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President and CEO Report: August 2022

- **Record Bed Tax/Occupancy Rates:** We have been seeing record high bed tax collections from all three government entities as well as solid occupancy rates from our hoteliers, with **record occupancy rates from Jan-May**, though June and July were both under 2018 and 2019 respectively. A contributing factor to the high bed tax revenue is that the hotel rates are among the highest they have ever been, which is in line with national trends as well. Rates will go down as we enter the fall season, though strong demand and inflation will most likely see those rates still be higher than other years.
- **Fairbanks International Airport:** Air travel has been stronger than 2021, with Fairbanks International Airport reporting an increase of 33% combined enplanements and deplanements for the first half of the year, and a whopping 83% over 2020. The numbers are not as high as 2019, which was a record year; decrease from 2019 was -11%. This is in line with national numbers, with TSA reporting a -13% decrease in air traffic between mid-year 2022 and 2019. We unfortunately had less air service than we did in 2021, with Delta's Minneapolis-Fairbanks and United's Chicago-Fairbanks flights being the only direct service to the Lower 48 aside from Delta's and Alaska's Seattle-Fairbanks flights and the return of Condor with its weekly Frankfurt-Anchorage-Fairbanks flight. The Condor flight, as well as the Minneapolis and Chicago flights, all end the first week of September; it remains to be seen what next year's season will bring.



- **Highway traffic:** At present time we only have Alcan numbers for May and June but the numbers are telling **with an increase of 74% over last year but down -61% over 2019**. Most likely higher fuel prices are a contributing factor to that significant decrease and that many of the RVs we are seeing around the city and borough are people flying into Fairbanks or Anchorage and renting an RV, or in-state visitors.

- **Alaska Railroad:** The Alaska Railroad Denali Star service has been running full steam ahead this summer, with an increase of 136% over 2021 passenger numbers (arrivals/departures) and a remarkable 19% over 2019.
- **Visitor Trends:** We are still seeing the aftereffects of the pandemic with what is being called by some in the industry as "revenge travel" and people being so eager to travel after more than two years of not doing so, they are willing to make it a financial priority despite



inflationary costs. Another trend we are seeing is that is continued over from last year is many of our independent visitors are last-minute travelers arriving in Fairbanks with little to no planning. Our visitor information services staff has kept extremely busy assisting those types of visitors when they arrive at the Morris Thompson Cultural and Visitors Center, demonstrating that we are seen as a trusted source of information and proving our relevancy within the visitor industry.

- **Aurora Season is Here:** Fairbanks' world-renowned Aurora Season kicked off on August 21st with an inaugural celebratory event hosted by Pike's Waterfront Lodge Sunday night and emceed by Mayor Jim Matherly. The event was created to help foster community awareness of the Aurora Season, as well as for visitors. We're looking forward to seeing this event grow over the years, and kudos to Pike's Waterfront Lodge owner Jay Ramras for coming up with the idea. All indicators that we have, in discussion with our Aurora-centric and winter partners, is that the upcoming Aurora and winter season is going to be a good one.

- **Good-bye Midnight Sun Season:** With the start of the Aurora Season, it means that we are saying goodbye to the Midnight Sun Season. The aforementioned statistics indicate that it was, by all accounts, a successful one for the summer visitor industry. And it's not quite over, we will continue to see Cross Gulf of Alaska cruise land tour passengers through middle to late September. In case you missed it, we published two



separate blogs highlighting the Midnight Sun Season; [one featuring an around the clock selection of images](#) with a date and time stamp to give people a better understanding of what the Midnight Sun Season really means; and a second [one showing locals enjoying the](#) activities.

Scott McCrea

President and CEO