



MICHIGAN TRAVEL INDICATORS

2001 Annual Report

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Travel Activity Indicators, 2001 vs. 2000

During 2001, statewide highway traffic volume increased 3.9% compared to 2000. This is higher than the 2.0% increase we forecasted at the beginning of 2001, but exactly the same as the annual average increase since 1985. While most of the monitored areas experienced decreases in traffic counts, increases were registered in several areas in the Lower Peninsula, including Traverse City (+8.4%), Muskegon (+8.0%), and Detroit (+5.0%). The number of vehicles crossing Mackinac Bridge decreased by 1.7%. Statewide hotel and motel sales and use tax collections declined 5.5%.

Total precipitation in 2001 was 4.1% higher than in 2000 and also 5.0% higher than normal. The average high temperature statewide this year was 2.8% higher than last year and 4.2% higher than normal. In spite of this increase in precipitation, low Great Lakes water levels continue to be a concern of marina operators and related businesses.

State park overnight campground stays in Michigan decreased by 1.4% in 2001. Aggregate attendance at ten selected attractions was also down by 1.1% from the previous year. Decreases occurred at seven of the ten attractions we monitor. The largest increase in visitors, 17.3%, occurred at the P. J. Hoffmaster State Park in Muskegon.

Economic Indicators, 2001 vs. 2000

According to the U.S. Bureau of Economic Analysis and Labor Statistics, the U.S. experienced a 3.3% increase in nominal Gross Domestic Product (GDP) in 2001, which is unusual in a year marked by an officially declared economic recession. After accounting for inflation, real GDP increased by only 1.1%. The national unemployment rate this year climbed by 20.0%. The unemployment rate increased by 24.5% in the Great Lakes region (Michigan, Ohio, Indiana, Illinois, Wisconsin, and Minnesota) and by 47.2% in Michigan.

Fortunately, inflation remained low in 2001. The overall Consumer Price Index for All Urban Consumers (U.S. city average) increased only 2.8% in this year. Hotel/motel

lodging prices (U.S. city average) increased 0.6%, and restaurant prices (within the Detroit-Ann Arbor-Flint area) increased 2.2%. According to AAA Michigan's weekly "Fuel Gauge" surveys of Michigan's gas stations, regular unleaded gasoline prices in 2001 averaged 4.1% less than in 2000. Real (i.e., adjusted for inflation) gasoline prices nationally declined 3.2% but not enough to fully offset the run up in prices experienced in 2000.

The Conference Board's Present Situation Index and Expectations Index in 2001 both declined significantly, by 21.9% and 25.1%, respectively. The Consumer Confidence Index, a composite of the previous two indices, plummeted 23.5% this year. The U.S. dollar remained strong in the foreign exchange market; it was 4.3% stronger this year than it was last year compared to the Canadian dollar, bringing \$1.55 Canadian per U.S. dollar in exchange.

The year 2001 was unusually challenging for Michigan's and the nation's tourism industry. The economy slid into an unexpected recession in March, and the terrorism attacks on 9/11 exacerbated what was already a negative operating environment for tourism. Led by urban destinations most dependent upon air travel, the hotel and motel sector of Michigan's tourism industry could not withstand the combined impacts of a weak economy and terrorism attacks. Despite these challenges, Michigan's tourism industry displayed resilience as indicated by yet another year of record growth in travel volume.

CVB Survey Shows a 1% Decrease in Room Assessments

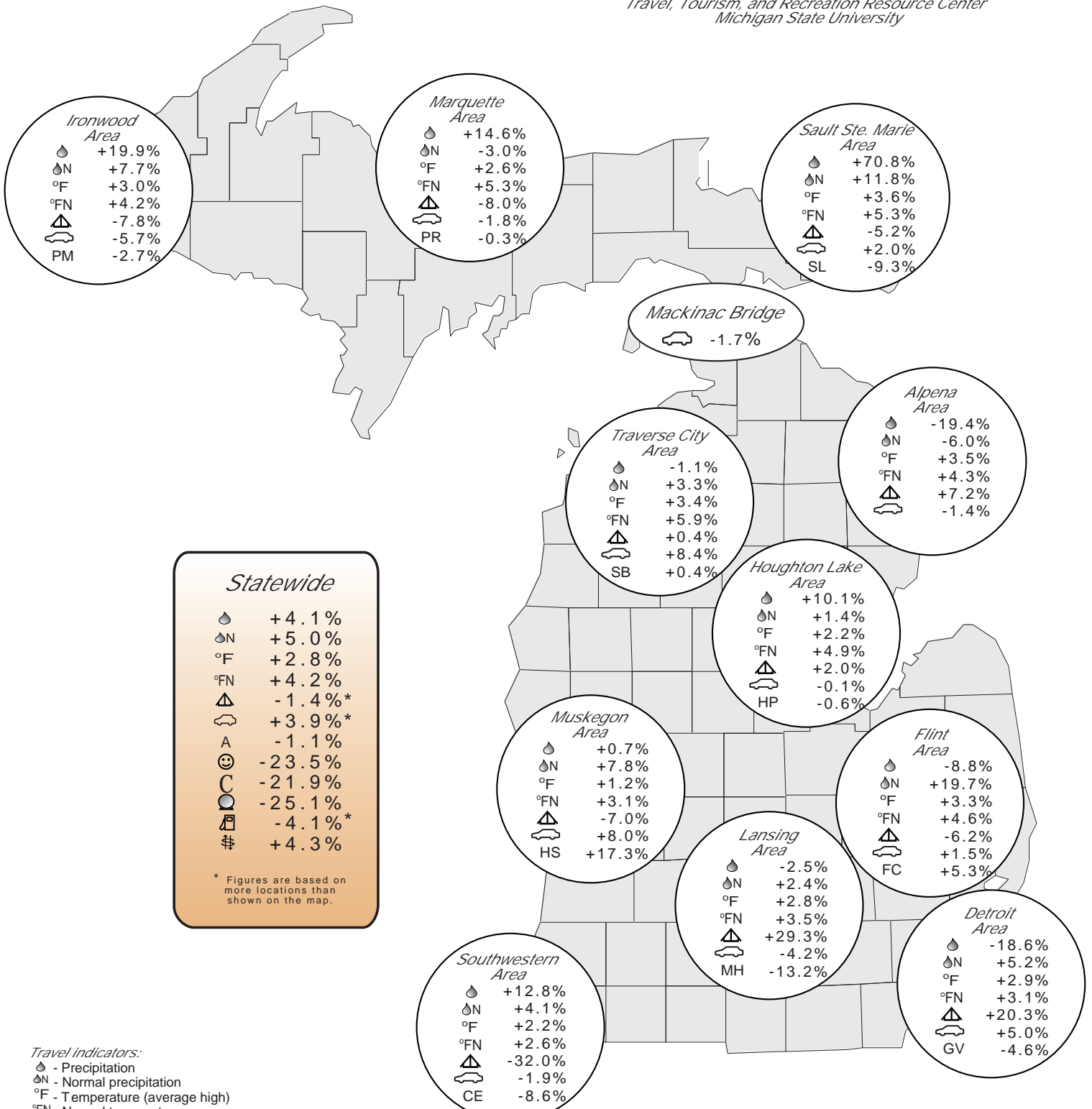
Our survey of Michigan Convention and Visitor Bureaus' room assessment collections indicates that room assessments in 2001, across 30 responding assessment districts, decreased slightly, by 0.63%, compared to 2000. Room assessments in the Upper Peninsula decreased by 2.63%.

Forecast of Michigan Travel Activity for 2002

We project that in 2002, travel volume will increase 3-4%, travel spending will increase 5-6%, and travel prices will increase 3-4%, primarily due to a strengthening U.S. economy and growing consumer confidence. Respondents to our CVB survey on the average also anticipate a nearly 3% increase in room assessment collections in 2002 compared to 2001.

Summary of Annual Michigan Travel Indicators 2001 vs. 2000

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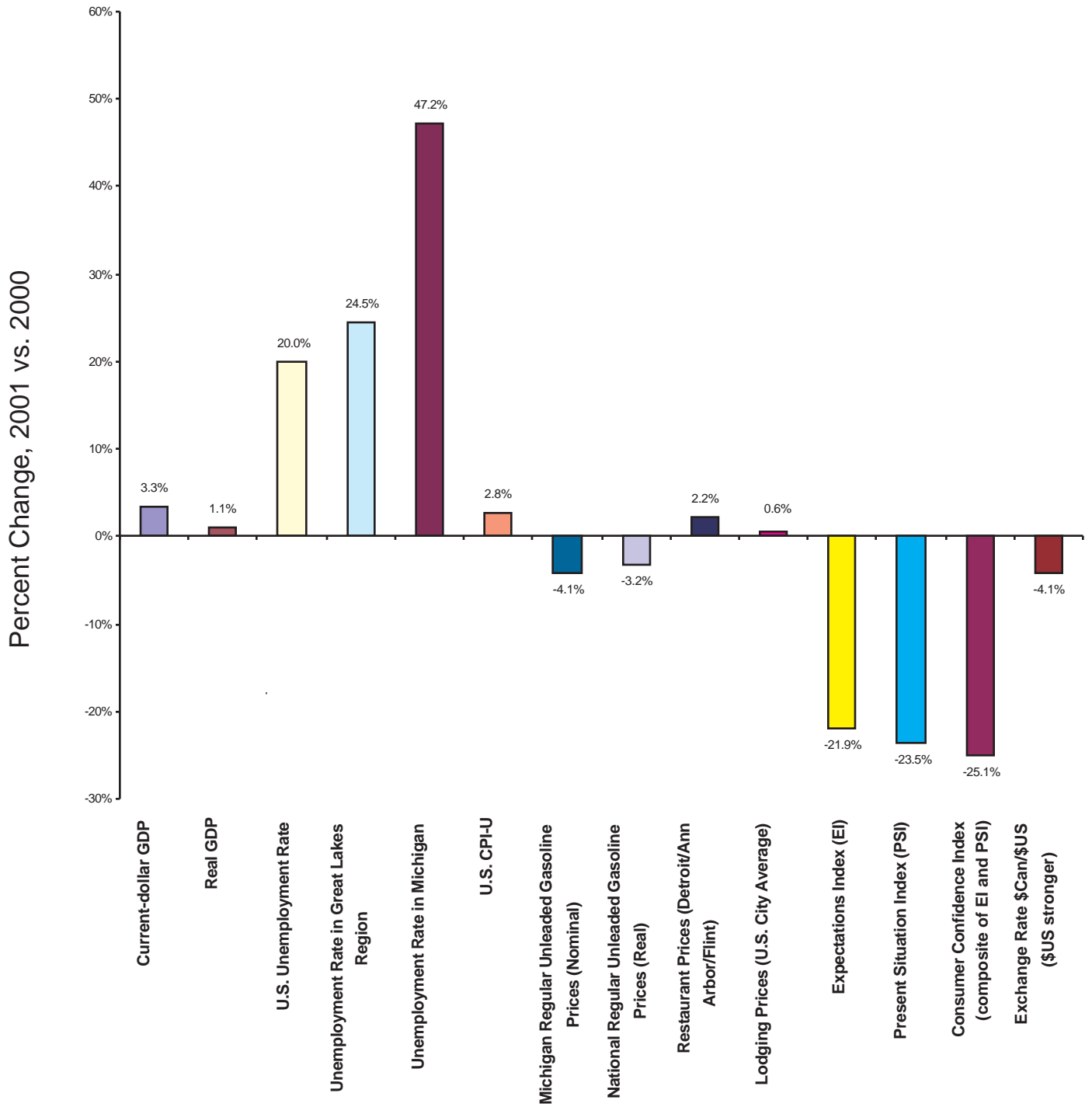
- Travel indicators:**
- 🌧️ - Precipitation
 - °N - Normal precipitation
 - °F - Temperature (average high)
 - °FN - Normal temperature
 - △ - Number of overnight stays at state parks
 - 🚗 - Highway traffic counts
 - A - Attendance at attractions
 - ☺ - Consumer Confidence
 - C - Present Situation
 - 📊 - Expectations
 - 🛢️ - Gasoline prices
 - ₹ - Exchange rate (Can\$/US\$)

- Selected attractions:**
- CE - Cook Energy Information Center
 - FC - Flint Cultural Center
 - GV - Greenfield Village & Henry Ford Museum
 - HP - Hartwick Pines State Park
 - HS - P.J. Hoffmaster State Park
 - MH - Michigan Historical Museum
 - PM - Porcupine Mountains Wilderness State Park
 - PR - Pictured Rocks National Lakeshore
 - SB - Sleeping Bear Dunes National Lakeshore
 - SL - Soo Locks

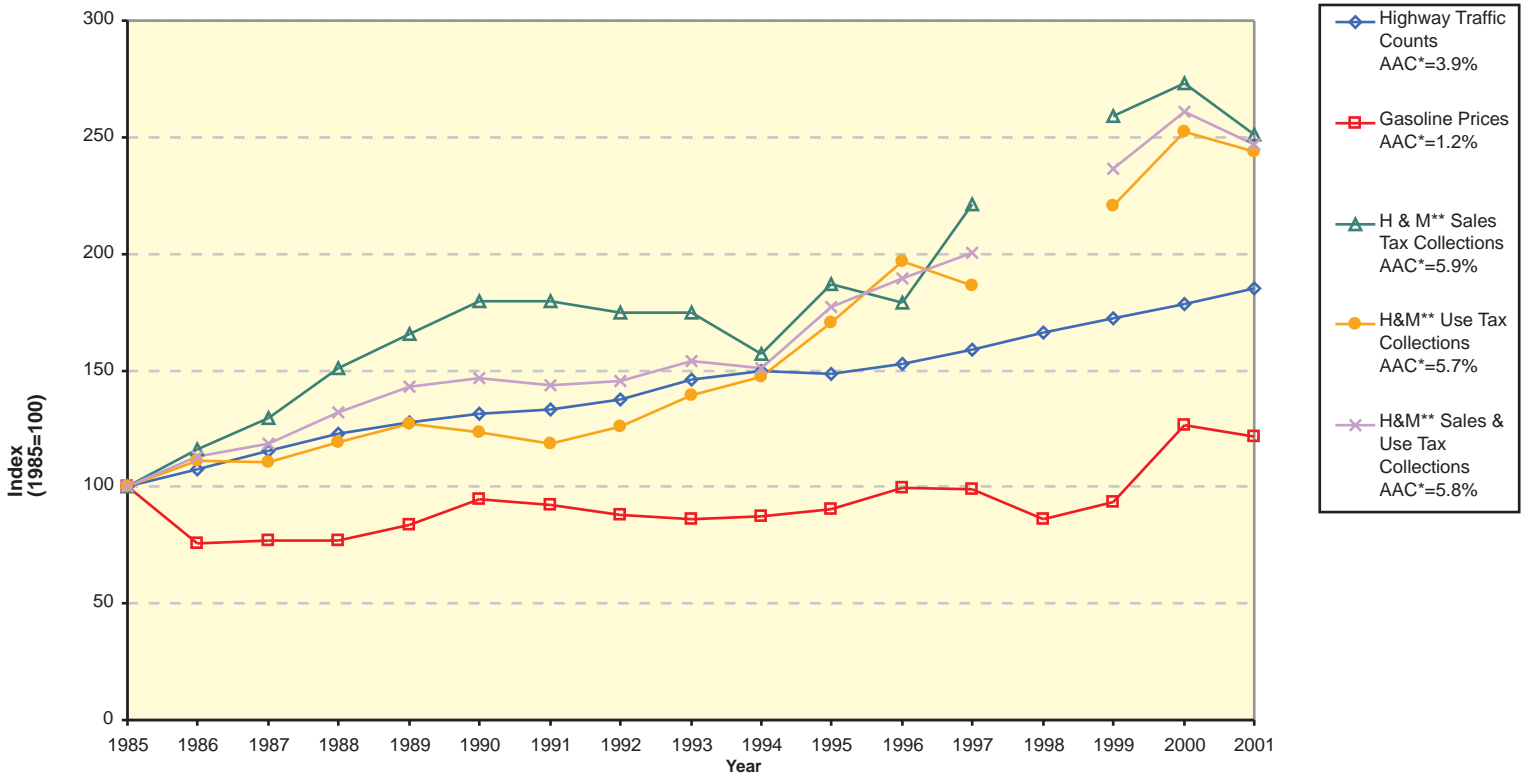
Data sources: Michigan Departments of Transportation and Natural Resources (Parks and Recreation Bureau); managers of selected tourist attractions in Michigan;

The Conference Board; Federal Reserve Bank of New York; Mackinac Bridge Authority; Michigan AAA; Midwestern Climate Center.

SELECTED ECONOMIC INDICATORS, 2001 vs. 2000



Statewide Trends in Selected Industry Indicators, 1985-2001



Note: Sales and Use Tax data were not compiled by the Michigan Department of Treasury in 1998.

*AAC means average annual change.

**H&M stands for hotel and motel.



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