

***Alaska Visitor Volume Report
Summer 2017***

Prepared for:

**Alaska Department of Commerce,
Community, and Economic Development
Division of Economic Development**

July 2018



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**State of Alaska
Department of Commerce,
Community, and Economic Development
Division of Economic Development**

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July 2018

Table of Contents

- Visitor Volume, Summer 2017 1**
 - Volume by Transportation Market 1
 - Change from Summer 2016..... 1
- Visitor Traffic Trends 2**
 - Trends in Total Volume..... 2
 - Trends by Transportation Market 2
- Additional Visitor Industry Indicators..... 4**
 - Alaska Indicators..... 4
 - U.S. Travel and Economic Indicators..... 7
- Methodology 8**
 - Visitor/Resident Ratios 9

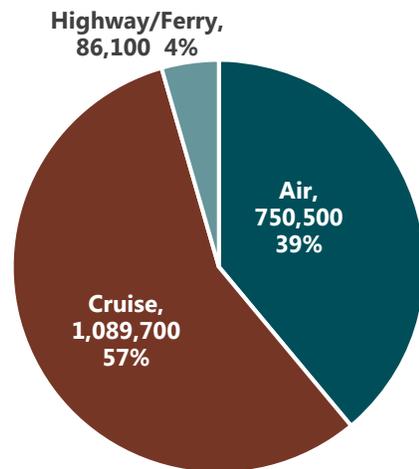
Visitor Volume, Summer 2017

Volume by Transportation Market

An estimated 1,926,300 out-of-state visitors traveled to Alaska between May and September 2017. By transportation market, 1,089,700 traveled by cruise ship, 750,500 were air visitors (entered *and* exited the state by air), and 86,100 were highway/ferry visitors (entered *or* exited the state by highway *or* ferry).

AVSP methodology counts visitors as they exit the state, by transportation mode (airport, highway, ferry, and cruise ship). However, measuring traffic by transportation market is useful because many cruise ship passengers exit the state via air; in addition, the highway and ferry markets overlap, making it practical to group them together.

Chart 1. Alaska Visitor Volume by Transportation Market, Summer 2017

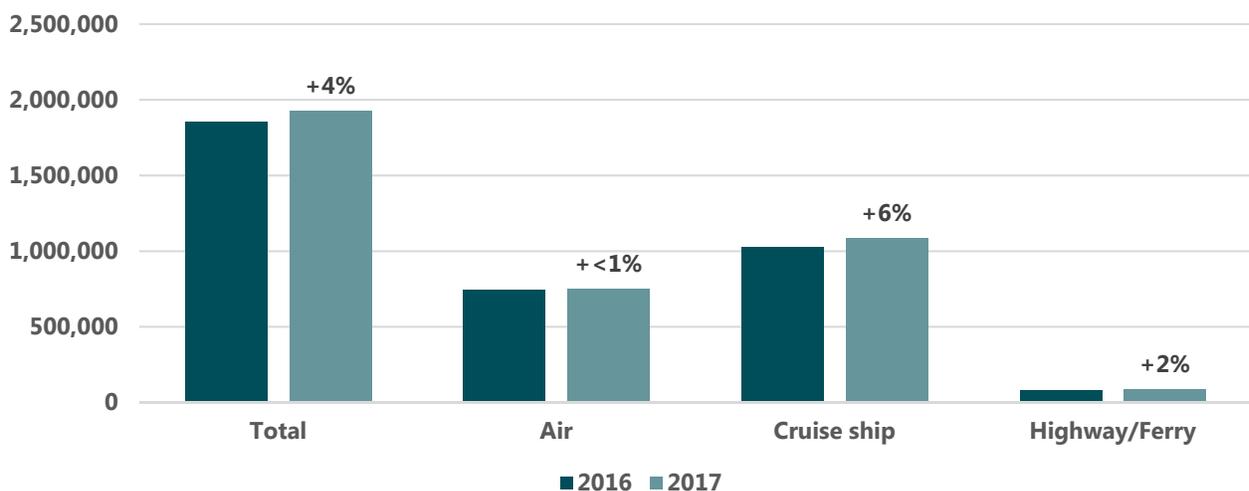


Total Visitor Volume: 1,926,300

Change from Summer 2016

Summer 2017 visitor volume represented an increase of 4 percent (68,800 visitors) from summer 2016. The bulk of the increase is attributable to the cruise market, which increased by 6 percent (63,800 visitors). The air market increased by less than 1 percent (3,400 visitors), while the highway/ferry market increased by 2 percent (1,600 visitors). In terms of market share, cruise passengers increased their percentage from 55 to 57 percent of all visitors; air visitors shifted from 40 to 39 percent; and highway/ferry shifted from 5 to 4 percent.

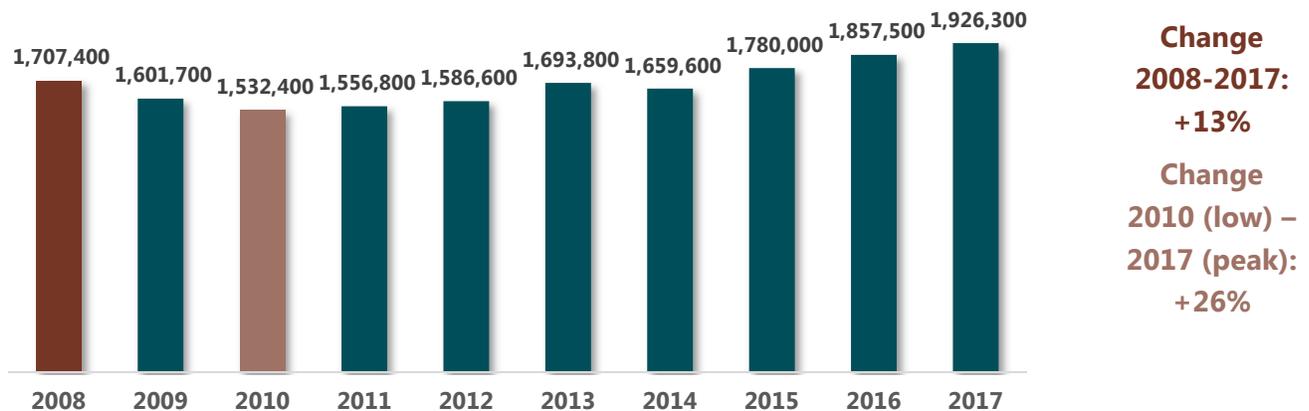
Chart 2. Alaska Visitor Volume, Total and By Transportation Market, Summers 2016 and 2017



Trends in Total Volume

The summer 2017 visitor volume of 1,926,300 is the third consecutive summer of growth: volume increased by 7 percent in 2015, by 4 percent in 2016, and by 4 percent in 2017. From a long-term perspective, the 2017 volume represents 13 percent more visitors than a decade earlier, and an increase of 26 percent from 2010, the lowest point in the last decade.

Chart 3. Alaska Visitor Volume, Summers 2008-2017



Trends by Transportation Market

The following chart and table show how visitor volume to Alaska has fluctuated over the last decade, broken down by air, cruise, and highway/ferry transportation markets.

The air market shows an overall growth of 26 percent over the last decade, and 30 percent since the low point of 2010. Its strongest growth was in 2015, when it increased by 13 percent; 2016 also showed strong growth at 6 percent. Therefore the growth rate of less than 1 percent in 2017 represents a significant slowdown.

The summer 2017 cruise volume represents an increase of 5 percent from a decade earlier, and an increase of 24 percent compared with the low point of 2010. The most recent growth of 6 percent between 2016 and 2017 is the largest annual increase in cruise volume since 2013.

The highway/ferry market shows 12 percent growth between 2008 and 2017. The summers of 2015 and 2016 were particularly strong growth years at 12 and 10 percent, respectively. Similar to the air market, the highway/ferry growth rate slowed down considerably in 2017, to 2 percent.

See chart and table, next page.

Chart 4. Trends in Summer Visitor Volume, By Transportation Market, 2008-2017

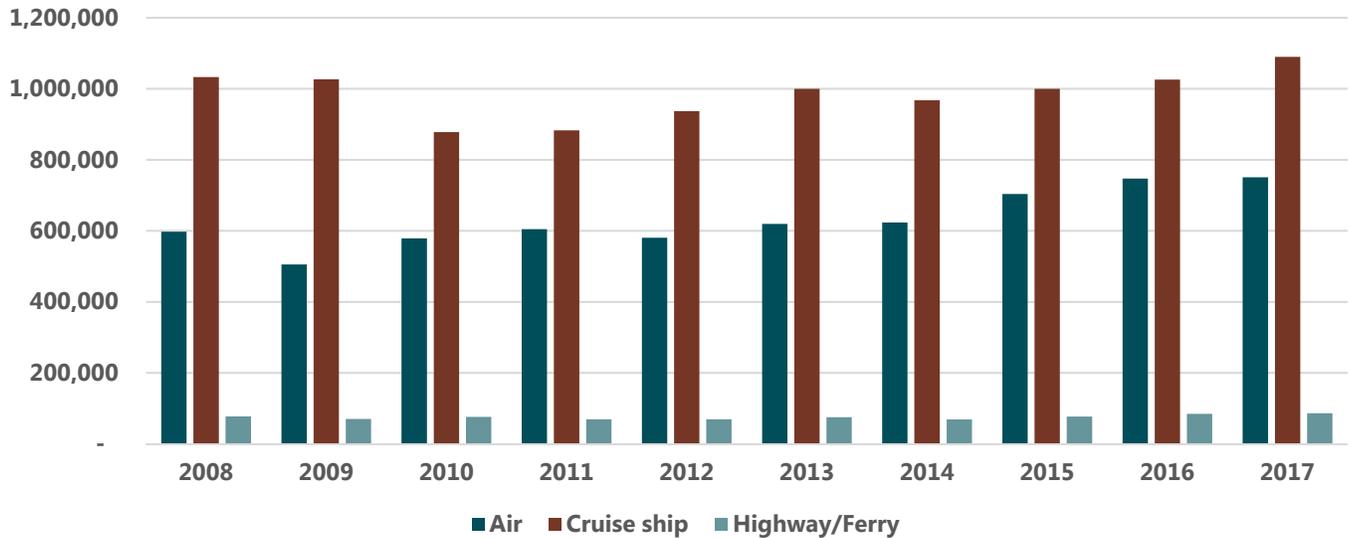


Table 1. Trends in Summer Visitor Volume, By Transportation Market, 2008-2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Air	597,200	505,200	578,400	604,500	580,500	619,400	623,600	703,400	747,100	750,500
Cruise ship	1,033,100	1,026,600	878,000	883,000	937,000	999,600	967,500	999,600	1,025,900	1,089,700
Highway/ Ferry	77,100	69,900	76,000	69,300	69,100	74,800	68,500	77,000	84,500	86,100
Total	1,707,400	1,601,700	1,532,400	1,556,800	1,586,600	1,693,800	1,659,600	1,780,000	1,857,500	1,926,300
<i>% change</i>		-6.2%	-4.3%	+1.6%	+1.9%	+6.8%	-2.0%	+7.3%	+4.4%	+3.7%

Sources: AVSP 6 and 7.

Additional Visitor Industry Indicators

Alaska Indicators

Table 2 (see page 5) presents changes in traffic data and other indicators comparing the 2017 summer visitor season with the previous year (2016). Unless otherwise indicated, data refers to the May through September time period.

DOMESTIC AIR

Domestic air traffic exiting Alaska (including both residents and visitors) was essentially flat between summers 2016 and 2017, showing an increase of only 0.2 percent.

- The near-zero growth was mostly attributable to Anchorage, where enplanements were completely flat between the two years. (Anchorage represented 73 percent of statewide exiting traffic.) Fairbanks traffic likewise showed little change: a decrease of 0.2 percent.
- Juneau and Ketchikan each showed minimal growth, at 1.3 percent and 0.7 percent, respectively. Sitka showed the largest growth of all exit points at 4.2 percent.
- "Other" airports include Petersburg, Wrangell, Cordova, and Yakutat. Combined, enplaning passenger traffic on outbound flights from these airports was up by 1.6 percent.

INTERNATIONAL AIR

Passengers exiting Alaska via international air increased incrementally between 2016 and 2017, from 22,193 to 22,365 passengers (0.8 percent). This is not necessarily an indicator of the overall international market; most international visitors exit Alaska via domestic air and cruise ship.

- Condor Airlines, which represented 59 percent of all international enplanements in 2017, was down by 1.7 percent from 2016.
- Icelandair, which represented 30 percent of international enplanements, was up by 2.1 percent from 2016.
- All other airlines combined represented 11 percent of international enplanements; these include Japan Airlines, Korean Air, China Airlines (new in 2017), China Eastern (new in 2017), and Yakutia Airlines. Two airlines that flew to Alaska in summer 2016 did not return in 2017: Uzbekistan Airways and All Nippon.
- Anchorage enplanements accounted for 92 percent of international air traffic, while Fairbanks accounted for the remaining 8 percent.

CRUISE SHIP

Total cruise ship volume was up by 6.2 percent between 2016 and 2017.

- Cross-gulf passengers (those sailing between Whittier/Seward and ports in the lower 48 and British Columbia) were down by 0.7 percent in 2017.

- Alaska’s small ship market, which includes ships with capacities of less than 250 passengers, maintained traffic levels between 2016 and 2017 at about 14,000 passengers.
- Cruise traffic is projected to increase by an additional 7.0 percent in 2018; cross-gulf volume is projected to increase by roughly 20 percent.

FERRY

The number of Alaska Marine Highway System passengers was down by 7.6 percent in summer 2017, residents and visitors combined. (Data on non-resident ridership is not available as the ferry system no longer requires passengers to report their zip codes.)

FISHING LICENSES

Sportfishing licenses sold to non-residents was down slightly, by 0.6 percent, between 2016 and 2017.

TAX REVENUES

Bed taxes and vehicle rental taxes reflect usage by both residents and non-residents, and can be affected by changes in rental rates. Changes in tax revenues are presented as supporting indicators; they are not necessarily directly reflective of visitor volume.

- Bed tax revenues were up in most communities, although growth rates ranged widely. Sitka showed the strongest growth at 15.4 percent, followed by Juneau and Ketchikan at 8.3 percent and 8.4 percent, respectively. Anchorage and Denali grew by about half as much, at 4.5 and 4.6 percent, respectively, while Mat-Su showed a 2.9 percent increase. Fairbanks showed the only decline, at 1.8 percent.
- Anchorage car rental tax revenues were up by 2.4 percent in summer 2017, while RV revenues were up by 1.7 percent.

See table, next page

**Table 2. Summer 2017 Visitor Industry Indicators
Change from Previous Summer, 2016-2017**

Change 2016-2017	
Domestic airplane passengers exiting Alaska, May-September	
Anchorage	0.0%
Fairbanks	-0.2%
Juneau	+1.3%
Ketchikan	+0.7%
Sitka	+4.2%
Other	+1.6%
Total	+0.2%
International airplane passengers exiting Alaska, May-September	
Total	+0.8%
Cruise passenger traffic, May-September	
Total passenger volume	+6.2%
Cross-gulf passenger volume	-0.7%
Alaska Marine Highway traffic, May-September	
Total passengers	-7.6%
Non-resident sportfishing licenses, January-September	
Total	-0.6%
Bed tax revenues, April-September	
Anchorage	+4.5%
Fairbanks	-1.8%
Mat-Su	+2.9%
Denali	+4.6%
Juneau	+8.3%
Ketchikan	+8.4%
Sitka	+15.4%
Vehicle rental tax revenues, April-September	
Anchorage car rental	+2.4%
Anchorage RV rental	+1.7%

Notes: Air passenger traffic includes both residents and non-residents. All bed tax revenue data refers to April through September with the exception of Ketchikan (full year), Mat-Su (full year), and Denali (fiscal year). The Fairbanks bed tax figure reflects combined City, Borough, and North Pole taxes.

Sources: Alaska Airlines, Delta Airlines, Alaska Department of Transportation and Public Facilities, Juneau International Airport, Ketchikan International Airport, Cruise Line Agencies of Alaska, Alaska Department of Fish and Game, Alaska Marine Highway System, Municipality of Anchorage, Explore Fairbanks, Matanuska-Susitna Borough, Denali Borough, City and Borough of Sitka, Ketchikan Visitors Bureau, and City and Borough of Juneau.

U.S. Travel and Economic Indicators

Most U.S. travel indicators for 2017 were positive, although Alaska's summer traffic growth rate of 3.7 percent was comparatively stronger. U.S. domestic travel was up slightly (by 1.9 percent), while overseas arrivals were down by 6.3 percent. Hotel occupancy was up very slightly (by 0.4 percent); average daily rate was up by 2.2 percent; and RevPAR was up by 3.0 percent. Average U.S. fuel prices were up by 12.6 percent.

Overall U.S. economic activity showed positive trends in 2017: Real GDP was up by 2.3 percent, the unemployment rate was down by 0.5 percent, and the Consumer Price Index was up by 2.5 percent.

Table 1. Nationwide Economic and Travel Industry Indicators 2016-17

	Change 2016-17
U.S. Travel Indicators	
Domestic person-trips	+1.9%
Leisure	+2.0%
Business	+1.7%
Overseas arrivals to the U.S. (through September)	-6.3%
Hotel occupancy	+0.4%
Average Daily Rate (ADR)	+2.2%
Revenue Per Available Room (RevPAR)	+3.0%
Average U.S. fuel price	+12.6%
U.S. Economic Performance	
Real GDP	+2.3%
Unemployment rate (% of labor force) ¹	-0.5%
Consumer Price Index (January 2016-17)	+2.5%

Sources: US Travel Association (ustravel.org), Smith Travel Research (str.com), American Hotel and Lodging Association (ahla.com), Bureau of Transportation Statistics (bts.gov), Bureau of Labor Statistics (bls.gov), Bureau of Economic Analysis (bea.gov).

Looking ahead, the U.S. Travel Association projects both leisure and business domestic travel to increase by roughly 2 percent in 2018, and another 2 percent in 2019.¹ U.S. travel expenditures are projected to be up by 5 percent in 2018, and 4 percent in 2019.

¹ www.ustravel.org

This report provides visitor volume estimates for Alaska between May 1 and September 30, 2017. McDowell Group is contracted by the Alaska Department of Commerce, Community, and Economic Development (DCCED) to conduct periodic visitor volume estimates. Some information is based on the *Alaska Visitor Statistics Program 7*, conducted by McDowell Group in 2016, also for DCCED.

Visitor volume is estimated by exit mode; the methodology is slightly different for each mode.

Domestic and International Air: Outgoing traffic by month and by port was gathered from Alaska Airlines, Delta Airlines, Alaska Department of Transportation and Public Facilities (for Anchorage and Fairbanks airport traffic), Ketchikan International Airport, and Juneau International Airport. Visitor/resident ratios were applied to monthly traffic, by port, to arrive at visitor volume estimates. Ratios were determined in the summer 2016 AVSP survey fielding period, during which time 53,394 flight passengers were tallied as they embarked on flights exiting Alaska. The airports where tallies took place included Anchorage, Fairbanks, Juneau, Ketchikan, and Sitka.

Highway: Highway border crossing data was gathered from the U.S. Department of Homeland Security. While all other traffic data refers to exiting traffic, entering traffic is used for highway estimates due to Yukon border data being incompatible with AVSP methodology. The assumption is made that a similar number of people cross the border each direction, as previous data has shown. One exception is in personal vehicle crossings at Skagway; U.S. data includes vehicles that only drive up to the pass and turn around, inflating the traffic numbers. Yukon data is therefore used for border crossings by personal vehicles at Skagway.

Visitor/resident ratios were applied to monthly traffic, by port, to arrive at visitor volume estimates. Ratios were determined in the summer 2016 AVSP survey fielding period, during which time 4,047 highway travelers were tallied as they drove the highway, before exiting Alaska. Tallies occurred at four locations: near the US border stations on the Klondike, Haines, and Alcan Highways, and north of Tetlin Junction on the Taylor highway.

Ferry: The Alaska Marine Highway provided exiting traffic data by month and port (passengers disembarking at Bellingham and Prince Rupert). Because AMHS no longer requires zip codes when passengers purchase a ticket, visitor/resident ratios from 2015 were applied to total passengers, by month and port, to arrive at estimated visitor volume.

Cruise: Cruise Line Agencies of Alaska provided passenger data for every port and every cruise ship for the summer 2017 season. Two numbers are generated from this data: the total number of cruise passengers, and the number of passengers who exit Alaska via cruise ship. The total number of cruise passengers is determined by adding together the maximum number of passengers recorded for each ship (without double-counting passengers who call at the same port twice). The number of passengers exiting Alaska is determined by counting the passengers aboard each ship as it exited the state (sailed southbound from an Alaska port to a Canadian port, or sailed eastbound towards Asian ports). All cruise ship passengers are assumed to be visitors.

This report also includes additional indicators of the 2017 visitor season. Sources included:

- Bed tax revenue data from Municipality of Anchorage, Explore Fairbanks, Denali Borough, City and Borough of Juneau, Ketchikan Visitors Bureau, City and Borough of Sitka, and Matanuska-Susitna Borough.
- Vehicle rental tax revenue data from Municipality of Anchorage.
- Fishing license sales data from the Alaska Department of Fish and Game.
- U.S. travel industry and economic indicators from the U.S. Travel Association, Bureau of Labor Statistics, Bureau of Transportation Statistics, and Smith Travel Research.

McDowell Group would like to acknowledge the following entities for their assistance with the project.

Alaska Airlines
 Alaska Department of Transportation and Public Facilities
 Alaska Department of Fish and Game
 Alaska Marine Highway System
 Cruise Line Agencies of Alaska
 Delta Airlines
 Juneau International Airport
 Ketchikan International Airport
 U.S. Department of Homeland Security
 Yukon Department of Tourism and Culture

Visitor/Resident Ratios

The following table shows the percentage of all travelers exiting the state by various transportation modes who are out-of-state visitors (rather than Alaska residents) in summer 2017. For example, an estimated 69.6 percent of travelers who exited Alaska via Domestic Air in summer 2017 were visitors. These ratios are a composite of ratios by location, by month. Because they apply to traffic data on a monthly and by-location basis, applying them to overall traffic will not yield the same results.

It is important to note that the highway ratio refers to highway travelers who are exiting the state for the final time on their trip. This eliminates the possibility of double-counting visitors who exit the state twice – for example, ferry passengers who exit the state at Beaver Creek, then re-enter at Haines to board a ferry.

Table 5. Visitor Percentages, by Mode

Exit Mode	Percentage Visitors
Domestic Air	69.6%
International Air	80.7%
Highway ¹	34.5%
Ferry	66.5%
Cruise ship	100.0%
Total	78.1%

¹ The highway ratio refers to "last-exit" visitors: not planning to re-enter Alaska on the same trip.