

OREGON'S TRAVEL & TOURISM INDUSTRY OVERVIEW



WHO IS OREGON'S TRAVEL & TOURISM INDUSTRY?

105,600 OREGONIANS DIRECTLY EMPLOYED*

- Restaurants, hotels, wineries, attractions, guiding & outfitter businesses, tour operators, visitor information centers, convention and visitor bureaus
- Indirect: Gas stations, community centers, shopping centers, printers, art galleries

*2015 figure

INVESTING IN OREGON'S TOURISM INDUSTRY

Oregon's tourism budget pre-2004

- 47th lowest of the 50 states
- Losing tourism market share to other states
- Oregon needed an economic stimulus

Oregon's Tourism Investment

- House Bill 2267 passed and signed into law creating 1% Statewide Lodging Tax



OREGON'S 7 TOURISM REGIONS (RDMOS)



GRANT PROGRAMS

INDUSTRY.TRAVELOREGON.COM/MATCHING-GRANTS

TRAVEL OREGON MATCHING GRANTS PROGRAM

- \$500,000 allocated for the 2016-2017 grant cycle
- New tourism projects that contribute to development and improvement of local economies and communities
- Generate overnight stays in the region via partnerships with local tourism businesses and organizations

OREGON WINE COUNTRY PLATES MATCHING GRANT

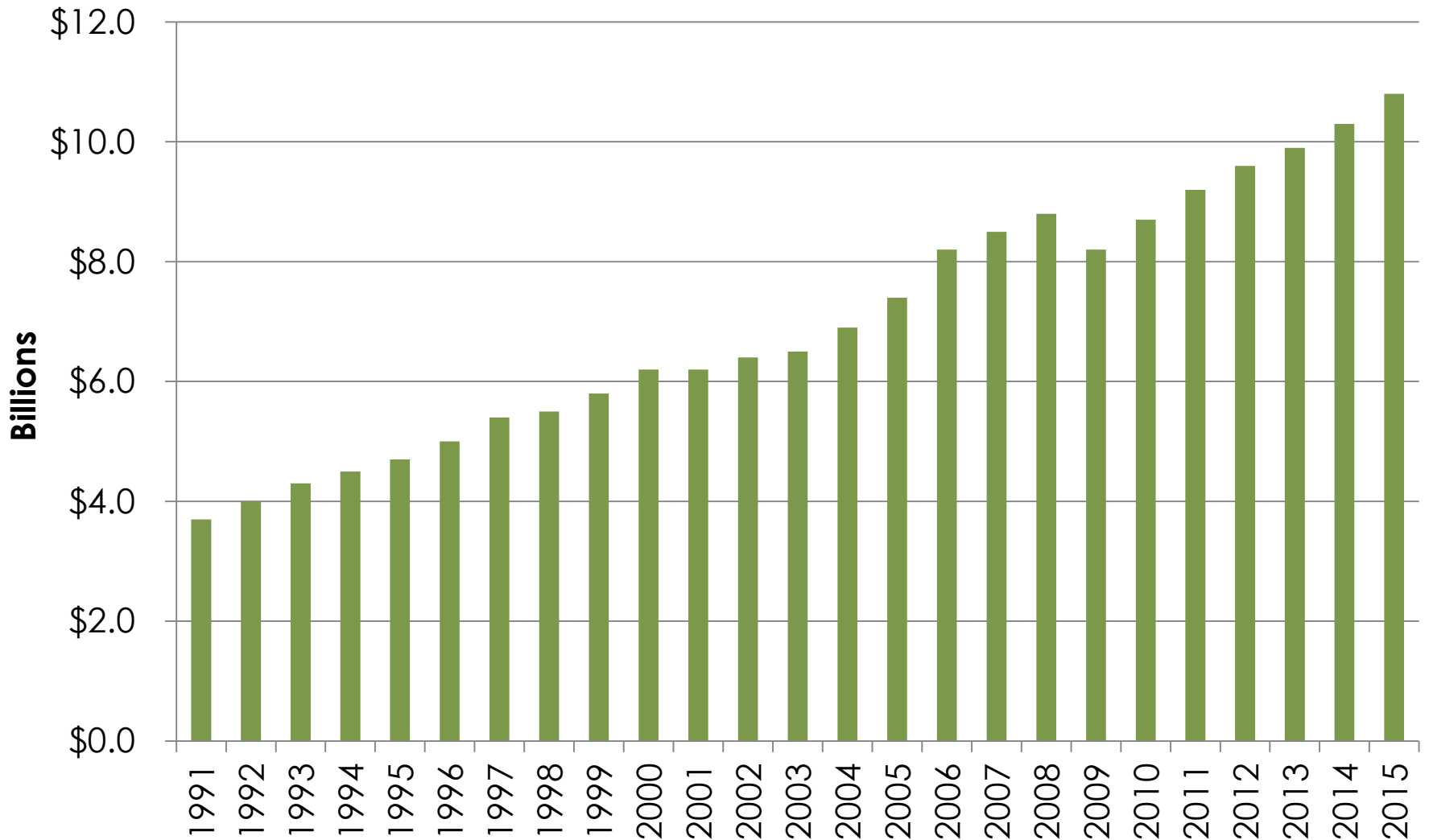
- \$60,000 allocated to wine & culinary projects for the 2016-2017 grant cycle

RURAL TOURISM STUDIO GRANT

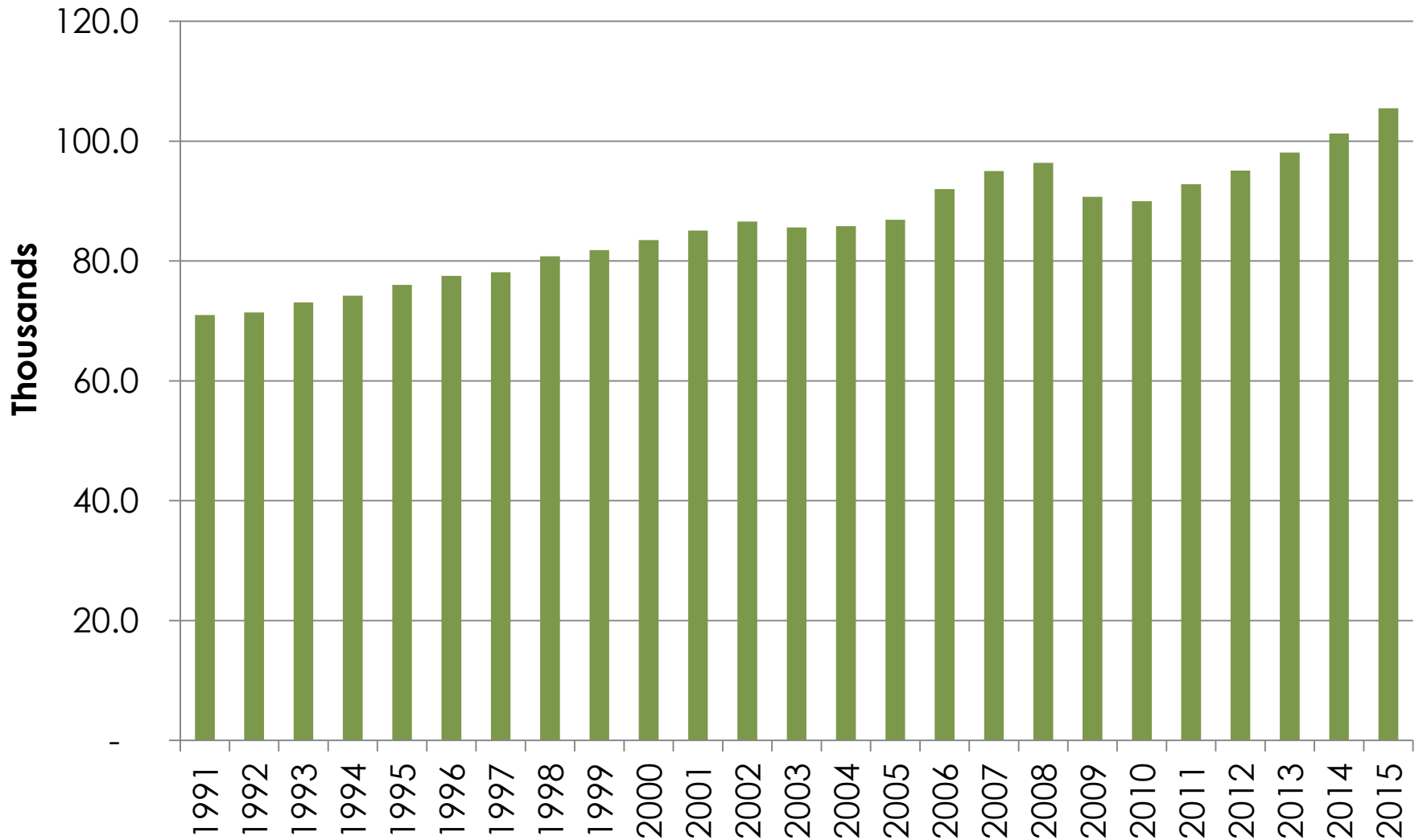
- Administered to communities that complete the Rural Tourism Studio program to help with marketing initiatives that develop out of the studios

Statewide Lodging Tax Revenue Picture

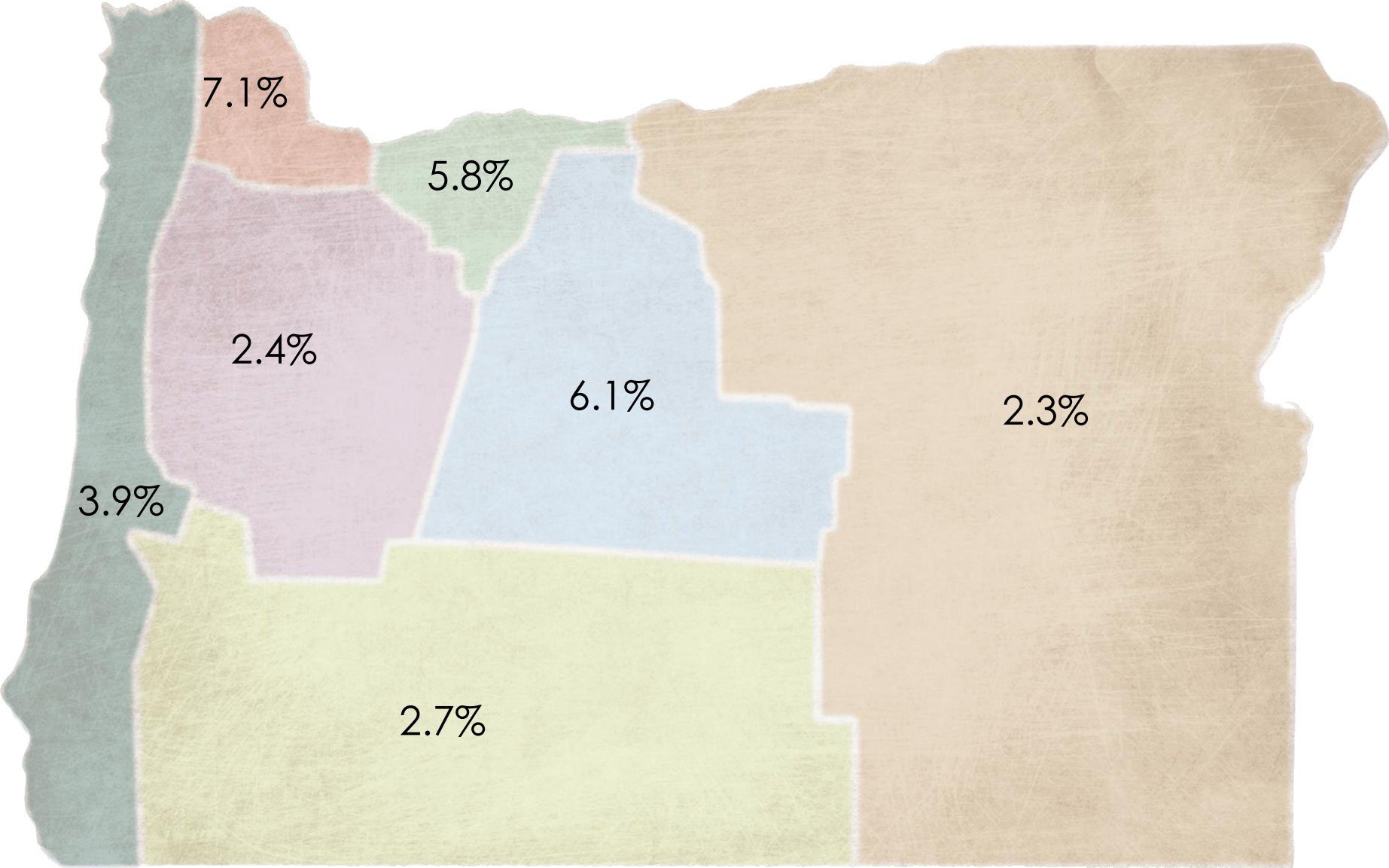
OREGON VISITOR EXPENDITURES



OREGON VISITOR INDUSTRY EMPLOYMENT

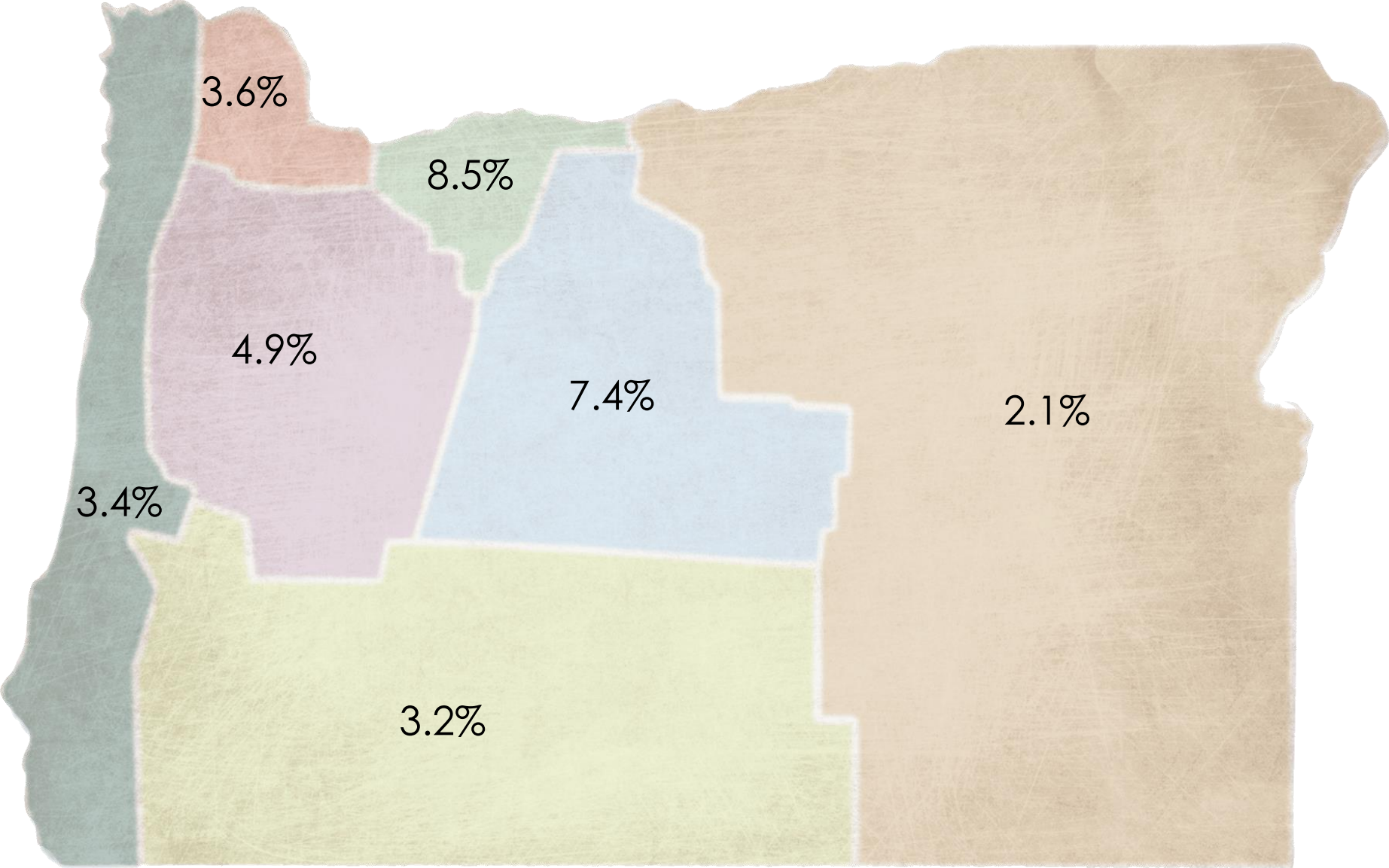


2015 VISITOR SPENDING ANNUAL CHANGE



Source: Dean Runyan Associates

2015 & 2016 AVERAGE GROWTH IN DEMAND



Source: Smith Travel Research (STR)

SUMMARY FORECAST FROM US TRAVEL ASSOCIATION (% GROWTH)

| | 2016 | 2017 | 2018 |
|------------------------|-------------|-------------|-------------|
| Domestic Leisure | 1.7% | 1.6% | 1.6% |
| Domestic Business | -0.6% | 0.5% | 0.8% |
| International Visitors | -0.9% | 2.4% | 4.1% |
| Domestic Spending | 2.5% | 2.7% | 3.5% |
| International Spending | -1.5% | 3.3% | 5.4% |

INTERNATIONAL TRAVEL

- Demand for international tourism remained robust in 2016 despite challenges
 - International arrivals grew by 3.9% to reach a total of 1,235 million
 - 46 million more overnight visitors travelled internationally last year over 2015
- 2016 was 7th consecutive year of sustained growth
 - A comparable sequence of uninterrupted solid growth has not been recorded since late 1960s

INTERNATIONAL ARRIVALS TO OREGON

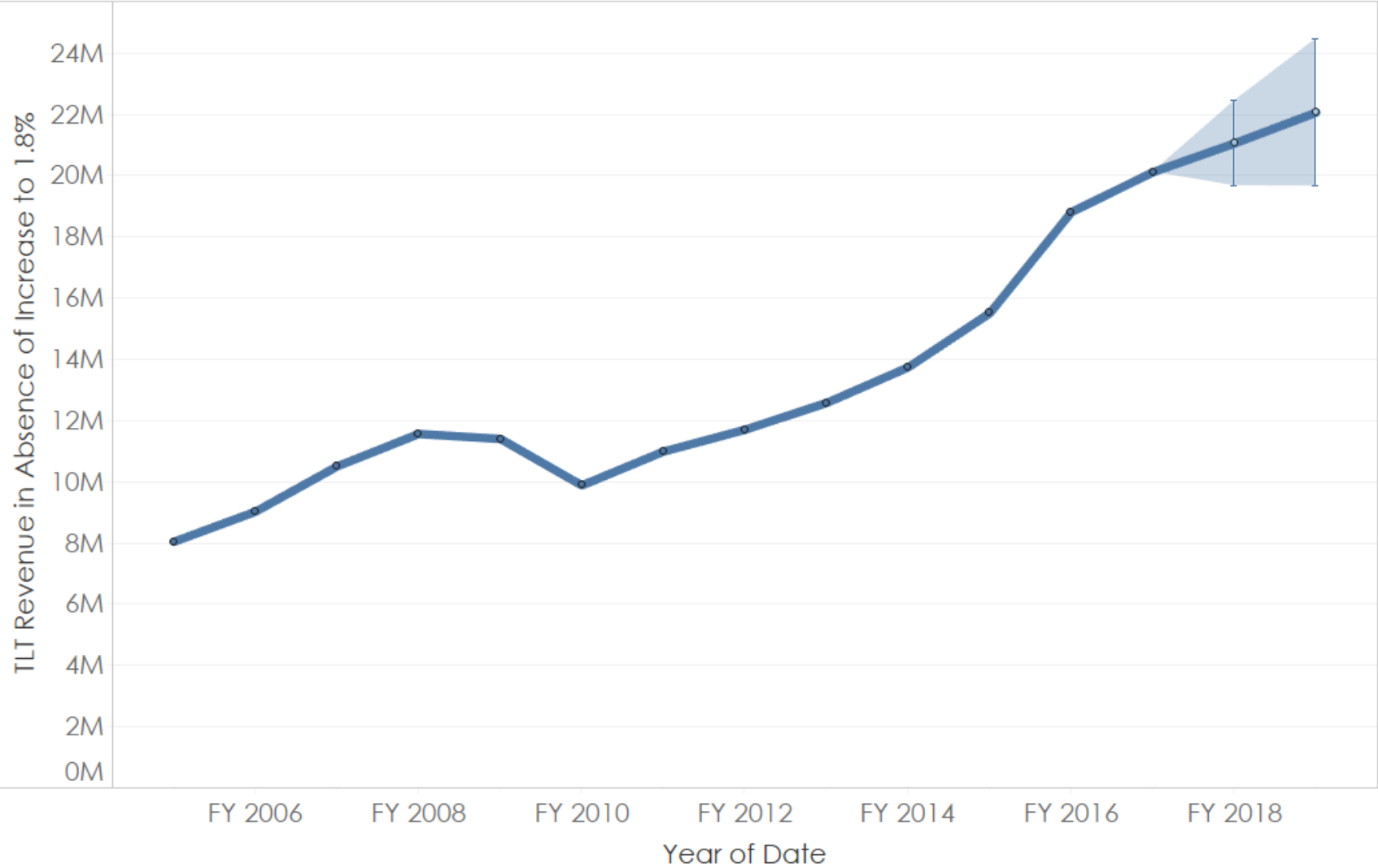
| | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------|-----------|-----------|-----------|-----------|-----------|
| Total, All | 1,756,000 | 1,984,000 | 1,870,000 | 2,034,000 | 1,889,000 |
| Total, Top 15 | 1,502,000 | 1,785,000 | 1,681,000 | 1,804,000 | 1,666,000 |
| Canada | 1,208,000 | 1,470,000 | 1,355,000 | 1,439,000 | 1,271,000 |
| Japan | 46,000 | 50,000 | 47,000 | 52,000 | 58,000 |
| UK | 35,000 | 38,000 | 40,000 | 43,000 | 47,000 |
| Germany (+A,CH) | 33,000 | 36,000 | 36,000 | 38,000 | 40,000 |
| Australia, NZ | 38,000 | 36,000 | 35,000 | 38,000 | 40,000 |
| Korea | 23,000 | 23,000 | 21,000 | 21,000 | 22,000 |
| Scandinavia | 23,000 | 24,000 | 24,000 | 25,000 | 24,000 |
| Mexico | 15,000 | 17,000 | 21,000 | 24,000 | 21,000 |
| France | 13,000 | 13,000 | 15,000 | 16,000 | 16,000 |
| Taiwan | 10,000 | 9,000 | 11,000 | 12,000 | 14,000 |
| China | 26,000 | 37,000 | 46,000 | 62,000 | 80,000 |
| Benelux | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 |
| Italy | 6,000 | 6,000 | 6,000 | 6,000 | 5,000 |
| Brazil | 9,000 | 10,000 | 11,000 | 13,000 | 9,000 |
| India | 8,000 | 8,000 | 9,000 | 10,000 | 12,000 |

Travel Oregon estimates are based on and extrapolated from aggregate card usage data provided by VisaVue® Travel. They incorporate data from other independent research sources. Spending amounts and patterns are based on face-to-face Visa card transactions in Oregon. Transactions utilizing cash, pre-paid, phone, internet and other credit/debit cards are not included. Conversion factors are used to extrapolate arrivals, but spending per visitor is in its raw form (only Visa card purchases). Amounts on the sheet are rounded, with associated rounding errors. All calculations are done on un-rounded data.

STR FORECAST - OREGON

- Occupancy is projected to continue to be on the top end of the historical range through summer of 2018
 - Occupancy rates are projected to be effectively flat
67.4% in 2016 and 67.7% in 2017
- Revenue is projected to increase 4.4% through 2017 and continue at 4.6% growth through summer 2018
- Change in overall revenue will be driven by the ability of hoteliers to increase rate.
 - STR projects Oregon ADR will increase 4% in 2017.
 - Increased supply nationally, and in the Oregon market have the potential to soften ADR at certain times of the year and in certain markets.
 - STR data show 2,713 new hotel rooms in the Oregon supply pipeline for 2017 and 2018

TLT Projections: Assuming Tax Rate Held at 1% to Allow for Comparison
Model assumes that the final 2 Quarters of FY 2016-17 will hit projections



TOURISM PERFORMS

| | IN 2003 | IN 2015 | CHANGE |
|----------------------------|----------------------|-----------------------|-------------|
| DIRECT EMPLOYMENT | 85,600 JOBS | 105,600 JOBS | +23% |
| EMPLOYEE EARNINGS | \$1.7 BILLION | \$2.8 BILLION | +65% |
| VISITOR SPENDING | \$6.5 BILLION | \$10.8 BILLION | +66% |
| TAXES (STATE/LOCAL) | \$242 MILLION | \$458 MILLION | +89% |

Source: Oregon Travel Impacts, Dean Runyan Associates, 2016

Thank You