

Year 2009 in Review

TOTAL VISITORS ARRIVALS DECLINED BY 2.3 PERCENT IN DECEMBER 2009

The Territory drew a total of 276,703 visitors in December 2009, down by 2.3 percent from December 2008. The loss of cruise visitors singly accounted for the decline in overall visitor arrivals. There were 209,780 cruise ship passenger arrivals this month compared to 219,369 for December 2008. The number of cruise ship calls fell to 88 from 95 December last year. Air arrivals which totaled 66,923 in December grew by 5.0 percent when compared with December of last year.



ARRIVALS BY DISTRICT DECEMBER 2009

Air Arrivals to the St. Thomas and St. John district totaled 53,111, a 2.4 percent increase over December 2008 total of 51,889. St. Croix air arrivals posted nine straight months of growth with December arrivals up to 13,812 from 11,854 last December, a strong 16.5 percent increase. The St. Thomas and St. John district welcomed 200,606 cruise ship passengers, a drop of 8.6 percent from 219,369 last year. There were 20,417 cruise passengers to St. Croix this month. There were no cruise calls to St. Croix in December last year.



ST. THOMAS WICO HARBOR

HOTEL OCCUPANCY DECEMBER 2009

The Territory's reported hotel occupancy rate for December was estimated at 59.7 percent compared to 57.6 percent December last year. The hotel occupancy rate for St. Croix was 44.4 percent compared to last December's occupancy rate of 40.2 percent. The occupancy rate for the St. Thomas and St. John district was 64.6 percent compared to 63.6 percent last December. The average length of stay on St. Thomas and St. John was 4.3 nights and 4.5 nights for St. Croix. The hotel occupancy report was based on the reporting of approximately 94 percent of hotels and accommodations establishments, with one large hotel not reporting for the month of December.

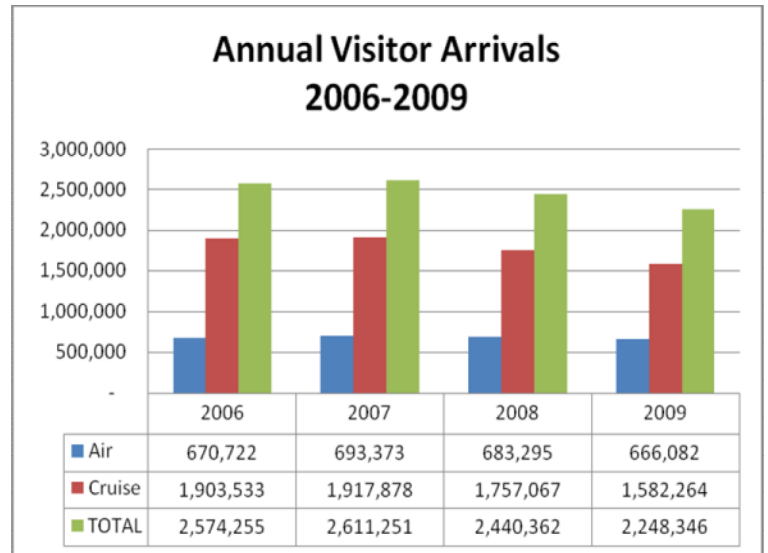
Occupied room nights were 91,880 this month compared to 88,520 in December 2008, an increase of 3.8 percent. Nearly twice as much hotel room revenues were collected this month compared to December of last year. A total

\$2,004,977 was collected this December compared to \$1,039,676 in December 2008 for a \$92.8 percent increase in room revenues.

OVERVIEW TOURISM ANNUAL 2009

Visitor arrivals to the Territory dropped in 2009 as the US and global recession impacted travel. The Territory received 2,248,346 visitors in 2009, a decrease of 192,016 visitors or a 7.9 percent year-on-year decline. A total of 1,582,264 cruise passengers visited the Territory, 9.9 percent less than the 1,757,067 cruise passengers who visited last year. There were 621 cruise ship calls this year or 9.6 percent fewer calls than last year. There were 666,082 air visitors, a modest 2.5 percent reduction from the 683,295 air visitors who came in 2008.

Overall, there were 12,428 major carrier direct seats in 2009 compared to 11,837 seats in 2008, an increase of 5.0 percent. The gain of seats can be contributed to major carriers such as Delta and American which increased the number of weekly flights to the Territory. Delta Air Lines increased its Atlanta flights to St. Thomas and augmented its New York to St. Thomas route to seven times a week. American Airlines jets began flying out of Miami 10 times a week to St. Croix beginning mid-November 2009. Major carrier direct seats are based on daily scheduled flights from main carriers that operate outside of Caribbean. American Airlines, Delta, Continental, Spirit, United Airlines and US Airways are the major carriers that operate flights between the US and the Territory.



ST. CROIX RANDALL "DOC" JAMES RACE TRACK

QUARTERLY COMPARISON

The total number of visitors to the Territory for the first quarter of calendar year 2009 declined to 734,926, a 14.9 percent quarter-on-quarter decrease from 863,919 in 2008. The second quarter of 2009 brought 514,746 visitors, about 55,520 fewer visitors than in 2008. The third quarter recorded 376,356 visitors versus the 410,402 visitors for the same quarter in 2008. The fourth quarter posted a 4.5 percent increase in visitors totaling 622,319 versus the 595,776 for the fourth quarter of 2008.

ARRIVALS BY AIR AND CRUISE

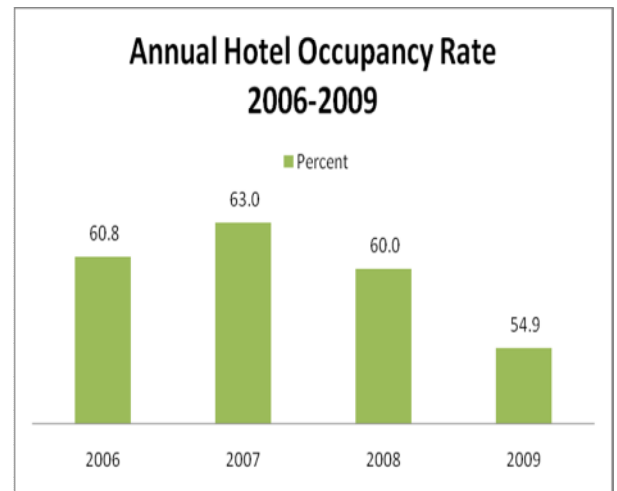
Air arrivals to the Territory for first quarter 2009 declined by 12.5 percent to 185,520 from 212,017 in the first quarter 2008. Second and third quarter air arrivals also receded but modestly by 3.9 percent and 0.4 percent, respectively. The fourth quarter saw a resurgence of air visitors to the US Virgin Islands--the first increase in five quarters. Air arrivals grew by 12.1 percent in the last quarter of 2009 over 2008 from 141,620 to 158,756. This increase was partly due to the USVI Sizzlin Sampler and St. Croix Fantastic Flight air booking promotions sponsored by the USVI Department of Tourism and its participating partners. These promotions were contributing factors that resulted in the uptick of air visitors for the last four months of the year. The promotional package included credits on air travel, coupons for restaurants and attractions, and eligibility for a 4th night free hotel stay within the Territory.

A resumption of regularly scheduled cruise ship calls by Royal Caribbean, Cruise lines Disney, Azamara, Celebrity, and Holland America to the district of St. Croix brought 105,093 cruise ship passengers in 2009. This was significantly more than the 2,510 cruise passengers who visited in 2008. The cruise calls to St. Croix, however, did not offset the Territory-wide loss of 184,210 cruise passengers experienced in the first three quarters of the year. The Territory, however, was able to post a 2.1 percent increase in cruise passengers in the fourth quarter 2009, the first such increase in the past five quarters.

HOTEL OCCUPANCY

The Territory's annual hotel occupancy rate decreased 5.1 percentage points to 54.9 percent in 2009 from 60.0 percent in 2008. Annual total room nights for 2009 was 995,884, 7.3 percent less than the recorded 1,073,785 room occupied nights in 2008. Available room nights in 2009 were 1,813,139, up 1.3 percent from the reported 1,789,645 in 2008. Guest stays averaged 4.1 nights in 2009, decreasing marginally from 4.3 nights in 2008.

Universal visitor accommodation units increased in 2009 to 4,947 from 4,857 in 2008. By island, St. Thomas, St. John, and St. Croix respectively accounted for approximately 53 percent, 21 percent, and 26 percent of Territorial accommodation units in 2009.



OCCUPANCY BY DISTRICT

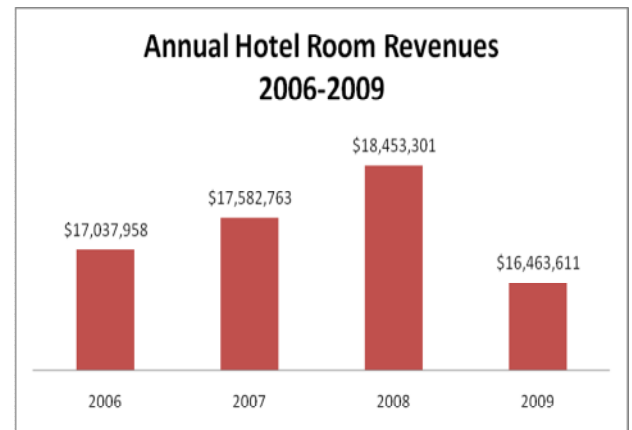
Overall, St. Thomas and St. John accommodations establishments placed the occupancy rate at 60.1 percent, down from 64.6 percent in 2008. Large hotels in the district registered a 3.5 percentage point year-on-year decline in their occupancy rate to 65.4 percent from 68.9 percent last year. The rate for condominiums and other

accommodation establishments dropped to 44.3 percent in 2009 from 52.2 percent in 2008. This year small hotels posted a 60.5 percent occupancy rate, 2.6 percentage points lower than the 63.1 percent recorded in 2008.

St. Croix occupancy rate for all visitor accommodations was 38.9 percent compared to 46.2 percent in 2008. The St. Croix district large hotels recorded 36.6 percent occupancy rate in 2009 compared to the reported 44.1 percent in 2008. Small hotel occupancy rate was 43.9 percent in 2009, down from 47.4 percent in 2008. St. Croix condominiums and other accommodation establishments occupancy was 37.3 percent in 2009 compared to 48.4 percent last year.

HOTEL ROOM REVENUES

The Tourism Revolving fund is financed by a hotel occupant tax of 8 percent that is levied on all accommodation establishments that engage in short-term room rentals. Hotel Room Revenues collected in calendar 2009 was \$16,463,611, down 10.8 percent from the \$18,453,301 collected in 2008. The hotel room revenues fund promotional and marketing activities used to attract visitors to the Territory. The fund has also been used to subsidize the Virgin Islands Carnival, the Crucian Christmas Festival, and the St. John 4th of July Festival.



GUEST REGISTRATIONS

There is a discrepancy between the number of registered guest and the amount of air visitors that arrived to the Territory. As mentioned earlier, there were 666,082 air visitors this year, a 2.5 percent decline compared to the 683,295 air visitors who came in 2008 from 4.2 nights to 4.0 nights for island of St. Croix. A total of 870,956 guests were reported to have stayed at hotels--an 8.4 percent increase over the 803,470 guests who stayed during the same twelve-month period in 2008. There should be a direct correlation between air visitors and hotel guests staying in the US Virgin Islands. This disparity warrants further review and the bureau cannot state that the guest registrations are entirely accurate.



ST. JOHN ANNABERG PLANTATION RUINS

Guests stayed for a shorter period of time in 2009; the average length of stay contracted from 4.3 nights to 4.1 nights for St. Thomas and St. John district, and from 4.2 nights to 4.0 nights for the island of St. Croix..

Of the nearly 870,956 guest staying in the Territory during 2009, approximately 83.8 percent were from the U.S. mainland. U.S.V.I. residents accounted for another 9.1 percent of hotel guests followed by residents of neighboring Puerto Rico at 2.3 percent.

Of the 749,269 hotel guests (from the Territory's 6 sales regions), the New York City Sales Region accounted for 35.3 percent of visitors; Miami Sales Region accounted for 18.8 percent; Washington D.C. Sales Region 17.0 percent; Chicago Sales Region for 15.2 percent; Los Angeles Sales Region 11.1 percent; and San Juan, P.R. Sales Region for 2.6 percent. Leading states where guests originated were New York, New Jersey, Florida, Massachusetts, Pennsylvania, and California. Collectively these six states produced over one-third of all Virgin Islands' hotel guests.

Canada was the leading country originator of foreign visitors to the Territory, with 10,408 guests staying at visitor establishments in 2009. Other leading countries (in rank order) included Denmark, British Virgin Islands, Italy, and the United Kingdom.

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