International Visitor Forecast

Travel Market Insights Inc. October 2018 Forecast

Travel Market Insights

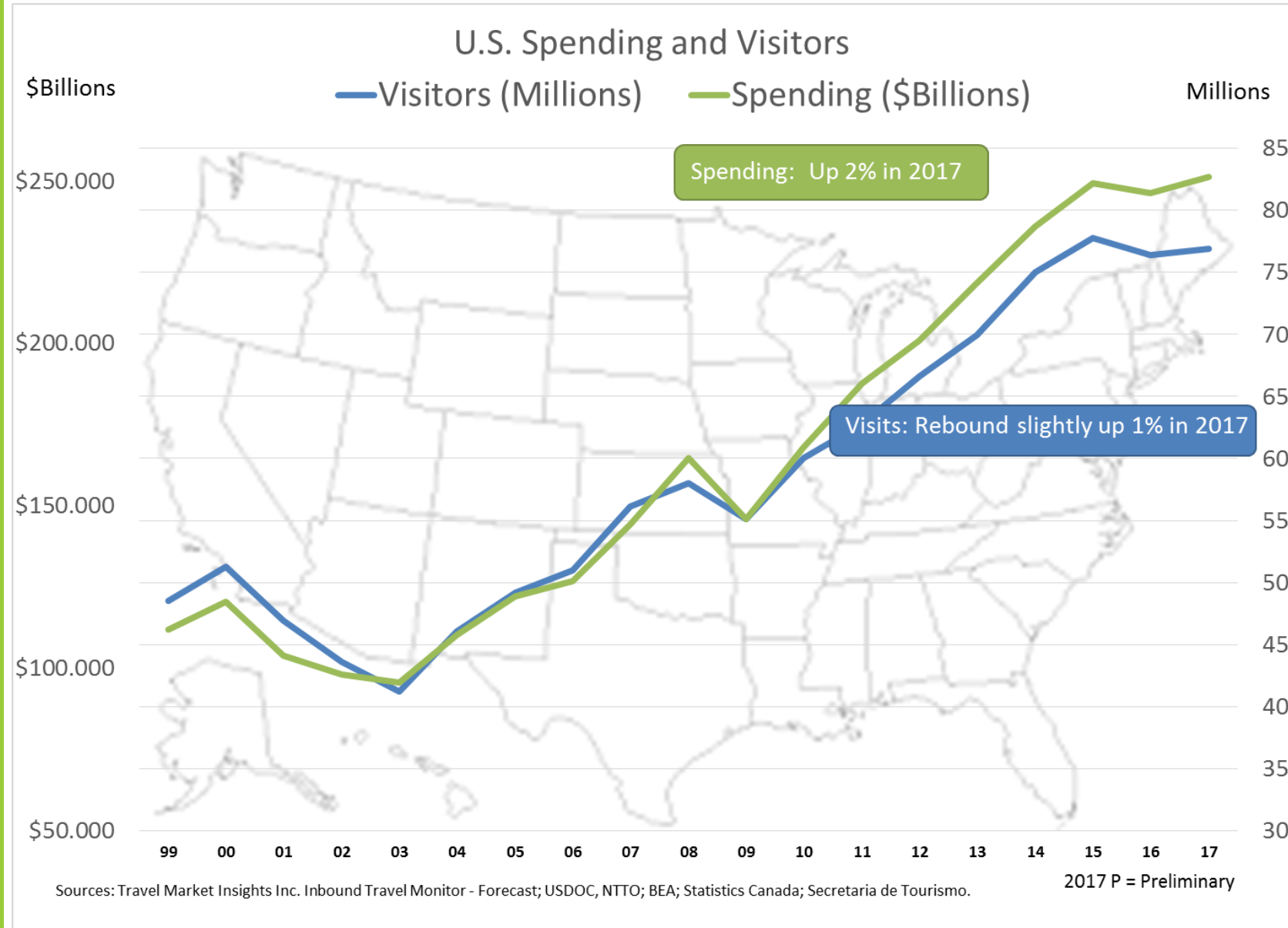# International Visitor Opportunity

In A Changing Environment

2017 International Travel to the U.S.

- ✓ **76.9 Million Visitors**
- ✓ **Visits up 1%**
- ✓ **$251.4 Billion Spend**
- ✓ **Spending up 2%**

(Spending is preliminary and subject to revisions)

U.S. Spending and Visitors

$Billions — Visitors (Millions) — Spending ($Billions) — **Millions**

Spending: Up 2% in 2017

Visits: Rebound slightly up 1% in 2017

Sources: Travel Market Insights Inc. Inbound Travel Monitor - Forecast; USDOC, NTTO; BEA; Statistics Canada; Secretaria de Tourismo.
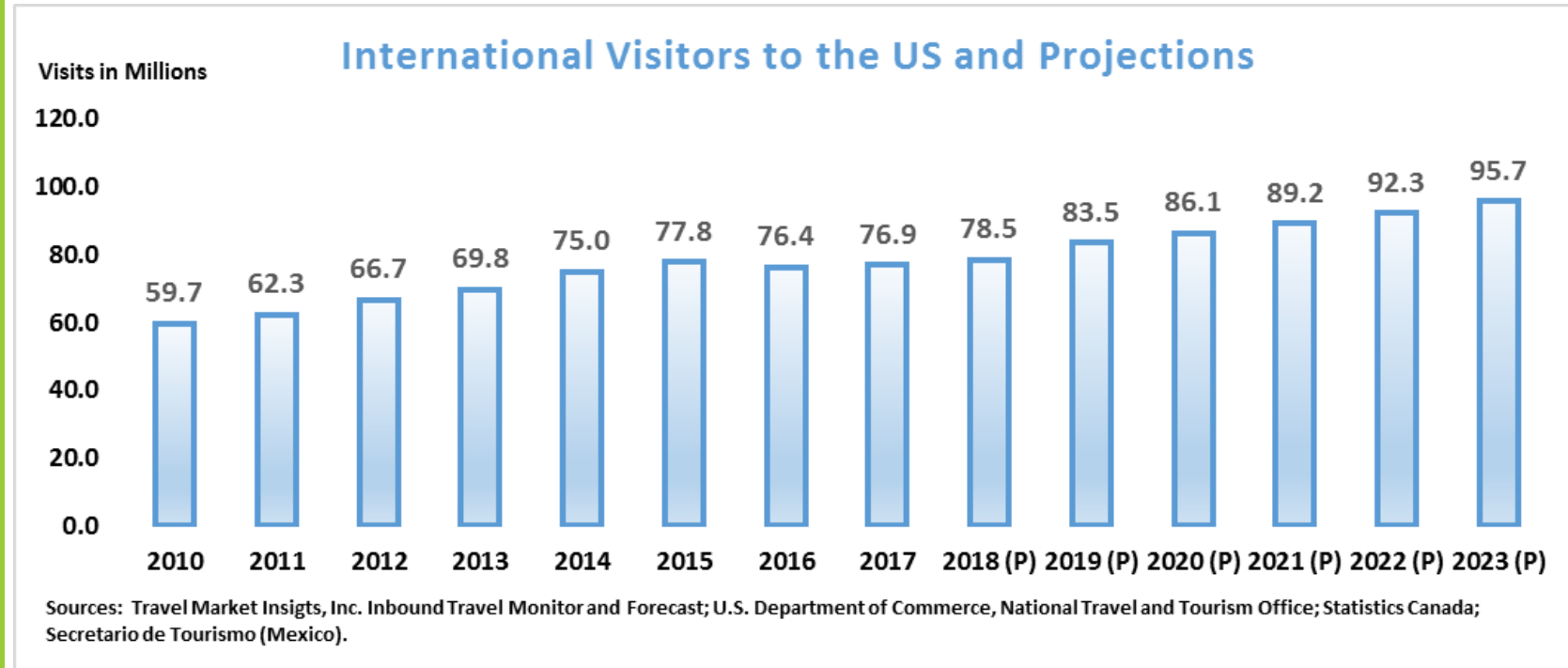
2017 P = Preliminary

Travel Market Insights Inc. (TMII)
2018 Forecast
and
Future Projections

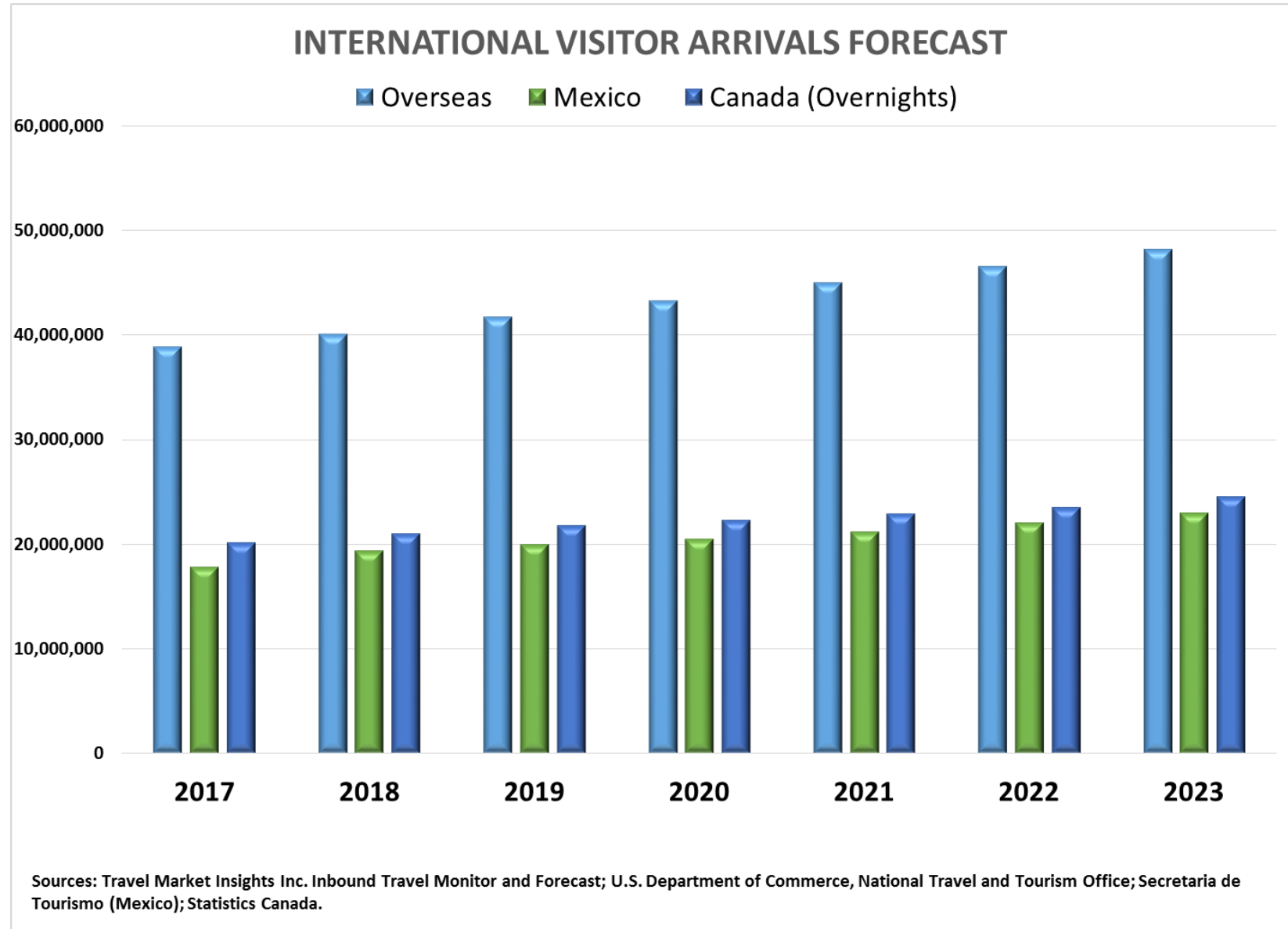# Presented at the TTRA Marketing Outlook Forum October 24, 2018

International Visitor Forecast

- By 2023 total international visits to the U.S. are projected to be 96 million.

International Visitors to the US and Projections

Visits in Millions

Year	Visits
2010	59.7
2011	62.3
2012	66.7
2013	69.8
2014	75.0
2015	77.8
2016	76.4
2017	76.9
2018 (P)	78.5
2019 (P)	83.5
2020 (P)	86.1
2021 (P)	89.2
2022 (P)	92.3
2023 (P)	95.7

Sources: Travel Market Insigts, Inc. Inbound Travel Monitor and Forecast; U.S. Department of Commerce, National Travel and Tourism Office; Statistics Canada; Secretario de Tourismo (Mexico).
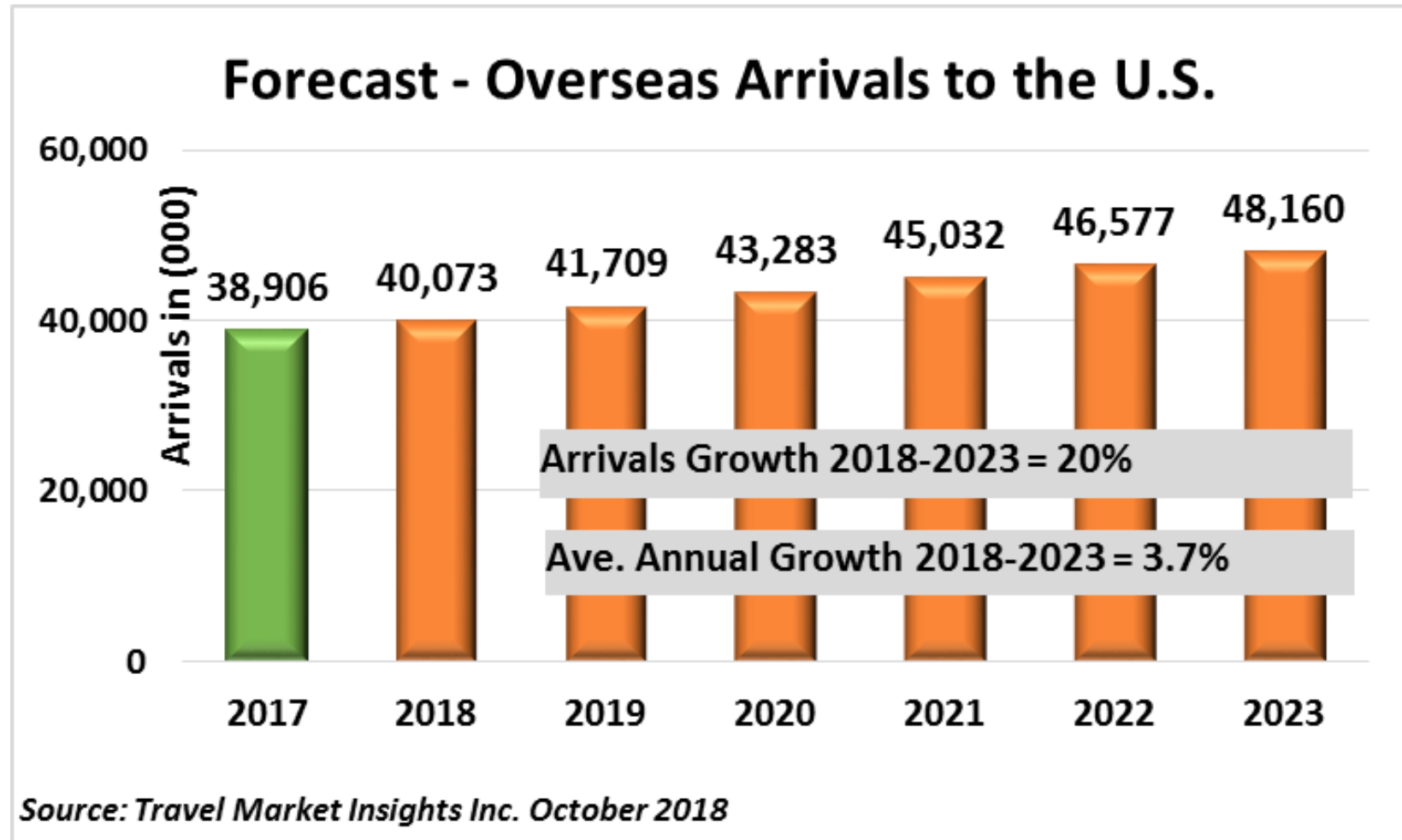
International Visitor Forecast

- Overseas visitors accounted for the majority (51%) of the total international visitors in 2017.

- Going forward Canadian visits are forecast to increase 17% at an average annual rate of 3.2%.

- Visits from Mexico are forecast to increase 18% growing at 3.4% annually.

INTERNATIONAL VISITOR ARRIVALS FORECAST

■ Overseas   ■ Mexico   ■ Canada (Overnights)

Sources: Travel Market Insights Inc. Inbound Travel Monitor and Forecast; U.S. Department of Commerce, National Travel and Tourism Office; Secretaria de Tourismo (Mexico); Statistics Canada.

Overseas Visitor Forecast

- In 2018 visitor arrivals are projected to increase 3% over 2017 visits.

- Over the next five years visits are forecast to grow 20% at an average annual growth rate of 3.7%.

Forecast - Overseas Arrivals to the U.S.

Arrivals in (000)

Year	Arrivals
2017	38,906
2018	40,073
2019	41,709
2020	43,283
2021	45,032
2022	46,577
2023	48,160

Arrivals Growth 2018-2023 = 20%

Ave. Annual Growth 2018-2023 = 3.7%

Source: Travel Market Insights Inc. October 2018

Percent Change from 2018-2023

- Brazil is forecast to grow the fastest in the next five years, after a downturn was forecast by TMII in early 2012.

- India is up and becoming the new "China" based on demand and improving air access.

- China started to register deceleration as far back as 2015. Last year TMII started to highlight a potential China slow down at Marketing Outlook Forum. In 2018 that downturn has come true.

- European markets faring better going forward.

Percent Change 2018-2023

Forecast for Top Visitor Markets to the U.S.
(Percent Change 2018 - 2023)

BRAZIL 33.8%
INDIA 31.7%
CHINA 27.1%
COLOMBIA 23.6%
S. KOREA 19.3%
ARGENTINA 17.8%
AUSTRALIA 17.3%
UK 16.6%
ITALY 15.4%
FRANCE 14.0%
NETHERLANDS 13.4%
SPAIN 10.4%
GERMANY 8.9%
JAPAN 5.4%

Souce: Travel Market Insights - Inbound Monitor (IM)

Visitor Volume in 2023

- In 2023 the UK will still be the top overseas visitor market.

- China, once projected to take over the UK by 2021, will rank second for visits in 2023 as visits decelerate. China visits are projected to increase only 1% in 2018. However, China has already registered monthly year over year declines and early indicators by major in-country tour operators are reporting sharper declines for Golden Week in October 2018.

- The slowdown is a result of a waning economy and the Chinese Yuan, the trade war, over capacity in air travel (as projected by TMII), and growing nationalism.
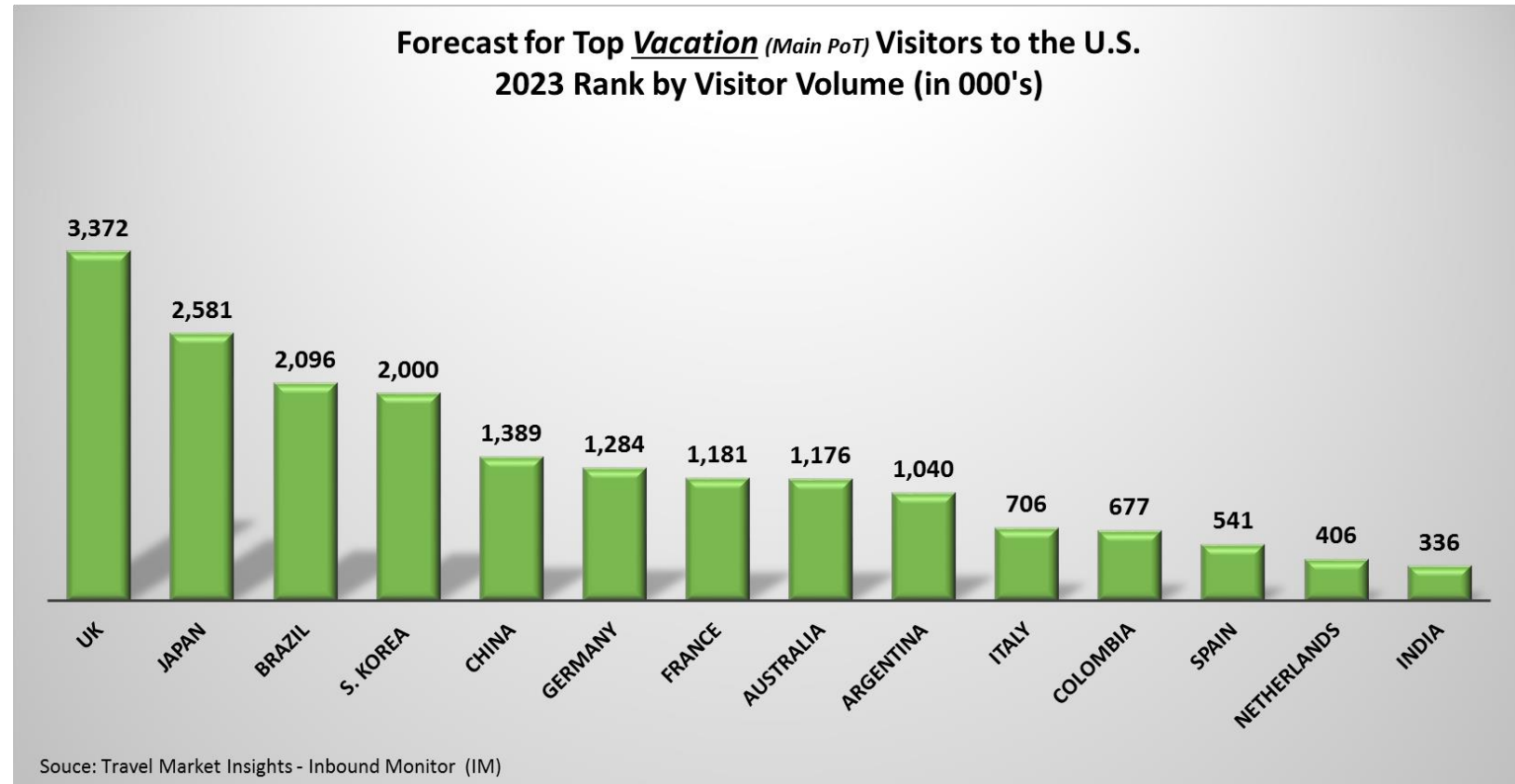
Top Visitors Markets in 2023

Forecast for Top Visitor Markets to the U.S.
2023 Rank by Visitor Volume (in 000's)

Market	Volume
UK	5,438
CHINA	4,073
JAPAN	3,640
BRAZIL	2,814
S. KOREA	2,786
GERMANY	2,288
FRANCE	2,016
INDIA	1,846
AUSTRALIA	1,615
ARGENTINA	1,259
ITALY	1,239
COLOMBIA	1,093
SPAIN	940
NETHERLANDS	835

Souce: Travel Market Insights - Inbound Monitor (IM)

Vacation Visitor Forecast

- TMII forecasts in 2023 the UK will continue to be the top vacation visitor for the U.S.

- Japan will rank second, with the majority visiting the Pacific Islands.

- Brazil will rank third with growth in both business and vacation visitors.

- South Korea will rank fourth – although growth flattened in 2018, vacation travel is still strong.

- China will rank fifth for vacation visits.

- Note India: Indian visitors travel as a multi-purpose visitor rather than seeking traditional vacations compared to other top visitor markets.

Top *Vacation* Markets in 2023

Forecast for Top *Vacation* (Main PoT) Visitors to the U.S.
2023 Rank by Visitor Volume (in 000's)

Market	Volume
UK	3,372
JAPAN	2,581
BRAZIL	2,096
S. KOREA	2,000
CHINA	1,389
GERMANY	1,284
FRANCE	1,181
AUSTRALIA	1,176
ARGENTINA	1,040
ITALY	706
COLOMBIA	677
SPAIN	541
NETHERLANDS	406
INDIA	336

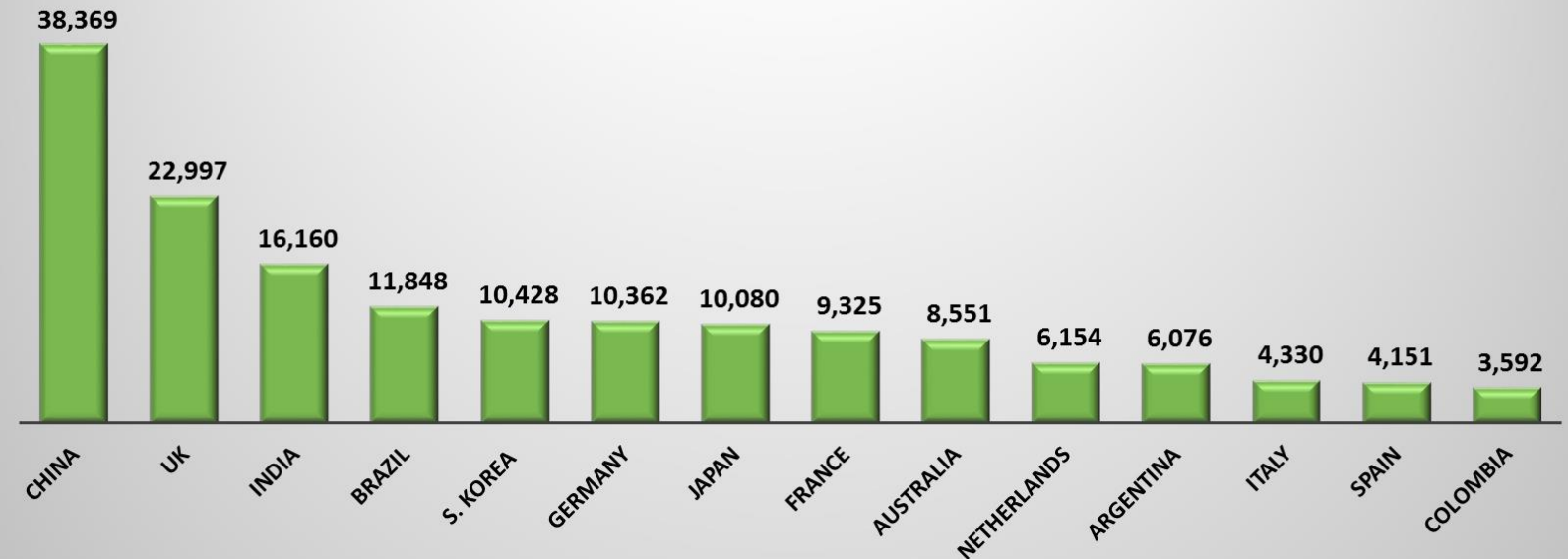Souce: Travel Market Insights - Inbound Monitor (IM)

Hotel Room Nights Forecast

- Visits are great, but what about hotel room nights?

- In 2023 China will rank as the top overseas visitor market for hotel room nights. This is in part driven by a maturing of visitors for more traditional vacation travel and growing interest in combining business with leisure (driven by millennials).

- The UK will rank second for hotel room nights as many continue to seek to stay with friends and family or in their own lodging properties.
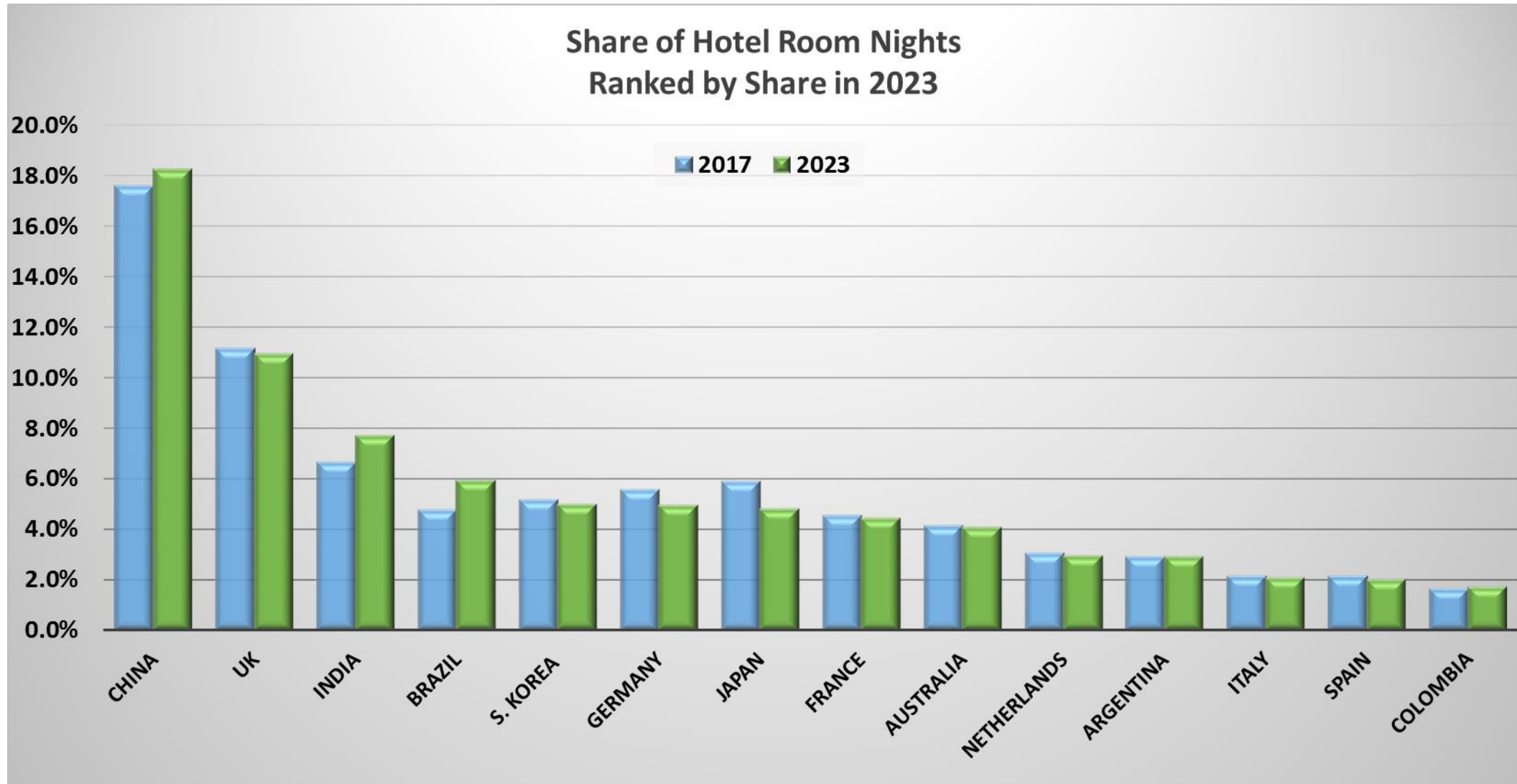
Hotel Room-Nights in 2023

**Forecast for _Room-Nights,_ by Country, to the U.S.
2023 Rank by Room-Nights (in 000's)**

Country	Room-Nights
CHINA	38,369
UK	22,997
INDIA	16,160
BRAZIL	11,848
S. KOREA	10,428
GERMANY	10,362
JAPAN	10,080
FRANCE	9,325
AUSTRALIA	8,551
NETHERLANDS	6,154
ARGENTINA	6,076
ITALY	4,330
SPAIN	4,151
COLOMBIA	3,592

Souce: Travel Market Insights - Inbound Monitor (IM)

Share of Hotel Room Nights 2017 and 2023

Share of Hotel Room Nights
Ranked by Share in 2023

☐ 2017 ☐ 2023

CHINA | UK | INDIA | BRAZIL | S. KOREA | GERMANY | JAPAN | FRANCE | AUSTRALIA | NETHERLANDS | ARGENTINA | ITALY | SPAIN | COLOMBIA

Multiple Data Sources and Analytics Modeling

- TMII utilizes official visitor data, passenger data from various public and proprietary sources, in-country trade surveys, and a host of economic, geopolitical, and trade indicators.

- Analysis is key. TMII uses various approaches to understand and predict trends – a critical difference!

- The two charts show that analytics matter, with the same data source pointing in different directions from different analytic approaches.

- China visits are still growing, however decelerating.

Utilizing Arrivals Data from Multiple Sources and Analytics

Monthly China I94 Historical

Legend: Actual I94 Volume · 12 Month Moving Average · % Change in Monthly Moving Average · % Change in Monthly Actual · YTD % Change

Monthly China I92 Historical

Legend: Actual I92 Volume · 12 Month Moving Average · % Change in Monthly Moving Average · % Change in Monthly Actual · YTD % Change
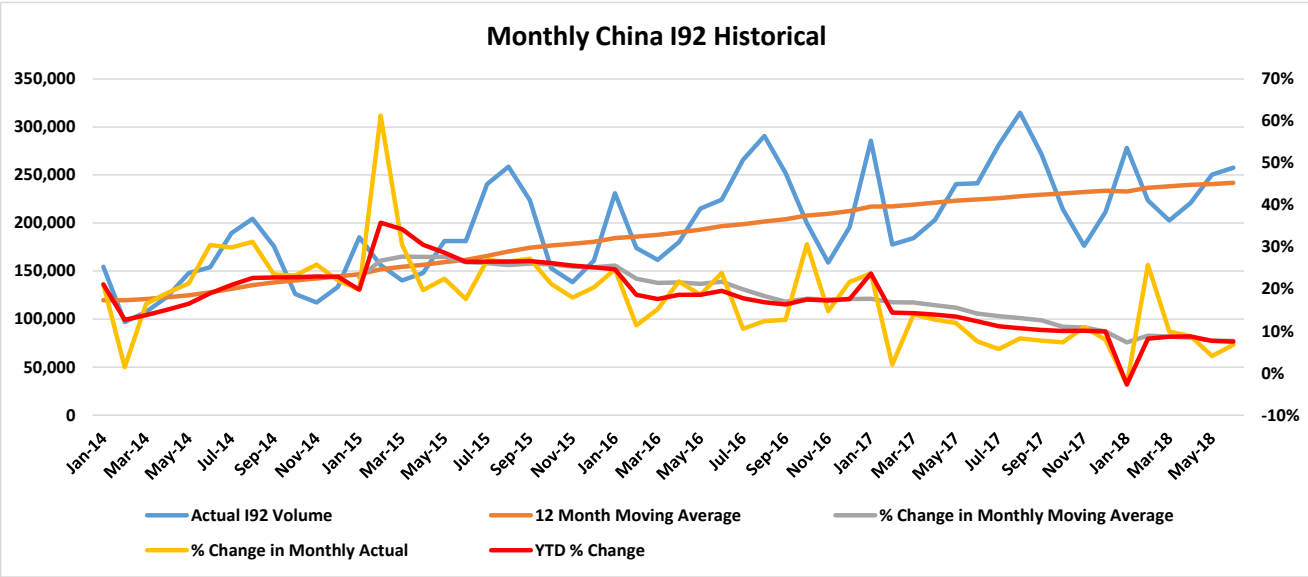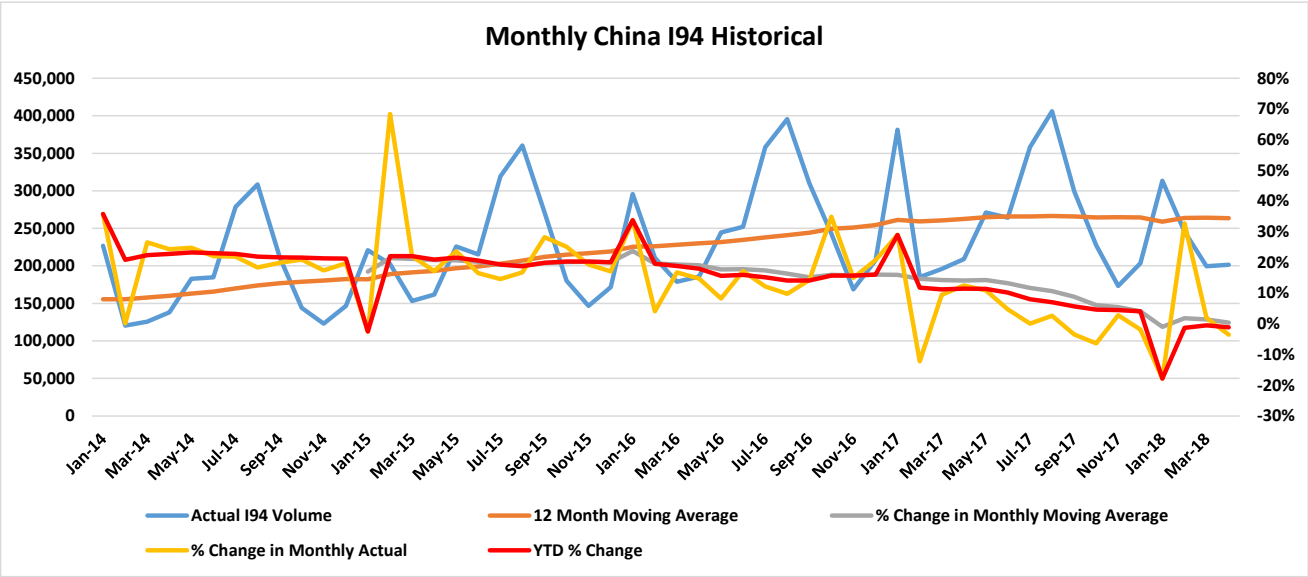
Visit us at Travelmi.com and discover your outlook for international visitors.

And join us in launching the Canadian **X**border Program at **X**BorderTravel.com.

Contact me: Scott@travelmi.com or call 518-668-2559

All references and use of this forecast must be approved in writing. Forecast is subject to adjustments.