

## **2008 Tourism Projection From Corvallis Tourism**

### **Modest Growth for National Travel Projected in 2008. (Travel Industry Association of America)**

According to TIA's annual forecast, the U.S. travel industry is expected to post only moderate gains in nearly all sectors in 2008. Travel spending by domestic and international visitors in 2008 is forecast to increase more than 5 percent to \$778.2 billion, up from projected full-year 2007 travel spending of \$740 billion. Domestic leisure trips are expected to continue an upward trend of modest growth in 2008 and a slight increase in travel for business is expected. (TIA)

### **Tourism for Corvallis Flat for 2008: (Corvallis Tourism)**

Because of the mix of Corvallis lodging business, Corvallis tends to follow national trends quite predictably.

Presidential elections at the end of 2008 usually help with State and Governmental travel in the first two quarters of 2008.

Corvallis Tourism is projecting flat or very modest growth in 2008. The construction and opening of the T.J.Max shopping center will help occupancy for the upper 9<sup>th</sup> street properties for the first quarter of 2008 and the start of construction of the agricultural supply center by OSU Federal Credit Union will assist them in the second quarter.

Business travel growth is expected to fall slightly in Corvallis in 2008 with a decrease in HP business travel and business travel slowing in general.

Growth in leisure drive travel, the main mode of travel into Corvallis will slow in 2008 as people shorten their drive distances and gas prices remain high. The main change in this trend could come if gas prices fall back below \$3 as a pent up demand for travel will boost summer 2008 travel.

The Consumer Confidence Index often a precursor for both business and leisure travel trends has been falling over the last seven months according to the Conference Board. The Index, which has been declining since the summer, declined further in November. The Index now stands at 87.3 (1985=100), down from 95.2 in October. The Present Situation Index decreased to 115.4 from 118.0 in October. The Expectations Index declined to 68.7 from 80.0.

The Consumer Confidence Survey is based on a representative sample of 5,000 U.S. households. The monthly survey is conducted for The Conference Board by TNS. TNS is the world's largest custom research company. The cutoff date for November's preliminary results was November 19th.

Lynn Franco, Director of The Conference Board Consumer Research Center stated: "This month's deterioration in confidence was due primarily to the sharp decline in the Expectations Index. Consumers'

apprehension about the short-term outlook is being fueled by volatility in financial markets, rising prices at the pump and the likelihood of larger home heating bills this winter. In fact, consumers' inflation expectations have surpassed the spike experienced this spring and a larger percentage than last month expect stock prices to decline. The Present Situation Index, despite losing ground, still suggests the economy is expanding, albeit slowly. Despite this rather bleak outlook, consumers have not lost their holiday spirit and anticipate spending more on gifts this season than they did last Christmas."

The Conference Board's most recent consumer survey found 45.8% of Americans intend to take a vacation within six months, down slightly from 46.4% a year ago.

"When there's a slowdown in the economy, travel only slows slightly," said Douglas Shifflet of D.K. Shifflet & Associates, which tracks travel trends. He added:

"The amount of time people spend on vacations and in hotels is hit harder. They make tradeoffs; they stay closer to home or with friends and relatives."

#### **Oregon Economic Forecast 2008 (December 2007): (State of Oregon)**

After 16 consecutive quarters of job gains that started in the middle of 2003, Oregon lost some jobs in third quarter 2007. The initial estimate of job loss was an annualized rate of 0.3 percent.

Nonetheless, on a year-over-year (Y/Y) basis, jobs increased in the third quarter by 0.9 percent. Total nonfarm jobs in Oregon now stand at 1,723,300, down 1,150 from the second quarter. This slowdown in job creation has been expected after three years of strong job growth in Oregon. The national employment growth rate is also on the way down.

OEA forecasts Oregon's employment to rise by 1.2 percent for 2007, a sharp deceleration from 2005 and 2006. This is because OEA continues to assume that the rest of 2007 will see much more subdued growth. OEA projects the job growth in fourth quarter 2007 to be 0.5 percent, continuing the slowing trend since the 2.6 percent growth in the first quarter. Manufacturing will stabilize, and retail and services will continue to feel the impact from slower consumer spending.

The durable goods manufacturing sector will suffer job losses in 2007, reflecting weak wood product, transportation equipment, and computer and electronics industries. We expect some job gains in 2009 as the economy recovers from the housing slump. In fact, improvement in this industry is expected to start in late 2008.

The computer and electronic products industry, which contains semiconductors, will show a slow decline in jobs or flat growth during the forecast horizon. The out years are projected to keep this sector on a flat or slightly downward path. The sector is subject to further uncertainty as high tech firms try to become more cost-effective in manufacturing, research, and development.

Employment in the transportation equipment industry will decline 10.4 percent in 2007, partly reflecting the pullout of Freightliner commercial trucks from Portland. This sector will stabilize in

2008 and will fluctuate around business cycles in out years, with some growth in 2009. Construction jobs will stay virtually flat in 2007. The housing sector slowdown has yet to exert its full impact, but for now the nonresidential sector has more than offset the loss in housing construction. We expect some job loss in 2008, followed by flat growth in 2009. If the housing sector deteriorates worse than expected, which is a distinct possibility at this point, 2007 could see a decline in construction jobs.

Retail trade jobs will increase in 2007. Much slower growth will show up in 2008, followed by a good 2.2 percent growth in 2009.

The professional and business services industry grew rapidly with the booming economy in 2004-2006. It will see a substantial slowdown in 2007. This industry will see basically flat growth in 2008.

Health services grew even during the recession. The robust growth continues in 2007, followed by similar increases in both 2008 and 2009.

Government employment is expected to increase by 1.4 percent in 2007, followed by growth of 1.4 percent in 2008 and 0.9 percent in 2009. Local government jobs will continue to experience mild growth to meet an increasing service demand due to population growth.

State of Oregon: Office of Economic Analysis

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