

Dashboard for Vermont Travel and Tourism

The Pulse of Vermont's Visitor Sector

Issue One: 2009-10 Ski Season Again Helps to Boost the State's Economic Performance

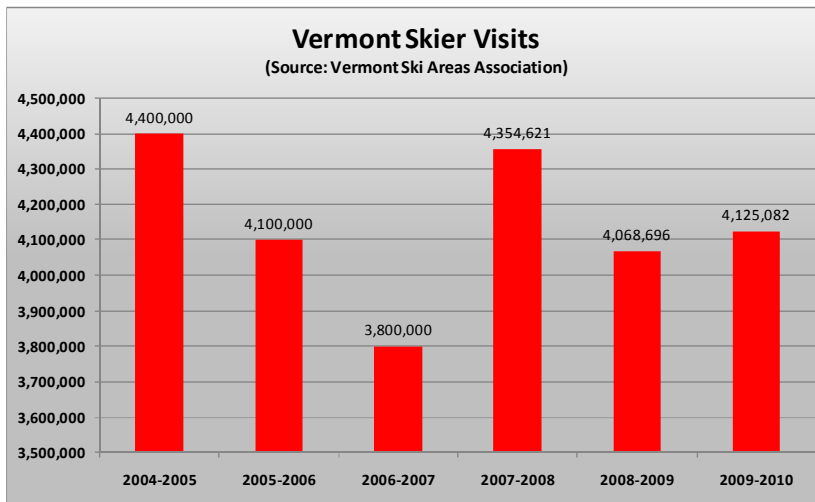
Recently released data from the Vermont Ski Areas Association (VSAA) once again demonstrated the importance of a healthy visitor sector to the Vermont economy. VSAA data show that there were 4.125 million skier visits during the 2009-10 ski season between November 2009 and April 2010. That represented a 1.4% increase over skier visits during the 2008-09 season when visits totaled just under 4.100 million visits.

With lower than average snowfall and days of operation, these numbers point to the industry's "resiliency" as the national economy struggled following the financial collapse of late 2008 and the sharp housing market declines experienced since housing markets peaked in 2006-07. Although skier visits last season trailed behind the 4.355 million skier visits during the 2007-08 ski season, skier visits have shown significant improvement from the last low water mark experienced during the 2006-07 season of roughly 3.800 skier visits.

The resiliency of the 2009-10 season was attributed by various industry sources to a combination of new amenities at several of the state's resorts and the apparent importance of the "stay-cation" concept that was actively promoted by the State and the industry. Regarding the former, the Jay Peak Resort added a new upscale hotel, new shops (including an upgraded rental facility), and dining options which came on-line last season and enhanced its already high quality visitor experience.

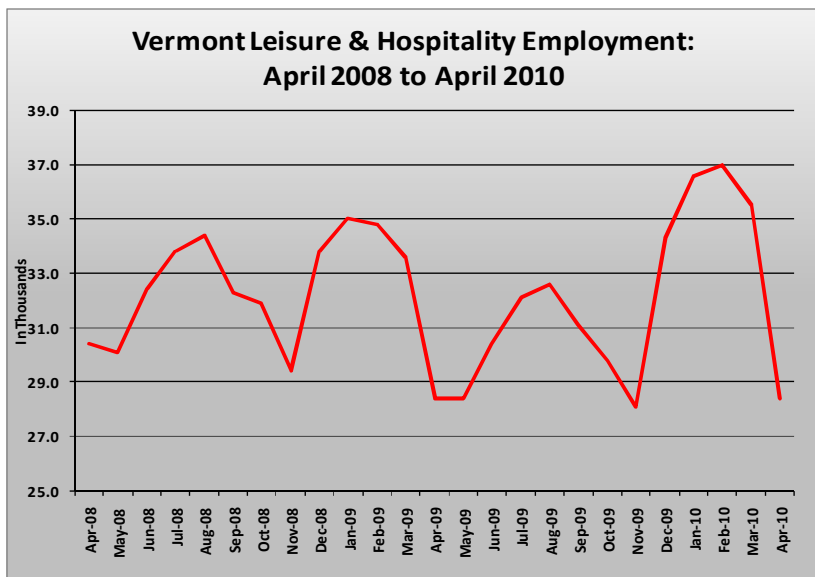
Regarding the later, the combination of a weak U.S. economy (which apparently encouraged travelers to look for high "value" vacation options), rising air travel fees, the hassle of tighter security at airports, and more affordable gasoline prices apparently encouraged many New England and Canadian visitors to stay closer to home. Staying closer to home allows visitors to take advantage of the quality visitor experiences offered at northeastern U.S. resorts and especially those here in Vermont.

Based on the State's recent record, it seems apparent that the Vermont vacation experience remains well-positioned, providing excellent value for the visitor's vacation budget dollar. Combined with the industry's efforts to diversify their offerings to become more four season oriented, the visitor industry overall is helping to level out the ups and downs of industry activity and employment across the entire year. The Jay Peak development project (which expanded the golf clubhouse and meeting center facility, and included the opening of its year-round ice rink),



the Bromley Mountain and Okemo Resort summer trail additions underway in 2010, and the amenity increases at the Stowe Mountain and Trapp Family Lodge resorts all offer promise for furthering the diversification of the state's visitor sector.

However, it is clear looking at the chart of Vermont Leisure and Hospitality jobs that there remains additional work to do on the diversification front. The Summer and Winter peaks in industry activity remain too high, and activity levels during the shoulder seasons remain too low. Opportunities in the area of agri-tourism and the further development and promotion of high quality recreational amenities that offer a year-round experience to the Vermont visitors offer potential for smoothing out the peaks and valleys in visitor activity. With the recovering economy and financial and housing sectors now on the mend, these diversification efforts can once again begin to play a key role in the State's strategic economic development efforts.



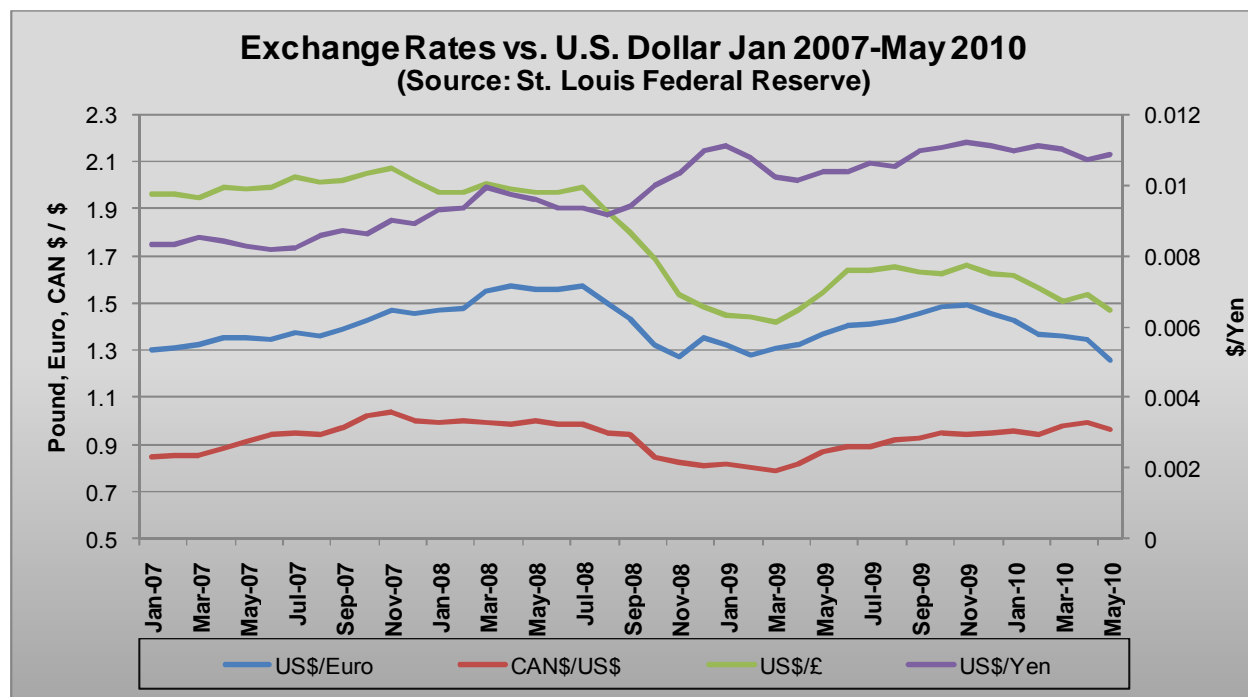
Issue Two: Regional Enplanements Calendar Year

			# Change Last Year	% Change Last Year
Monthly Regional Airport Enplanements	Apr-10	Apr-09		
<i>Current Month</i>				
Burlington International Airport	56,273	56,479	(206)	-0.4%
Manchester-Boston Regional Airport	125,969	149,628	(23,659)	-15.8%
<i>Calendar Year Total</i>				
Burlington International Airport	205,294	228,951	(23,657)	-10.3%
Manchester-Boston Regional Airport	433,870	532,550	(98,680)	-18.5%
Sources: Burlington International Airport; Manchester Regional Airport				
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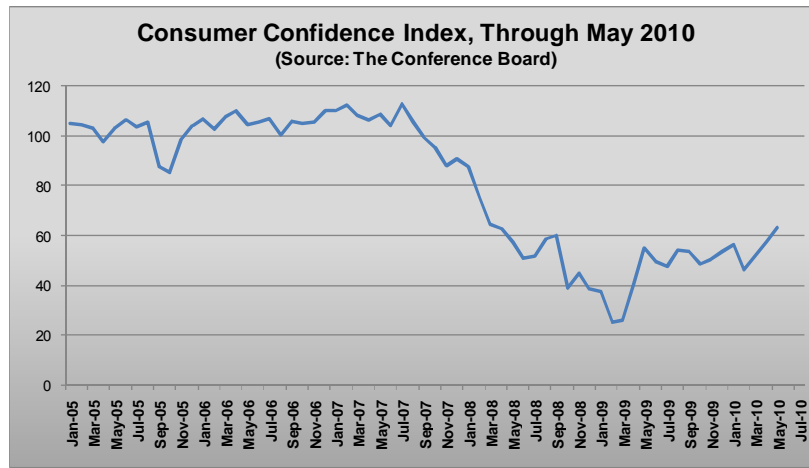
The Burlington International Airport (BTV) in April 2010 saw a decline of 0.4% in enplanements when compared to the enplanement levels from a year earlier. This performance was significantly better than the performance turned in by the Manchester-Boston Regional Airport, which experienced a decline of 15.8% in enplanements versus the previous year.

The year to-date enplanement totals for Burlington Airport were down 10.3% when compared to the same period in 2009, a performance that was significantly better than the 18.5% decline faced by Manchester Airport over the same period. Overall, year to-date enplanement numbers were still significantly lower for both airports when compared to the enplanements over the same period in 2009. Why Burlington Airport enplanements fared significantly better with a decline of 12.1%, versus the Manchester Airport's 29% decline is unclear. However, at least some of the difference between the two airports can be attributed to the still significant numbers of Canadian air travelers that are using the Burlington Airport as a point of origin for their US air travel.

Issue Three: Exchange Rates



The U.S. Dollar has strengthened considerably against all major currencies, except the Japanese yen. This strengthening for the most part has been driven by investor concerns regarding Europe's sovereign debt crisis. This has led to a "flight to safety" as investors buy U.S. dollars to hold, driving up the value of the U.S. dollar. Most important to Vermont is the Canadian exchange rate which has held relatively stable around par with the U.S. dollar since mid-2007. Even with the strengthening of the U.S. dollar, the exchange rate still gives Canadian visitors considerable purchasing power south of the border going into the summer season.



Consumer Confidence	May-10	Apr-10	May-09	% Change Last Month	% Change Last Year
U.S. Consumer Confidence Index	63.3	57.7	54.8	9.7%	15.5%
Expectations Index	85.3	77.4	71.5	10.2%	19.3%
Present Situations Index	30.2	28.2	29.7	7.1%	1.7%

Source: The Conference Board

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The Consumer Confidence Index increased to a reading of 63.3 from 57.7 in May. The May reading was the highest reading since March 2008 and marked significant improvement from the record lows seen from late 2008 through early 2009. The very important Expectations Index increased from 77.4 to 85.4, giving May the highest level for the index since before the last recession began in September 2007. Even with the relatively high readings, the index level remains relatively low in a historical context. This reading highlights the possibility that consumers may be becoming more comfortable with the idea of making larger purchases—the type of larger, big-ticket purchases that typically drive an economic recovery.

Issue Five: Travel Price Index

U.S. Travel Association Travel Price Index (1982-1984 = 100)	Apr-10	Apr-09	% Change Last Year
Travel Price Index	251.6	238.8	5.4%
Lodging Index	283.3	287.2	-1.4%
Transportation Index	255.8	206.4	23.9%
Food Away From Home Index	225.3	222.9	1.1%
Recreation Index	269.1	264.1	1.9%
Consumer Price Index (CPI)	218.0	213.2	2.3%

Source: Travel Industry Association

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The U.S. Travel Association's Travel Price Index (TPI) increased significantly during April 2010—the latest data available. In April 2010, the TPI had increased 5.4% over the past year. As has been the case for the past year, this increase was primarily the result of an increase in the Transportation Index, which increased by 23.9% over the same time period. The increase in transportation costs reflect the higher prices of gasoline and diesel, and by increased airline ticket prices, which airlines were able to increase after being forced to cut prices during the sharp economic downturn. Conversely, the Lodging Index posted a year-over-year decline of 1.4%, reflecting the strong price pressures that the lodging industry is currently facing. Food Away from Home and Recreation experienced a 1.1% increase, less than one half the year-over increase in the overall Consumer Price Index.

Issue Six: Vermont Consumption Tax Revenues

Monthly Vermont Tax Revenues (in thousands)	May-10	May-09	\$ Change Last Year	% Change Last Year
<i>Current Month:</i>				
Meals and Rooms	\$7,118.7	\$6,913.3	\$205.4	3.0%
Sales and Use	\$23,247.2	\$22,019.4	\$1,227.8	5.6%
Gasoline [1]	\$4,632.8	\$5,335.2	(\$702.4)	-13.2%
<i>Cumulative Fiscal Year:</i>				
Meals and Rooms	\$109,386.4	\$108,860.6	\$525.9	0.5%
Sales and Use	\$286,750.6	\$296,799.9	(\$10,049.3)	-3.4%
Gasoline [1]	\$55,926.8	\$55,555.7	\$371.1	0.7%

Source: VT Agency of Administration

Note:

[1] Tax is assessed in cents per gallon. Does not include receipts to the Transportation Infrastructure Bond Fund

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Vermont's major Consumption Tax revenue sources showed mixed performances for the year ended in May 2010. On the upside were Meals and Rooms Tax Revenues, at 3.0% higher than a year ago, and Sales and Use Tax revenues, which were 5.6% higher over the same time period. Gasoline Tax revenues were significantly lower at -13.2% versus May 2009.

Cumulative receipts through the first eleven months of fiscal 2010 showed similar mixed results, Meals and Rooms Tax revenues are 0.5% above through-last year's level, while Sales and Use Tax revenues are down by 3.4%. Gasoline Tax Revenues are up by 0.7% compared to last year's through-May level. It is unclear why May Gasoline Tax revenues were so much lower than May of a year ago. This may just be a timing issue with the cumulative fiscal year tax revenues so close to last year's level, which will perhaps right itself when the fiscal year closes on June 30.

Issue Seven: Leisure and Hospitality Employment

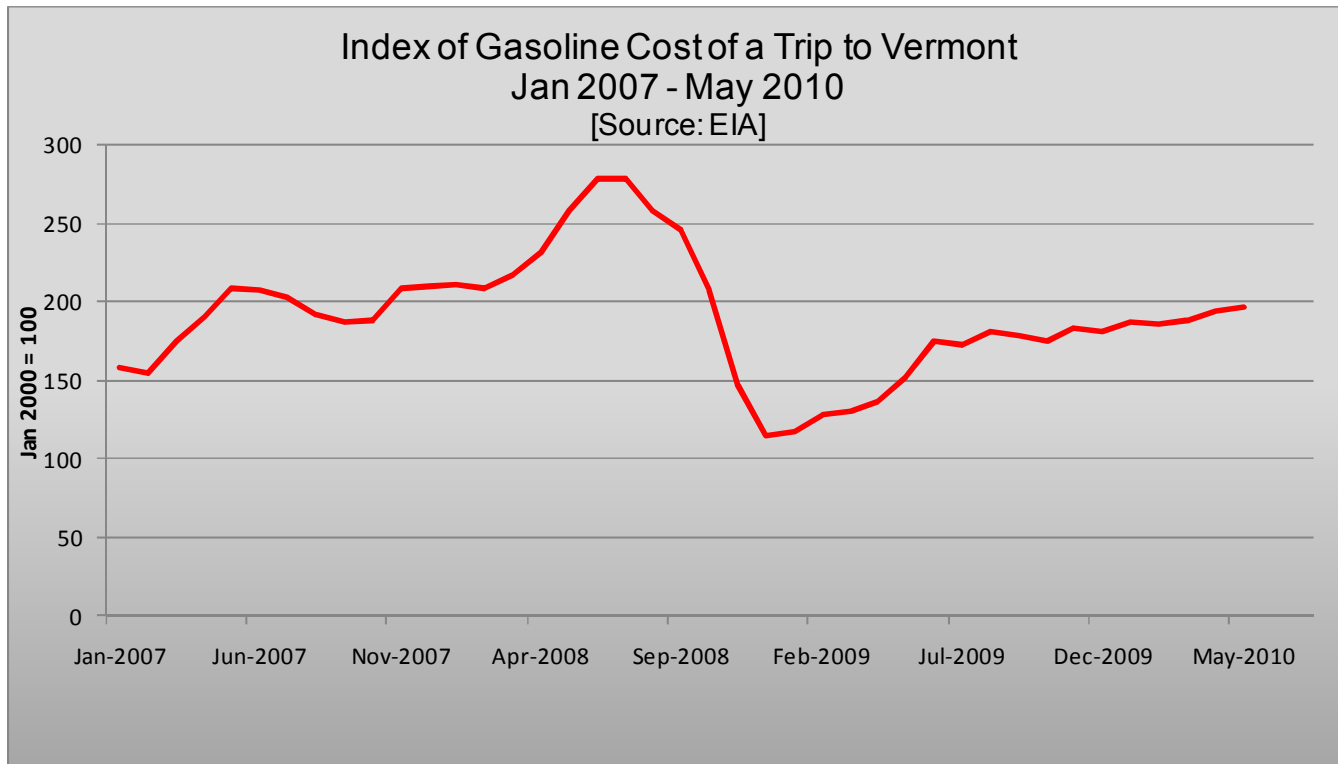
Employment in Leisure and Hospitality (In Thousands, Non-Seasonally Adjusted)	May-10 (preliminary)	May-09	# Change	% Change
Vermont	27.7	28.4	-0.7	-2.5%
New Hampshire	61.9	61.6	0.3	0.5%
Maine	59.3	60.0	-0.7	-1.2%
Peer-State Totals	1,560.7	1,600.0	-39.3	-2.5%

Source: US BLS

Note: Peer-States include Colorado, Nevada, Florida, and Hawaii

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Among the northern New England states, Vermont and Maine both saw negative year-over-year change in Leisure and Hospitality employment during May. Vermont's Leisure and Hospitality employment decreased 700 jobs or 2.5% year-over-year. Maine's Leisure and Hospitality employment declined by 700 jobs as well, but by only 1.2% in percentage terms. New Hampshire was the only state in northern New England to realize positive year-over-year change in Leisure and Hospitality employment, with an increase of 300 jobs or 0.5% year-to-year. The Peer-State total overall came in with the same job loss as Vermont over the period. There are some concerns about the employment data for Vermont. States like Vermont have a small sample size and a highly versatile industry, resulting in volatility in month-to-month change. Any analysis should involve trends of three to six months in duration considering the current economic environment and the extreme seasonality of employment in the Leisure and Hospitality industry.



Gasoline costs related to a trip to Vermont from various northeast cities and Montreal have continued their slow and steady rise since the oil price crash of the 2008-2009 winter. Gas prices experienced a monthly increase of 1.6% in May and were increased by 29.8% versus a year ago. Over the long term, it is expected that the gasoline costs associated with visitors traveling to Vermont by vehicle will increase as energy prices rise in respect to the economic recovery. Managing increases in gasoline costs per trip are important so that visitors maintain their spending pattern while they are in Vermont.

Roundtrip Gas Cost	May-10	Apr-10	% Change Last Month	May-09	% Change Last Year
New York to Woodstock	\$70.41	\$69.28	1.6%	\$54.25	29.8%
Boston to Killington	\$41.82	\$41.15		\$32.23	

Sources: US EIA, EPA

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Memorial Day travel was estimated to be 5.4% higher than the previous year according to a survey by AAA. An estimated 32.1 million people took a trip over the holiday weekend in 2010, slightly under the record level of 2007. According to AAA, the increased travel is a result of consumer's pent-up desire to travel after staying home during the past recession and the deals and discounts being offered by resorts as the economy rebounds.