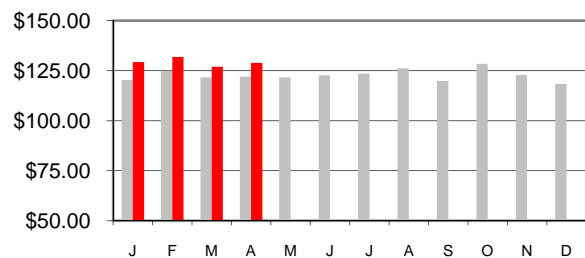
Countywide Hotel Occupancy

April's occupancy measured 73.6%, a decrease of -1.7% from last April's mark of 74.9%. Year-to-date occupancy measured 72.5%, a 2.8% decrease from 2007. The average occupancy for the top 25 markets was flat in April (-0.2%) and was down -2.0% YTD. Overall, US occupancy was also flat for the month and down by -2.1% YTD.



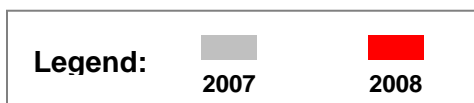
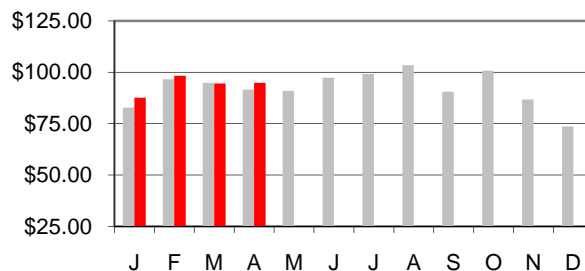
Average Daily Room Rate (ADR)

In April, county ADR climbed by 5.7% over 2007 to reach \$128.90. The YTD mark was also \$128.90, up 5.7% from last year. The monthly change in room rates in the top 25 markets was +5.9% and YTD rates were up 5.6%. US rates were up more moderately; + 4.6% for the month and up 4.7% YTD.



Revenue Per Available Room (RevPAR)

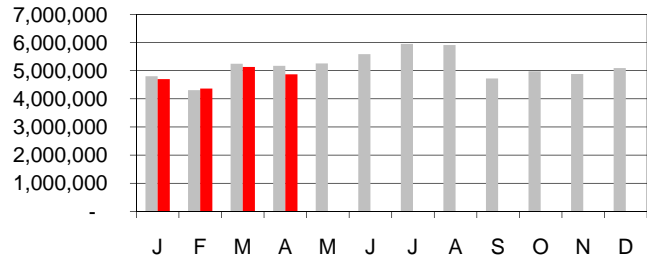
LA County RevPAR for the month of April increased by +3.9% and finished the month at \$94.86. Year to date RevPAR for LA was up 2.7%. The RevPAR growth in the top 25 markets was positive as well and went up by +5.7% for the month and +3.5% YTD. The overall U.S RevPAR increased by +4.3% for the month and +2.5% YTD



Airport Passenger Traffic

4.8 million Passengers passed through the gates of LAX in April, a slight decrease of 5.8% vs. last year. The domestic traffic at LAX dropped by 7.1%, while international traffic also went down by 2.4%. Year-to-date total traffic at LAX is down -2.1%. Passenger traffic at LA Ontario International also dropped year over year by 7.2% in April. The domestic traffic at LA/ONT was down by 6.8%, while international traffic decreased by 33.6%.

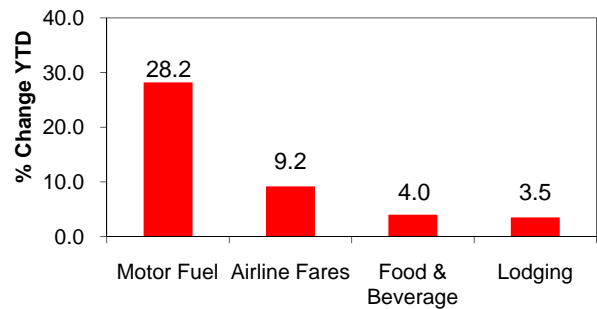
LAX Passenger Traffic



U.S. Travel Price Index

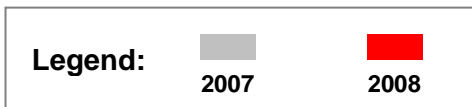
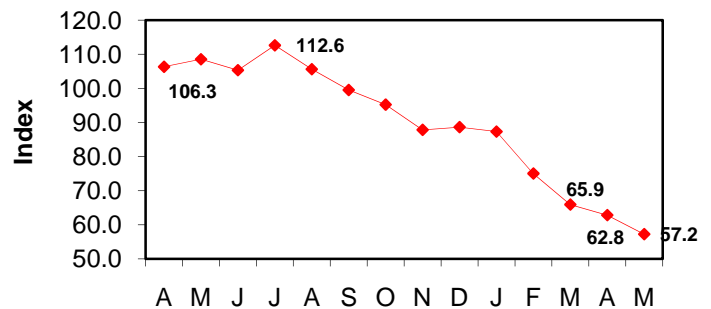
The TPI measured 6.0 percent higher in Apr than it did during the same month in 2007. Motor fuel prices were up 21.1% year over year, with airline fares up 10.1%. Food & beverages prices were up by 4.1% in April and lodging prices were flat at 0.8%. The year-to-date changes (%) for four major tourism sectors are shown in the graph at the right.

TPI Year to Date Change, January-April 2008



U.S. Consumer Confidence

U.S. Consumer Confidence further dropped in May. The Index now stands at **57.2**, down from 62.8 in April. According to the Conference Board, "The Consumer Confidence Index now stands at a 16-year low (Oct. 1992, 54.6). Weakening business and job conditions coupled with growing pessimism about the short-term future have further depleted consumers' confidence in the overall state of the economy. Consumers' inflation expectations, fueled by increasing prices at the pump, are now at an all-time high and are likely to rise further in the months ahead. As for the short-term outlook, the Expectations Index suggests little likelihood of a turnaround in the immediate months ahead."



Travel Pulse is a publication of LA INC. The Los Angeles Convention and Visitors Bureau. Data for *Travel Pulse* was obtained from Smith Travel Research, Los Angeles World Airports, CIC Research, The Conference Board, TIA and the U.S. Department of Labor. Unless otherwise noted, all data pertain to Los Angeles County. For additional information regarding travel and tourism in Los Angeles, contact LA INC.'s Research Department at research@lainc.us.