



Tourism Improves, But It Will Be A Long Road Back

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Visit Florida reported that the number of tourists topped 18 million in the April-to-June quarter. This was up slightly from the same period a year ago, so Florida's largest industry has stabilized, but there is no real growth to report. Gains in domestic visitors coming by car offset weaknesses in foreign arrivals and in tourists flying to Florida. Business travel in particular remains well below pre-recession levels, putting pressure on the meetings and convention business. Unfortunately, this pattern is likely to prevail into next year.

The data for air passenger traffic at Florida's major airports confirms these trends. Most airports report weak traffic patterns continued during the second quarter of 2003, the exception being Ft. Lauderdale, where a proliferation of low cost airlines has caused traffic there to grow year over year. But I am optimistic that next year will be a better one for Florida tourism.

First, the national economy is gaining momentum. GDP should grow by more than 4 percent next year, and this will stimulate travel. Rising corporate profits will also lift travel restrictions that have damped attendance at conventions and at business meetings. This will reverse the trend of the last three years. The dollar should strengthen again next year as U.S. interest rates rise. As a result, domestic tourism will be stimulated by more than foreign tourism, which is already depressed. The end result will be more visitors.

In addition, low cost airlines such as Jet Blue and AirTran are rapidly expanding their services, and as the case of Ft. Lauderdale shows, people are responding. As more flights come into Florida, I expect more tourists to arrive by air. It is also encouraging that the major attractions have continued to invest in new rides and new events. Historically, these investments have brought in more guests, and this pattern should be repeated next year.

This rebound will be a great relief, but I do not expect that the recovery will replicate the glory years of the late 1990s. Conditions will be better, but we won't see growth of 2-3 million new visitors anytime soon. To reach those lofty levels again will require a full rebound in business travel and in attendance at conventions and business meetings. That is still a few years off. But next year will finally be a strong one for Florida's tourism industry.

This is Hank Fishkind for 90.7 FM, WMFE News.

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