AAA Independence Day 2012 Travel Forecast

Prepared for:

American Automobile Association

June 19, 2012

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Regional definitions used throughout the report:

East North Central (ENC): IL, IN, MI, OH, WI

East South Central (ESC): AL, KY, MS, TN

Middle Atlantic (MATL): NJ, NY, PA

Mountain (MTN): AZ, CO, ID, MT, NM, NV, UT, WY

New England (NENG): CT, MA, ME, NH, RI, VT

South Atlantic (SATL): DC, DE, FL, GA, MD, NC, SC, VA, WV

West South Central (WSC): AR, LA, OK, TX

West North Central (WNC): IA, KS, MN, MO, ND, NE, SD

Pacific (PAC): AK, CA, HI, OR, WA

Holiday Forecast Methodology: A Brief Overview

The *AAA Independence Day 2012 Travel Forecast* combines information from several sources to provide a prospective assessment of likely travel patterns for the upcoming holiday weekend. This report comprises two key components: the holiday travel forecast and the holiday traveler profile. The holiday travel forecast is based on economic conditions while the holiday traveler profile is developed employing survey data on travel behaviors. This approach provides the most comprehensive and detailed understanding of holiday travel at both the national and regional levels. In addition, the regional travel sections in this report have been enhanced to incorporate information about the state of the local tourism industries throughout the United States.

Holiday Travel Forecast

In cooperation with AAA, IHS Global Insight developed an approach to forecast actual domestic travel volumes. The economic variables used to forecast travel for the current holiday are leveraged from IHS Global Insight. These data include macroeconomic drivers such as employment; output; household net worth; asset prices including stock indices, interest rates, and housing market indicators; and variables related to travel and tourism, including prices of gasoline, airline travel, and hotel stays.

The historical travel volume estimates come from the ongoing travel survey database of D.K. Shifflet & Associates, the premier source of US resident travel volume and behavior. DKSA interviews more than 50,000 US households per month to track trip incidence, party composition, traveler behavior, and spending…all after the trips have been taken.

Holiday travel is forecast by person-trips, where a person-trip is defined as a trip that involves travel of 50 miles or more away from home. In particular, AAA and IHS Global Insight forecasts total US holiday travel, travel by mode of transportation, and travel by US census region. The Holiday Travel Forecast presented in this report was prepared the week of May 28.

Holiday Traveler Profile

The Holiday Traveler Profile is a survey of intended travel behaviors related to party composition, travel distances, trip expenditures and vacation activities conducted by D.K. Shifflet & Associates. The initial survey includes 1,350 households, out of which only the respondents intending to travel during the designated holiday are interviewed in detail about their anticipated trips. For Independence Day 2012, 344 respondents were interviewed in detail about their intended trips. The survey was in the field from Wednesday, May 16 to Sunday, May 20, 2012.

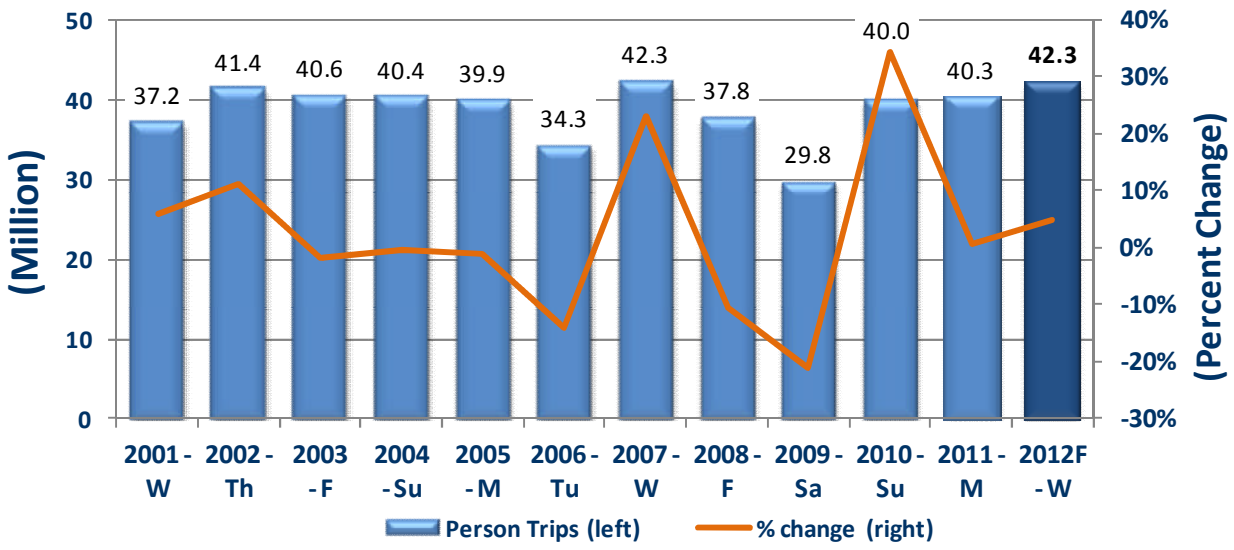
Independence Day Holiday Travel Period

For purposes of this forecast the Independence Day holiday travel period is defined as trips that include travel of 50 miles or more away from home during the five-day period from Tuesday, July 3 to Sunday, July 8.

Holiday Travel Forecast for Independence Day, 2012

AAA and IHS Global Insight project 42.273 million travelers will journey at least 50 miles from home this upcoming Independence Day holiday weekend. This represents an increase of 4.9 percent relative to the 40.3 million trips that occurred over the holiday period in 2011. The forecast for 2012 just surpasses the 42.268 million travelers from 2007 for the highest Independence Day travel volume on record.

CHART 1
INDEPENDENCE DAY TRAVELERS 2001-2012
TOTAL PERSON-TRIPS*



** 2001-2011 represent actual travel results. 2012 is a forecast.*

Travel volumes during the Independence Day holiday stabilized in 2011 after a few up and down years during the recession and resulting recovery. For 2012, a combination of the calendar and economy are coming together to generate a bump in travel volume that exceeds the previous high-water mark set in 2007.

The economic picture for the upcoming Independence Day period follows the results seen over the previous few quarters, where there are signs of economic progress but nothing strong enough to instill a high level of consumer confidence and spending. For the full third quarter of 2012, real gross domestic product is forecast to be up 2.3 percent and despite a flat housing market, personal income is forecast to increase 4 percent while real disposable income is set to rise just 1.4 percent. Despite slow and sporadic movement, the unemployment rate remains fairly steady and is forecast to be nearly a full percentage point lower than at this time last year.

Gas prices are not expected to be a major factor in travel decisions this Independence Day. Prices were on average down 2.9 percent in 2012 for the first half of June compared to last year. Despite the slight decline, the price remains high enough that even a decline of $0.11 from last year is not going to provide much of a spur to hit the road during the holiday.

Independence Day differs from many holiday travel periods in that it is not a fixed five-day Thursday–Monday holiday timeframe, so the length of the holiday varies depending on the day of the week that the holiday falls upon. With the holiday in 2012 falling upon a Wednesday, two factors come into play: the holiday period extends out to six days, and it also introduces the option of traveling either the weekend before the holiday or the weekend after the holiday. This is

confirmed by the *Holiday Traveler Profile* survey conducted for this holiday, where 54 percent of respondents who intend to travel this Independence Day holiday plan to start their trip during the weekend before the holiday.

During the Independence Day holiday weekend, 42.3 million people are expected to travel. This represents a 4.9 percent increase from 2011, and just barely edges out the previous holiday travel peak for Independence Day, which occurred in 2007. Following an initially strong bounce-back from the recession in 2010 and two years of steady travel volumes, 2012 will represent a near 42 percent increase from the low of 2009. The high volume is supported by economic factors that remain on the slow-and-steady progress track, combining with a holiday period that, while not defined as covering two full weekends, certainly provides travelers with additional choices as to when to schedule their trips.

Travel by Mode of Transportation

AAA and IHS Global Insight expect that 35.5 million Americans will travel by automobile during the Independence Day holiday weekend, which is up almost four percent in comparison to 2011. Automobile travelers and will make up 84 percent of all travelers during the holiday. With the monthly average price of self-serve regular gasoline at $3.57 for the month of June so far, travelers are dealing with a 2.9 percent decline in fuel costs since last year. That translates to a decline of $0.11, and while any decline is a positive development for travel, the current price remains high enough that is unlikely to be a major driver of travel decisions for the holiday.

"Taking a 14-day cruise."
Middle Atlantic Respondent

Air travel is expected to make up nearly eight percent of total travel share, a slight increase from the seven percent in 2011. The number of air travelers is expected to be just over 3.2 million, up nearly ten percent from 2011. Indeed, 2012 will be the third consecutive year of increasing air travelers after the sharp dropoff during the recession, and this year's air travel volume is expected to be the hightest since 2004. With the holiday falling on a Wednesday this year, travelers have greater options for when to start their trip than during the usual 5 day weekend holiday time period. Air travel is expected to see the most benefit from this as trips via air tend to be longer than auto trips, and with the option of departing the previous weekend for a trip that will still cover the holiday will result in higher growth in air travel than overall travelers.

Other modes of travel (trains, watercraft, multi-modal travel) are expected to increase nearly 10 percent this holiday, making up just over eight percent of the total person-trips. Travel via these modes has remained fairly steady for the past three years after bouncing back from the steep decline during the recession.

CHART 2
DISTRIBUTION OF US INDEPENDENCE DAY TRAVELERS BY MODE OF TRANSPORTATION

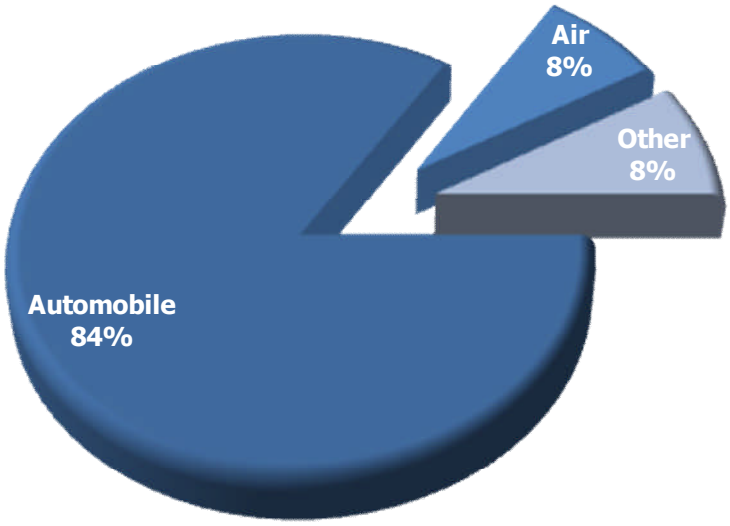
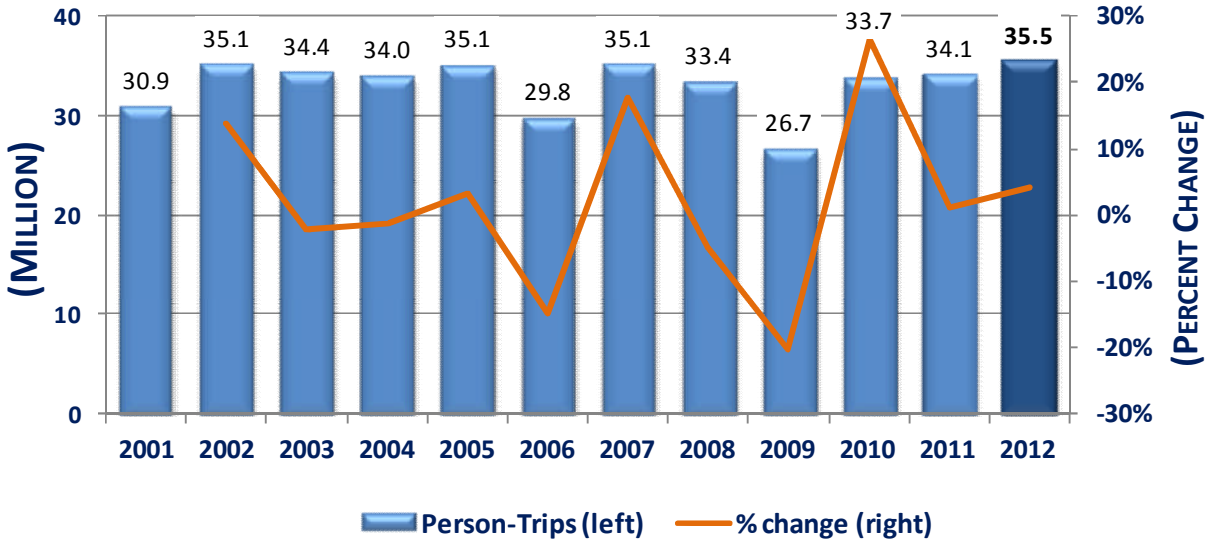
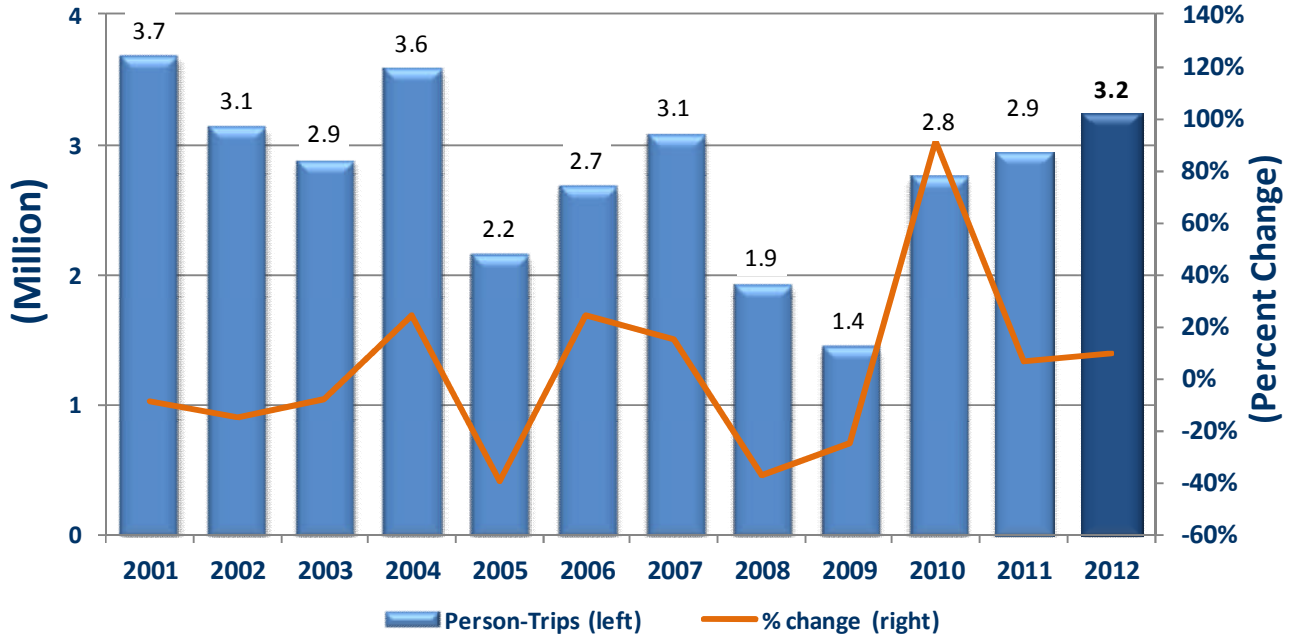


CHART 3
INDEPENDENCE DAY HOLIDAY TRAVELERS 2001-2012
AUTOMOBILE PERSON-TRIPS*



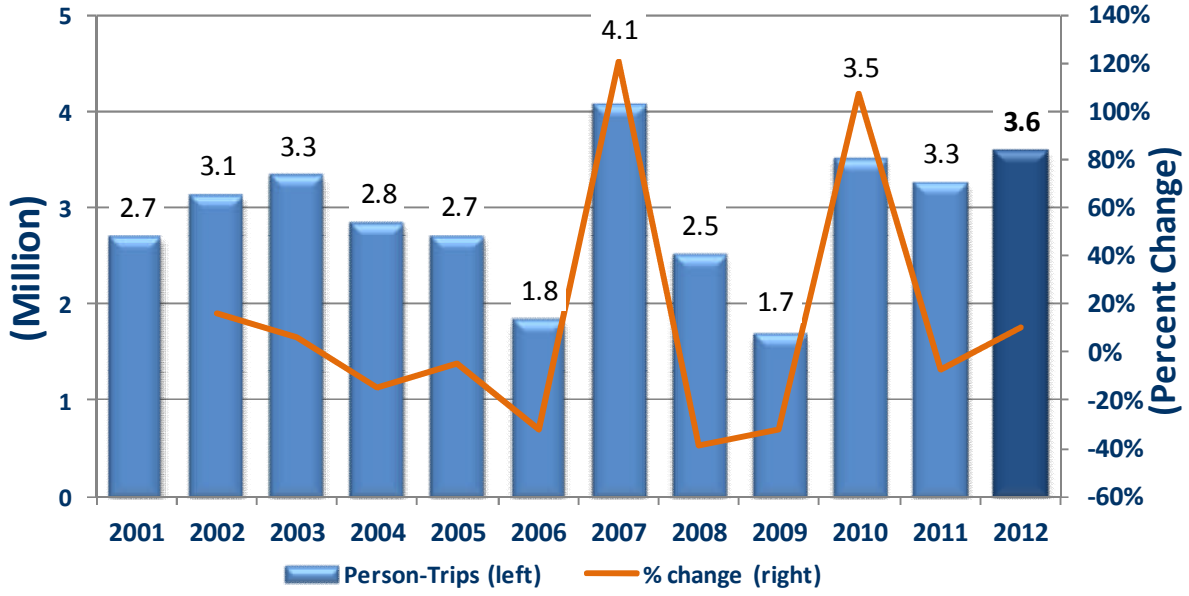
**2001-2011 represent actual travel results. 2012 is a forecast.*

CHART 4
INDEPENDENCE DAY HOLIDAY TRAVELERS 2001-2012
AIR PERSON-TRIPS*



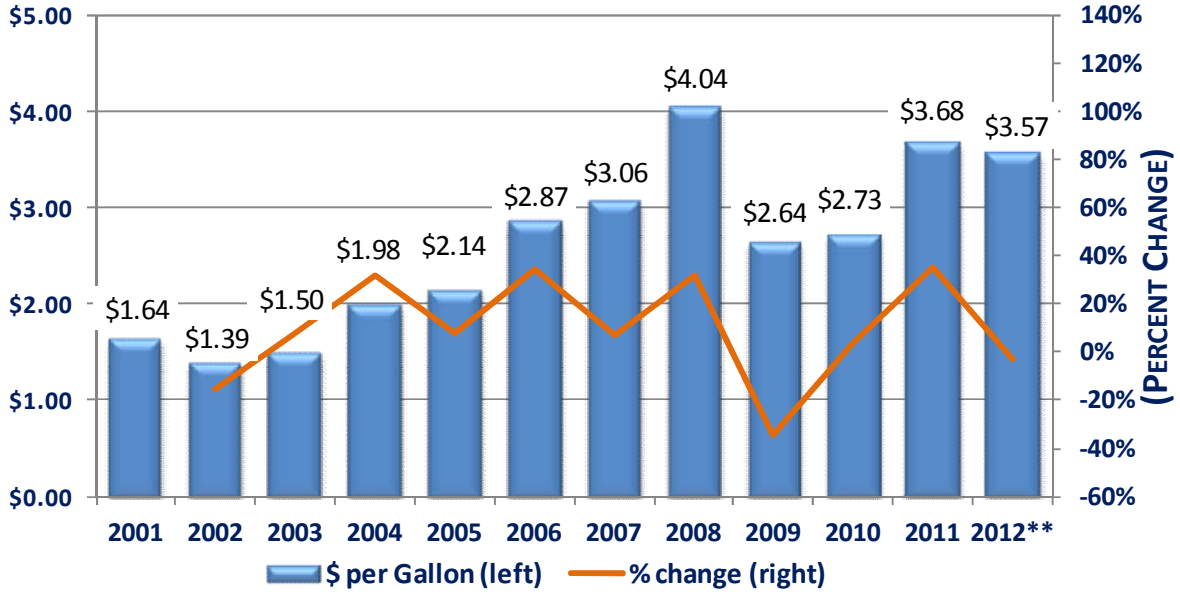
**2001-2011 represent actual travel results. 2012 is a forecast.*

CHART 5
INDEPENDENCE DAY HOLIDAY TRAVELERS 2001-2012
OTHER PERSON-TRIPS*



**2001-2011 represent actual travel results. 2012 is a forecast.*

CHART 6
AVERAGE JUNE* GASOLINE PRICES
NATIONAL AVERAGE PER GALLON REGULAR UNLEADED
2001-2012



Source: AAA Fuel Gauge Report

** June gasoline prices are emphasized because prices observed several weeks prior to the holiday are likely to influence holiday travel planning, while actual holiday prices are typically less influential.*

*** 2012 gasoline price is a June average through June 11, 2012.*

Travel by Region: East North Central

Travel from the East North Central region (ENC) is expected to increase by five percent this Independence Day holiday period, relative to last year. The 7.48 million person-trips from the ENC region represent 16 percent of the population, which is higher than the national frequency expected to travel (13.3 percent). Payrolls in the ENC region have been trending upward lately. With the fourth of July falling upon a Wednesday this year, the combination of a lengthier holiday travel period (six days rather than five) and a reduced rate of unemployment (8.1 percent in 2012 vs. 9.4 percent in 2011) supports a moderate increase in travel this Independence Day holiday. Travel by airplane from the ENC region is expected to increase by 10 percent compared to Independence Day 2011, while travel by automobile is expected to rise by 4.3 percent.

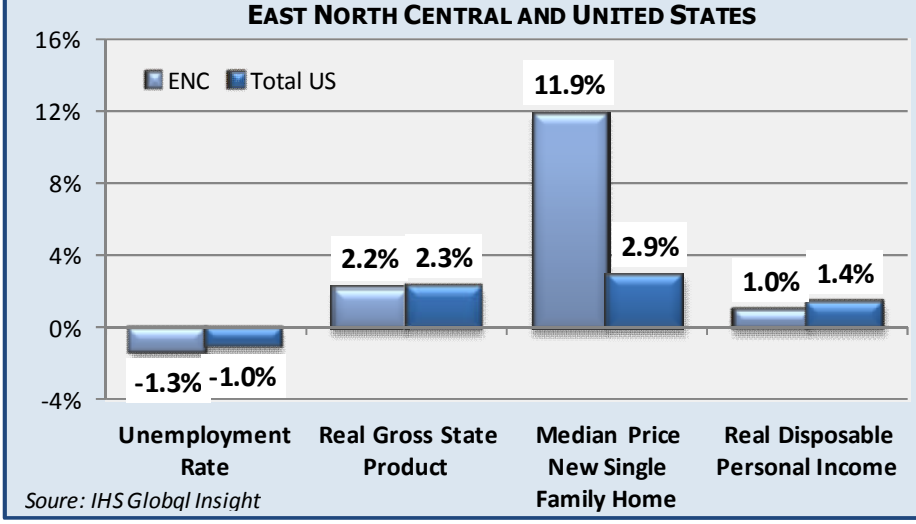
TABLE 1A

2012 INDEPENDENCE DAY TRAVEL FORECAST – EAST NORTH CENTRAL REGION AND UNITED STATES

	East North Central			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	5.0%	7.48	16.0%	4.9%	42.27	13.3%
Automobile (millions of person trips)	4.3%	6.46	13.9%	4.0%	35.46	11.2%
Air (millions of person trips)	10.0%	0.35	0.8%	9.7%	3.22	1.0%
Economy (2012Q3)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-1.3%	8.1%		-1.0%	8.1%	
Real Gross Product ($, bn)*	2.2%	1,892		2.3%	13,639	
Median Price, New Single Family Home ($, thn)	11.9%	215		2.9%	226	

The ENC economy has been trending upward lately, but key segments of the regional economy remain sluggish. The housing market of the East North Central has continued to be marked by volatility in starts, sales, and median price of existing single-family units. Each of these indicators has oscillated from growth to contraction over the last year and a half, and as a result the real estate market has struggled to improve since bottoming out. Once excess inventory dries up, housing starts should increase significantly, but they are not expected to return to the pre-crash levels of 2005. Relative to the third quarter of 2011, the median price of new single-family homes in the East North Central is forecast to have increased by 11.9 percent. This is the third highest rate of price appreciation among the nine census regions. This is a promising indicator of an economic recovery, mainly because the housing bubble burst in this region before it did across the rest of the country and the region is now realizing positive growth in this category. Faster employment growth remains the missing component to a revival in the ENC housing market.

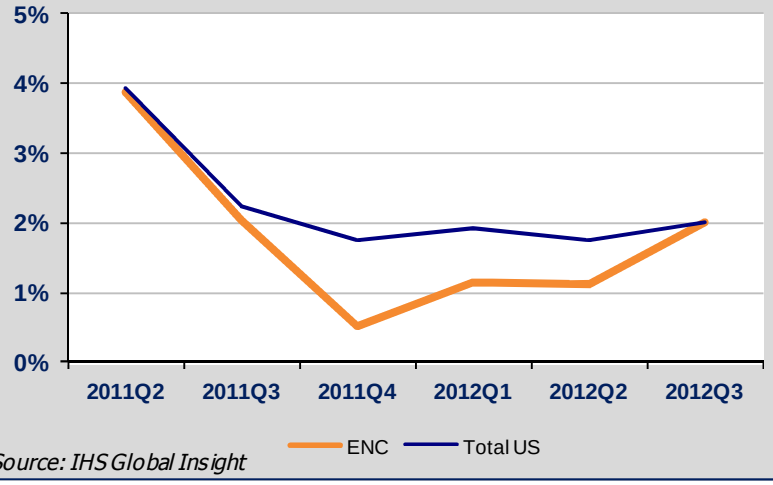
CHART 1A
YOY GROWTH, 2011Q3 TO 2012Q3
EAST NORTH CENTRAL AND UNITED STATES



Soure: IHS Globql Insight

The ENC region has the fifth-highest unemployment rate of all census regions at about 8.1 percent. Payrolls in the East North Central region have been trending upward lately. The Bureau of Labor Statistics' establishment employment survey indicates expansion in seven of the previous eight quarters, through the fourth quarter of 2011. During this period, the region added more than 363,000 jobs, which stemmed from accelerated growth in the professional services, durable goods manufacturing, and natural resources sectors. The ENC region has seen its unemployment rate drop 1.3 percent since one year ago (Chart 1A). The national unemployment rate sits at about 8.2 percent and has declined almost a full percentage point (1.0 percent percent decline) since the third quarter of 2011.

CHART 1B
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY% CHANGE



Source: IHS Global Insight

Output in the ENC region is also increasing and is anticipated to grow 2.2 percent in the third quarter of 2012. This level of growth slightly trails national GDP growth (2.3 percent). Real disposable personal income growth is also slightly trailing the nation and is projected to rise one percent as compared to one year ago.

The regional economy is now recovering and realizing positive growth in many economic indicators. Even the price of gasoline has moved in a favorable direction, falling 8.5 percent compared to one year-ago. Still, the price of gasoline remains at near historical highs. This translated to a decline that is unlikely to be a major driver of travel decisions for the holiday.

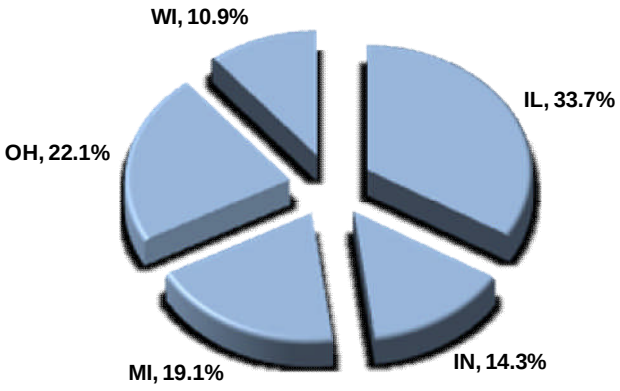
In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry. The following information provides a look into the state of the local tourism industry in the East North Central region.

The tourism industry in the ENC region, as measured by leisure and hospitality industry output (the value of goods and services produced by the leisure and hospitality industry), has been growing on an annualized basis since the fourth quarter of 2011. Output has been rising as travel volumes to the ENC region strengthen and the amount of money spent by travelers also increases.

In the third quarter of 2012, total output from the leisure and hospitality industry in the ENC region is expected to see annual growth of two percent. Chart 1B demonstrates that the tourism industry recovery in the ENC region has shown lower growth rates than national tourism recovery, although the gap is expected to close in the third quarter of 2012. Of all ENC states, Indiana is expected to see the lead year-over-year growth in tourism output in the third quarter of 2012 (2.8 percent), with Illinois trailing behind with 2.7 percent annual growth. Wisconsin is expected to see the smallest growth (0.3 percent) over this period.

The composition of tourism industry output by state in the ENC region is fairly balanced (Chart 1C). With Chicago being one of the top cities for tourism in the United States, it is no surprise that Illinois accounts for nearly one-third of tourism output in the East North Central region.

CHART 1C
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
EAST NORTH CENTRAL REGION MAKEUP BY STATE, 2012Q3



Source: IHS Global Insight

Travel by Region: East South Central

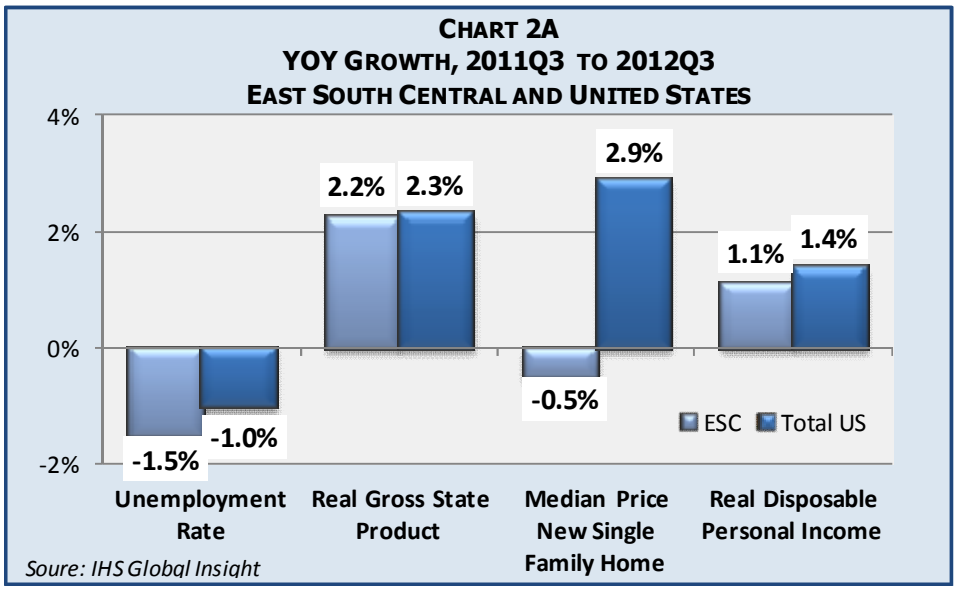
Travel from the East South Central (ESC) region this Independence Day holiday is projected to rise by 5.1 percent compared to Independence Day 2011. The regional travel forecast for the ESC region is consistent with the 4.9 percent increase that is forecast for the national population this upcoming holiday period. Automobile travel is expected to increase 4.4 percent and airplane travel is anticipated to rise 10.2 percent. Total person-trips in the East South Central region are projected to account for 11.8 percent of the population, which is lower than the expected nationwide frequency (13.3 percent).

TABLE 2A
2012 INDEPENDENCE DAY TRAVEL FORECAST – EAST SOUTH CENTRAL REGION AND UNITED STATES

	East South Central			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	5.1%	2.20	11.8%	4.9%	42.27	13.3%
Automobile (millions of person trips)	4.4%	1.94	10.4%	4.0%	35.46	11.2%
Air (millions of person trips)	10.2%	0.10	0.5%	9.7%	3.22	1.0%
Economy (2012Q3)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-1.5%	8.0%		-1.0%	8.1%	
Real Gross Product ($, bn)*	2.2%	638		2.3%	13,639	
Median Price, New Single Family Home ($, thn)	-0.5%	169		2.9%	226	

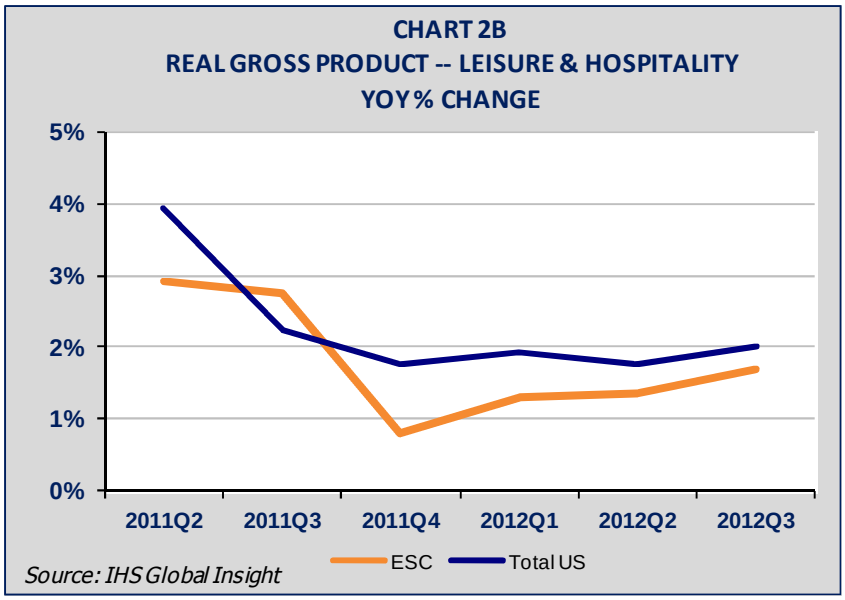
In the fourth quarter of 2011, all four states in the ESC experienced job growth. Mississippi was the fastest growing, up 3.3 percent (annualized), thanks to the manufacturing, transportation/warehousing, and professional/business services (PBS) sectors. The latter two sectors have performed well over 2011, while manufacturing is just now showing some life. Employment in Tennessee and Kentucky grew by two percent and 1.6 percent, respectively. Both states have had moderate growth in their service sectors as well as a strong bounce back in manufacturing, in particular in the transportation equipment industry, where a strong market for autos has led to increased hiring in the sector. The ESC unemployment rate has been declining by about 1.5 percent.

Housing starts linger at recessionary levels in the ESC region, a key reason the expansion remains so sluggish in the area. Compared to this time last year, the median price of a new single-family home in the ESC region is expected to have decreased 0.5 percent in the third quarter of 2012. This is the lowest rate of price depreciation among the nine census regions. Improved job growth has not yet triggered the revival in household formation required to revive demand and work through the backlog in excess supply.



Real disposable personal income in the ESC region is projected to have

increased 1.1 percent relative to one year ago, slightly lower than real disposable personal income growth for the nation as a whole (1.4 percent). Real gross state product in the ESC region is expected to have increased 2.2 percent annually since the third quarter of 2012, slightly lower than GDP growth for the nation as a whole (2.3 percent).

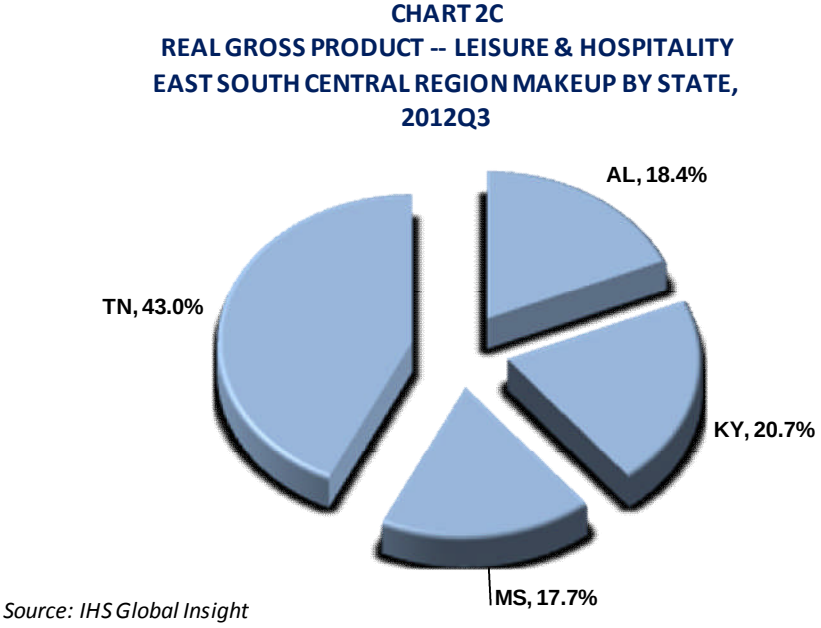


While increases in real disposable personal income and real gross state product support an increase in regional consumer spending, the declining price of gasoline is not expected to boost the demand for holiday travel. In 2012, the price of gasoline in the ESC region decreased by 6.9 percent, relative to last Independence Day. Despite the slight decline, the current price of gasoline remains high enough that this unlikely to add to the number of total person-trips.

In addition to the originating travel forecast of person-trips from the East South Central region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

The ESC region's leisure and hospitality industry output (the value of goods and services produced by the leisure and hospitality industry) has been growing on an annualized basis since the third quarter of 2011, as seen in chart 2B. The ESC region's tourism industry growth surpassed that of the nation as a whole in the fourth quarter of 2011, but has since lost ground as the price of gasoline continued to rise from the beginning of the year through April. Still, in the third quarter of 2012, total output from the leisure and hospitality industry in the ESC region is projected to rise two percent annually, equivalent to tourism industry growth for the nation as a whole (two percent).

The share of tourism industry output in the ESC region is comparatively even. Tennessee is the largest contributing state, making up 43 percent of ESC's tourism output, while Alabama, Kentucky and Mississippi make up the remaining three-fifths of the total.



Travel by Region: Middle Atlantic

Independence Day holiday travel originating from the Middle Atlantic (MATL) region is forecasted to rise relative to the holiday period in 2011. The recovery in the Middle Atlantic region is underway. With an extra day added to the holiday travel period due to the incidence of the fourth of July, and a lower savings rate supporting increased levels of consumer spending, travel demand is expected to improve over the upcoming holiday. The forecast for travel by automobile from the Middle Atlantic region is expected to increase by 3.7 percent, with air travel forecast to increase by 9.4 percent. About 14.3 percent of the regional population is expected to journey at least 50 miles from home this holiday, a slightly higher frequency than is expected nationwide (13.3 percent).

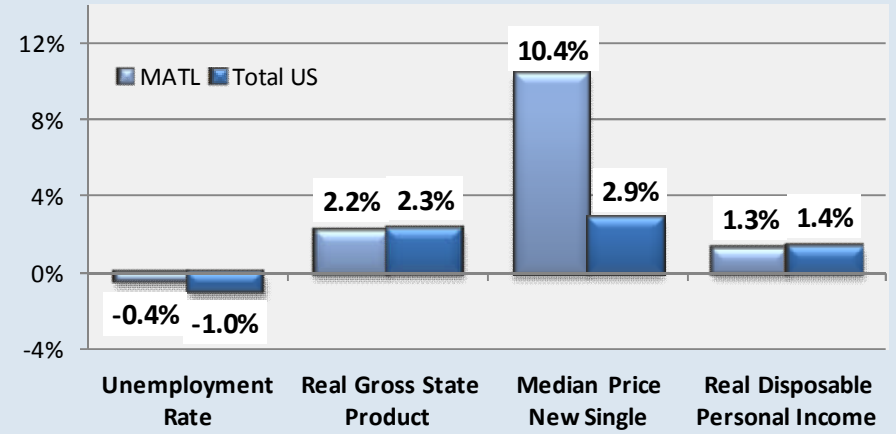
TABLE 3A
2012 INDEPENDENCE DAY TRAVEL FORECAST – MIDDLE ATLANTIC REGION AND UNITED STATES

	Middle Atlantic			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	4.6%	5.88	14.3%	4.9%	42.27	13.3%
Automobile (millions of person trips)	3.7%	4.93	12.0%	4.0%	35.46	11.2%
Air (millions of person trips)	9.4%	0.43	1.0%	9.7%	3.22	1.0%
Economy (2012Q3)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-0.4%	8.0%		-1.0%	8.1%	
Real Gross Product ($, bn)*	2.2%	2,083		2.3%	13,639	
Median Price, New Single Family Home ($, thn)	10.4%	343		2.9%	226	

The MATL region's economy improved quite a bit in 2011. On the heels of a slight decline in 2010, the region posted annual job growth of 1.0 percent last year. Stabilization in manufacturing and finance has been a big factor in improving the regional economy. The unemployment rate in the region has fallen 0.4 percentage point from last year, and sits below the national unemployment rate of 8.2 percent. Real gross state product for the region is anticipated to slightly trail the growth in national output over the past year, with the Middle Atlantic region and the United States expected to realize 2.2 percent and 2.3 percent annual growth in output since the third quarter of 2011, respectively.

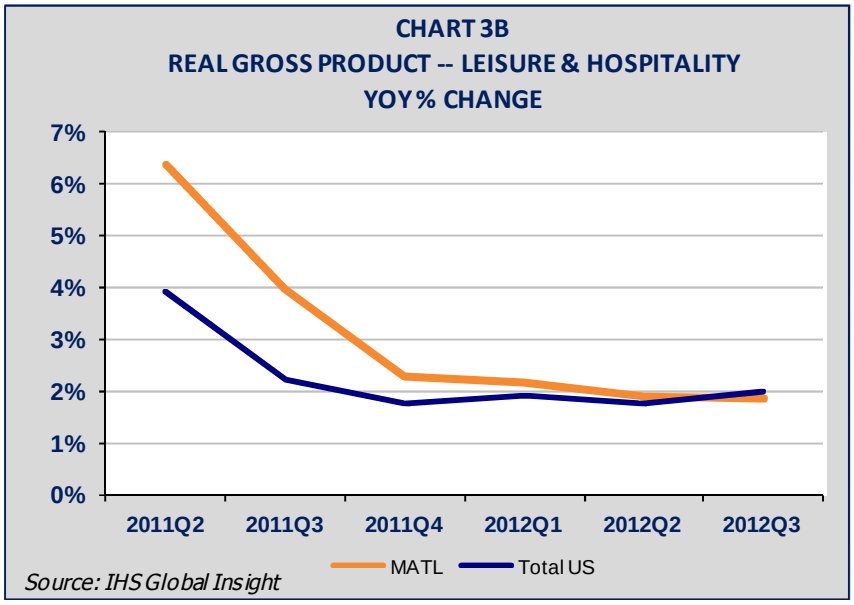
The MATL regional housing market remains noticeably weak on the heels of a recovery. Low interest rates paired with lower housing prices will hopefully push consumers to make purchases in the foreseeable future. Only when the excess supply of homes in this region is reduced will the Middle Atlantic experience a revival in the housing market. Modest improvements in the housing market are underway and as a result, the median price of new single-family homes in the Middle Atlantic is forecast to increase by 10.4 percent relative to the third quarter of 2011.

CHART 3A
YOY GROWTH, 2011Q3 TO 2012Q3
MIDDLE ATLANTIC AND UNITED STATES



Source: IHS Global Insight

While the economic picture in the Middle Atlantic region is expected to have improved, relative to last Independence Day, the decline in regional gasoline prices (5.1 percent decrease in 2012) is unlikely to be a major driver of travel decisions for the holiday. The price of gasoline remains at near-historical highs, and is unlikely to have a sizeable positive impact on travel budgets. Still, a combination of the calendar and economy are coming together to generate an increase in the demand for holiday travel this Independence Day.

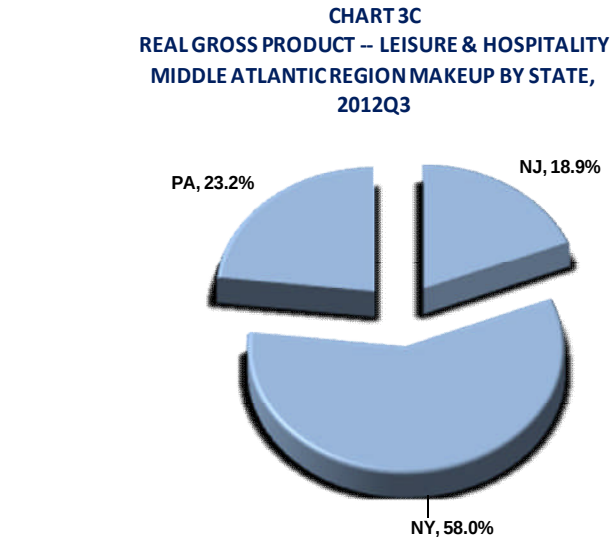


In addition to the originating travel forecast of person-trips from the MATL region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

The national tourism industry has witnessed leisure and hospitality output (the value of goods and services produced by the leisure and hospitality industry) decline on an annualized basis since the second quarter of 2011. Chart 3B shows that the Middle Atlantic region's tourism output has been decreasing, beginning to stabilize in the fourth quarter of 2011, and will recover slower than the nation over the third quarter of 2012.

The Middle Atlantic region's output increased 1.9 percent in the third quarter of 2011, the steepest increase among the nine census regions. In the third quarter of 2012, the leisure and hospitality industry in the Middle Atlantic is anticipated to generate 1.9 percent higher output than in the third quarter of 2011. The relative nationwide figure for comparison is two percent annual growth in tourism output.

New York State contributes 58 percent of the Middle Atlantic region's tourism output, which is no surprise with New York City as one of the top tourist destinations in the country. New York State is also growing faster than Pennsylvania and New Jersey in terms of tourism output and is expected to increase its tourism output by 0.8 percent from one year ago. However, Pennsylvania and New Jersey do contribute large amounts to the Middle Atlantic regional tourism output, accounting for 23.2 and 18.9 percent, respectively.



Travel by Region: Mountain

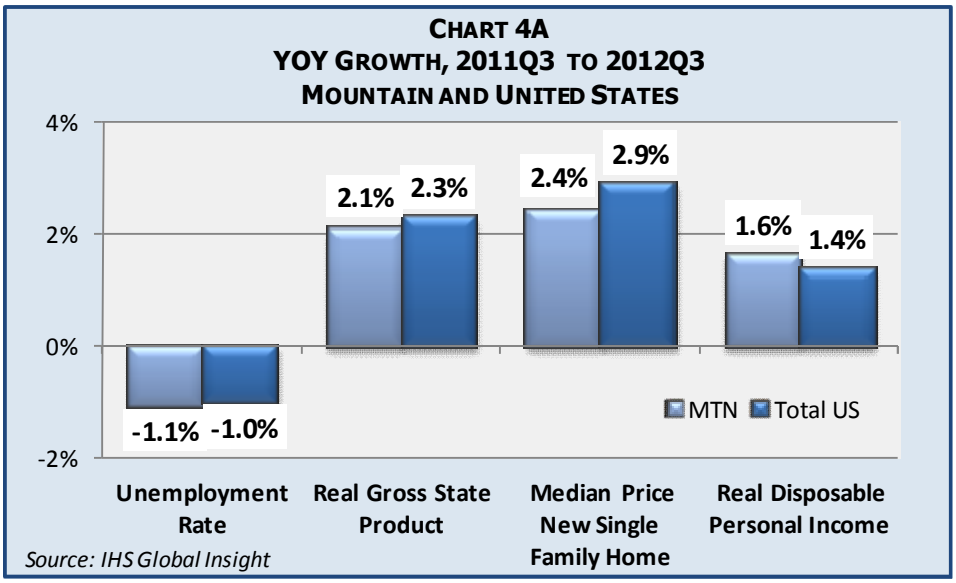
The holiday forecast for the Mountain region calls for a 4.8 percent increase in travel this Independence Day holiday versus 2011. The Mountain region's economic recovery is coming to life slowly, as consumer spending in the Mountain region has improved. The regional cost of gasoline is 0.1 percent higher than it was this time last year, which will not have negative effects on holiday travel demand. Automobile travel is anticipated to rise by 3.6 percent, relative to Independence Day 2011, while air travel is forecast to increase 9.4 percent. The boost in total person-trips in this region is slightly lower than the nation as a whole (4.9 percent) while the percentage of travelers from the Mountain region expected to travel (13.7 percent) is higher than the projected national frequency (13.3 percent).

TABLE 4A
2012 INDEPENDENCE DAY TRAVEL FORECAST – MOUNTAIN REGION AND UNITED STATES

	Mountain			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	4.8%	3.11	13.7%	4.9%	42.27	13.3%
Automobile (millions of person trips)	3.6%	2.46	10.8%	4.0%	35.46	11.2%
Air (millions of person trips)	9.4%	0.33	1.5%	9.7%	3.22	1.0%
Economy (2012Q3)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-1.1%	7.9%		-1.0%	8.1%	
Real Gross Product ($, bn)*	2.1%	896		2.3%	13,639	
Median Price, New Single Family Home ($, thn)	2.4%	185		2.9%	226	

All of the region's states had higher total nonfarm payroll employment in January 2012 than in January 2011, and only New Mexico has shown job losses in the previous three months. New Mexico's job losses were concentrated in November, and in the construction, government, accommodation and food services and professional and business services sectors. Colorado's employment has improved dramatically recently, with gains broadly dispersed across the economy, including high-wage sectors such as construction and manufacturing.

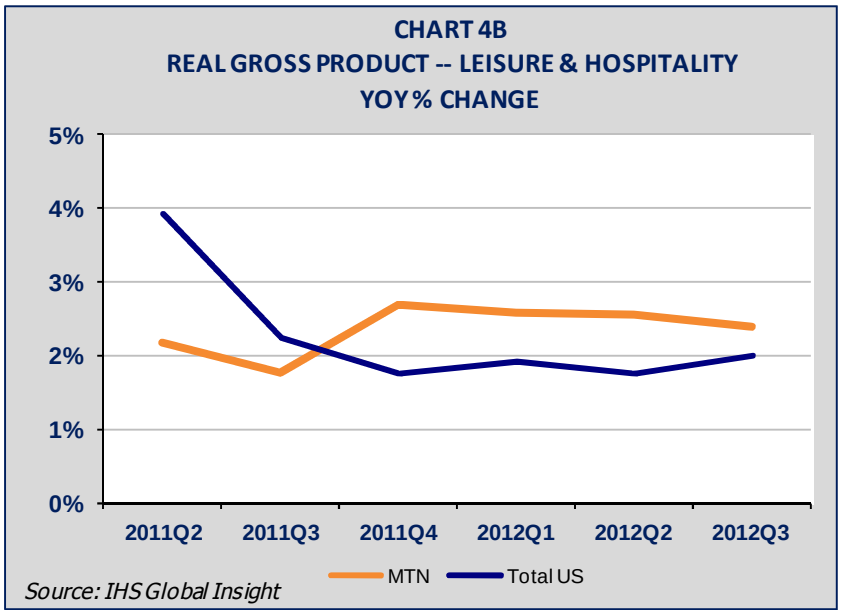
Unemployment in the Mountain region is lower than the national figure of 8.2 percent, having witnessed a decrease of 1.1 percent over the past year. Key economic indicators suggest that the outlook for the Mountain region is positive. With a lower unemployment rate and the expectation of positive growth in real disposable personal income of 1.6 percent compared to one year ago, the local economy is making headway.



Relative to this time last year, regional gasoline prices in the Mountain states have increased by 0.1 percent. IHS Global Insight expects the small hike in fuel prices will not hinder real consumer spending and an increase in regional holiday travel demand is projected. Increases in real personal

income and state output and the reduction in regional unemployment are all key economic indicators supporting increased travel traffic this holiday.

In addition to the originating travel forecast of person-trips from the Mountain region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

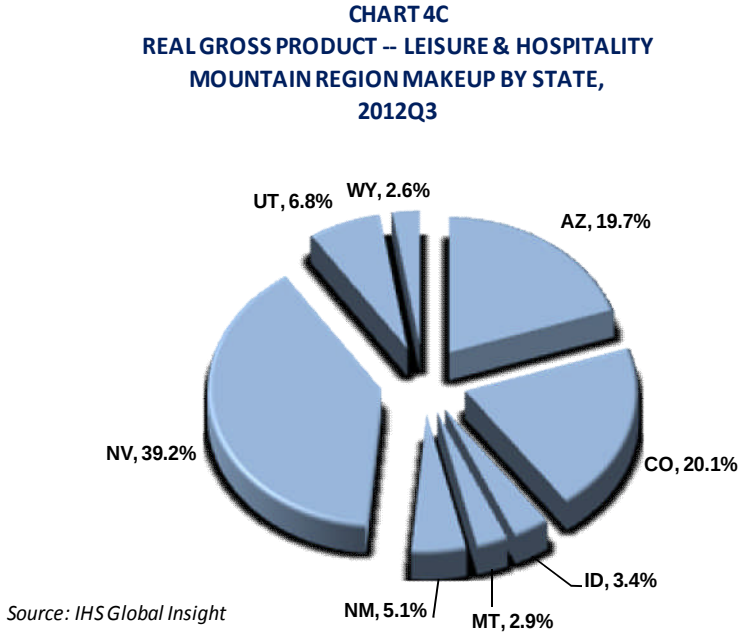


The tourism industry in the Mountain region, as measured by leisure and hospitality industry real gross product (the value of goods and services produced by the leisure and hospitality industry), has been growing since the third quarter of 2011. Moreover, the Mountain region's tourism industry has been outperforming the nation's tourism recovery over that same time span.

In the third quarter of 2012, the Mountain region's total output from the leisure and hospitality industry is anticipated to rise by 2.5 percent relative to one year ago (the national tourism output growth rate for comparison is two percent).

Arizona is the Mountain state expected to see the largest increase in tourism output growth (3.4 percent) since the third quarter of 2011. New Mexico is at the other end of the spectrum, with a 0.9 percent decrease in tourism output since last year; New Mexico has the second lowest growth rate in terms of tourism output over the past year among all 50 states.

The Mountain region consists of states such as Nevada, Colorado and Arizona, which contribute large amounts of tourism output to the regional total. Nevada, which includes the major tourist city of Las Vegas, contributes 39.2 percent of the Mountain region's tourism output, followed by Colorado and Arizona. The remaining five states in the region account for much smaller shares of the Mountain region's tourism output.



Travel by Region: New England

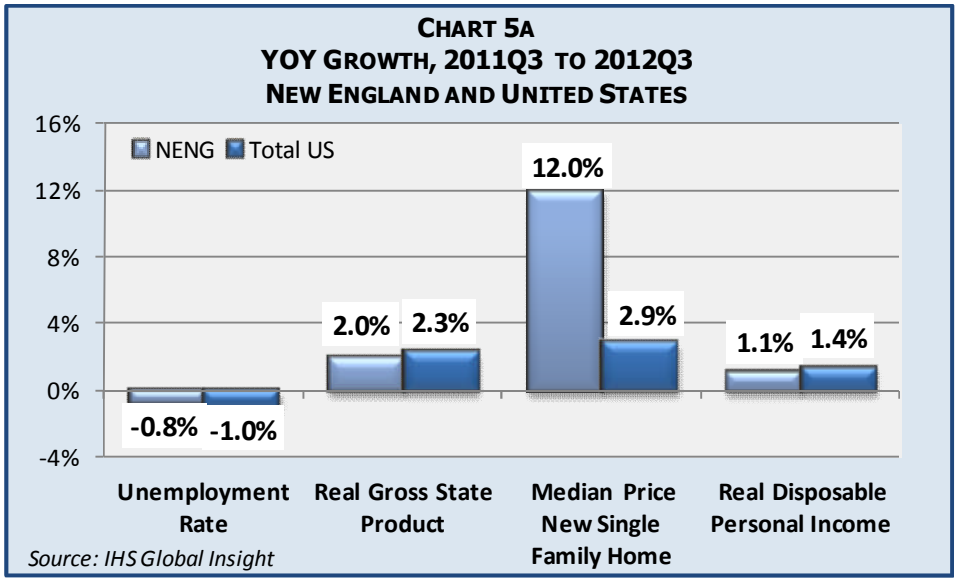
Travel originating from the New England region is expected to rise by 4.7 percent over the Independence Day holiday relative to 2011. Automobile travel from the New England region is projected to increase by 3.9 percent compared to the holiday last year, while the forecast for air travel shows an increase of 9.6 percent. The forecast indicates that 14.4 percent of the New England population will travel this upcoming Independence Day holiday period, which is higher than the national frequency (13.3 percent).

TABLE 5A
2012 INDEPENDENCE DAY TRAVEL FORECAST – NEW ENGLAND REGION AND UNITED STATES

	New England			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	4.7%	2.10	14.4%	4.9%	42.27	13.3%
Automobile (millions of person trips)	3.9%	1.78	12.2%	4.0%	35.46	11.2%
Air (millions of person trips)	9.6%	0.15	1.0%	9.7%	3.22	1.0%
Economy (2012Q3)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-0.8%	6.9%		-1.0%	8.1%	
Real Gross Product ($, bn)*	2.0%	751		2.3%	13,639	
Median Price, New Single Family Home ($, thn)	12.0%	372		2.9%	226	

The New England regional economy has continued to make progress along the road to recovery. The unemployment rate sits at 6.9 percent, which is significantly lower than the national unemployment rate (8.2 percent). Gross state product is expanding slowly on a quarter-over-quarter basis throughout 2012 and on an annual basis (two percent) in the third quarter of 2012. Real disposable personal income is forecasted to increase by 1.1 percent in the third quarter of 2012 compared to last year—lower than the increase expected nationwide, but still noticeable progress.

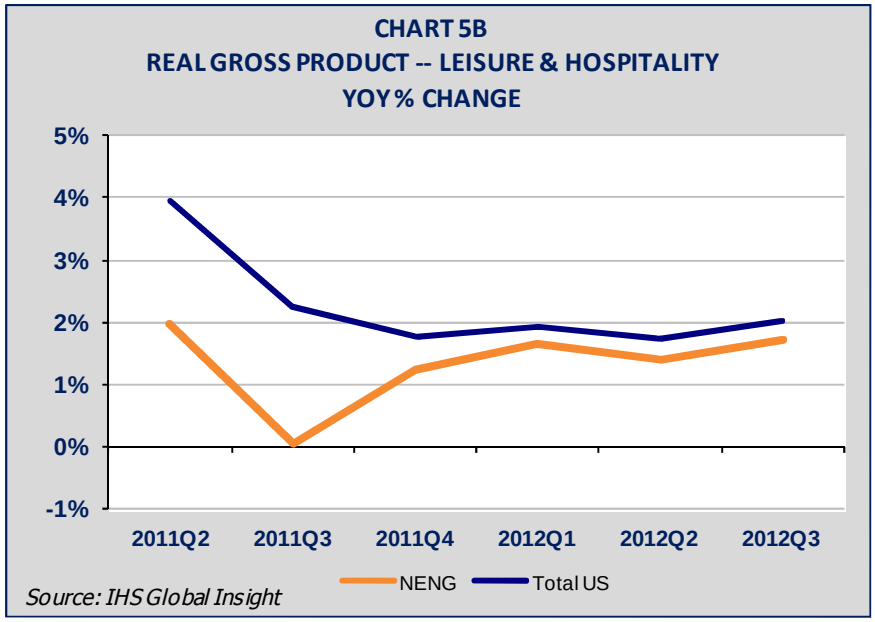
The New England market continues to struggle, but some indicators have shown signs of improvement. Quarterly housing starts in the region increased nearly 17 percent during the second half of 2011. Although both the single-family and multifamily markets reported gains, a large majority of the increased building activity has been concentrated in the multifamily market. The median price of new single-family homes is projected to increase by 12 percent on an annual basis in the third quarter of 2012.



Tied in second place for the lowest unemployment rate among the nine census regions and with a forecast increase of 1.1 percent in real disposable income, the economic drivers suggest that an increase in

2012 holiday travel is to be expected in the New England region. The price of gasoline in New England decreased by 3.3 percent in 2012 compared to this time last year. Despite the slight decline, gasoline prices remain high enough that this is unlikely to provide much of a boost to travel intentions.

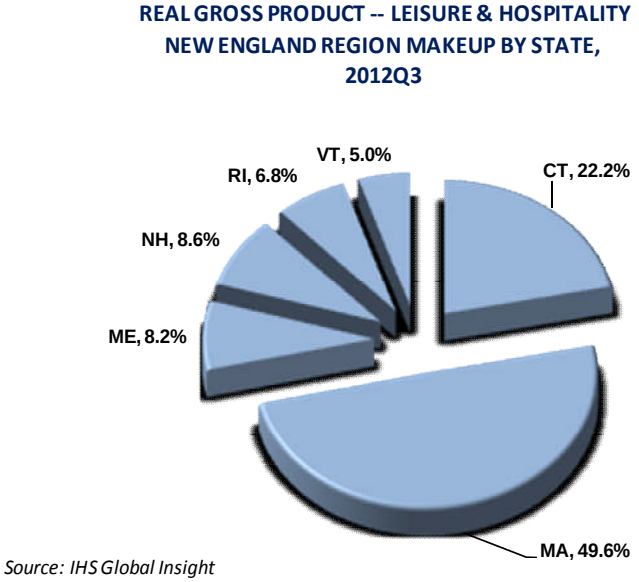
In addition to the originating travel forecast of person-trips from the New England region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.



New England's tourism industry has seen growth recovery over the past year that is below the national tourism industry. In the third quarter of 2011, the New England region's tourism industry growth was less than the nation as a whole (1.7 percent). However, as the price of gasoline has declined, IHS Global Insight expects growth in leisure and hospitality industry output (the value of goods and services produced by the leisure and hospitality industry) in New England (2.4 percent) to surpass that of the nation as a whole (two percent).

Massachusetts is the largest contributor of tourism output to the New England economy, accounting for 49.6 percent of tourism output in New England. Maine and New Hampshire, although smaller than Massachusetts in terms of tourism output, are expected to also see the largest growth in tourism output since the third quarter of 2011, expanding by 2.1 percent and 1.4 percent, respectively.

Connecticut is second to Massachusetts in terms of tourism output in New England, but the state is forecast to grow just 1.1 percent annually in the third quarter of 2012. This represents the second smallest year-over-year growth of the New England states. Rhode Island represents the smallest year-over-year growth of the New England states.



Travel by Region: Pacific

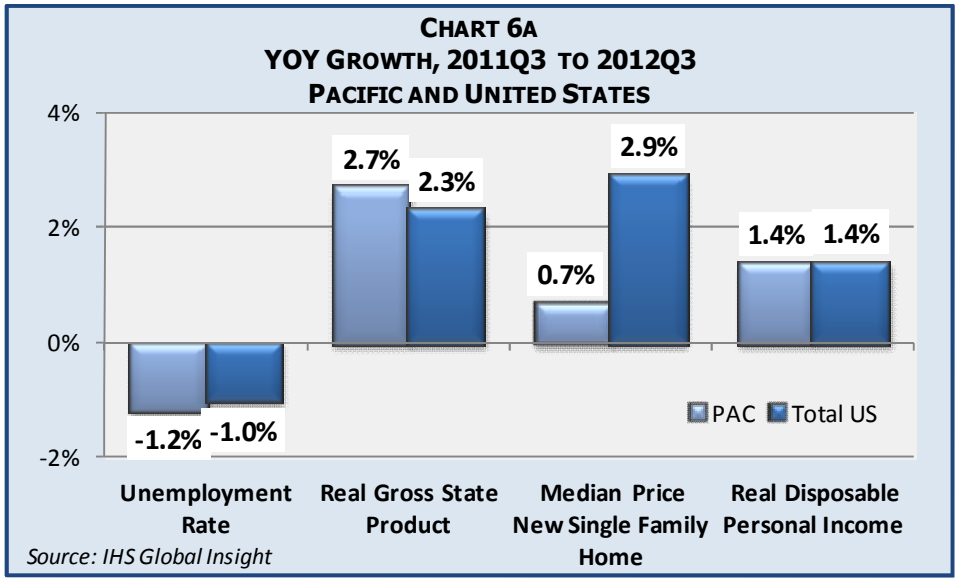
The Pacific region is projected to see Independence Day holiday travel rise by five percent since last year. The regional economy is realizing positive growth in some economic indicators. Despite a 3.3 percent increase in the regional price of gasoline, the demand for regional holiday travel is expected to grow modestly. The forecast calls for air travel to increase 9.6 percent and automobile travel to increase 3.8 percent compared to last year. The forecast projects 12.7 percent of Pacific region residents to travel this holiday, which is just below the percentage of the national population expected to travel (13.3 percent). The Pacific region typically sees a higher than average share of its population expected to travel by air, and this is indeed the case for Independence Day (1.5 percent compared to the national figure of one percent).

TABLE 6A
2012 INDEPENDENCE DAY TRAVEL FORECAST – PACIFIC REGION AND UNITED STATES

	Pacific			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	5.0%	6.50	12.7%	4.9%	42.27	13.3%
Automobile (millions of person trips)	3.8%	5.10	10.0%	4.0%	35.46	11.2%
Air (millions of person trips)	9.6%	0.77	1.5%	9.7%	3.22	1.0%
Economy (2012Q3)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-1.2%	9.9%		-1.0%	8.1%	
Real Gross Product ($, bn)*	2.7%	2,406		2.3%	13,639	
Median Price, New Single Family Home ($, thn)	0.7%	300		2.9%	226	

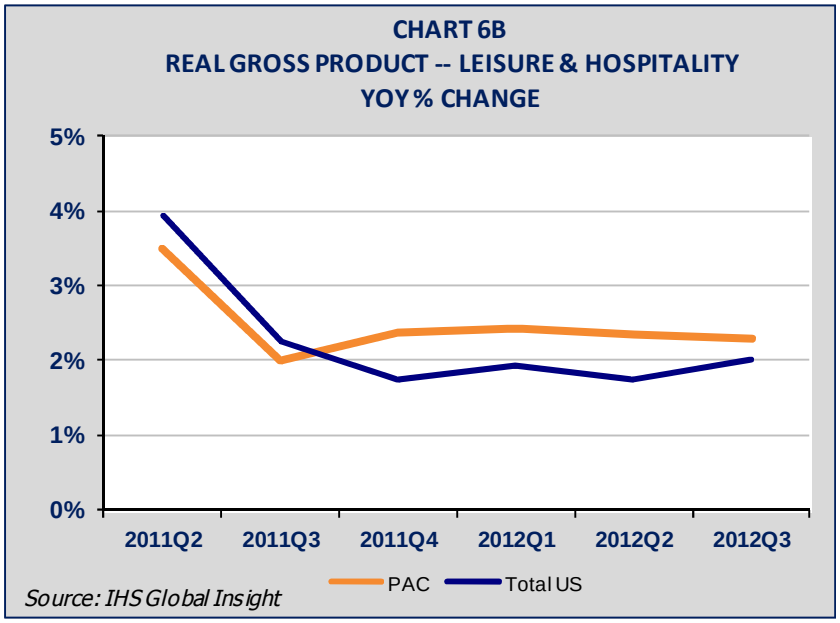
The Pacific region's recovery made some headway during 2011 as 267,000 jobs were added, for payroll growth of nearly 1.4 percent. While the unemployment rate in the Pacific region is still the highest of any census region at 9.9 percent, this represents an anticipated drop of 1.2 percent since the third quarter of 2011.

Many economic indicators in the Pacific region are realizing positive growth. Real gross state product for the Pacific region has increased over the past year as the regional economy recuperates. Growth in regional output is expected to rise 2.7 percent in the third quarter of 2012 as compared to the previous year. This growth is expected to be somewhat higher than the national forecast gross domestic product growth of 2.3 percent. Regional real disposable personal income is also expected to have grown relative to last year. Real disposable personal income in the Pacific region is projected to be 1.4 percent higher than the third quarter of 2011, which is equivalent to the national growth figure.



The Pacific region is on its way to undoing most of the damage done since the Great Recession. Key economic indicators, such as a declining unemployment rate, growth in real gross state product, and growth

in real disposable income all suggest a recovering economy. Furthermore, slight improvements in the housing market have made headway. In the third quarter of 2012, the median price of new single-family homes is expected to have increased by an annual rate of 0.7 percent.



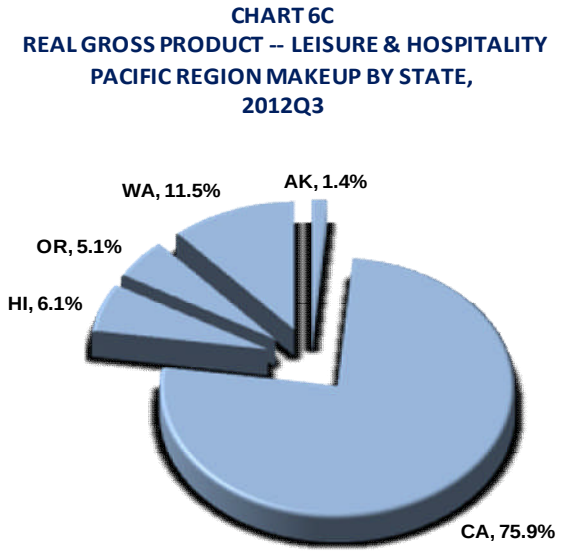
With employment trending upward and both real disposable income and real gross state output showing marked improvement in 2012, the economic drivers suggest that holiday travel will increase in the Pacific region relative to last year. Despite a 3.3 percent annual increase in the regional price of gasoline, travel demand for the Pacific region is expected to be positive.

In addition to the originating travel forecast of person-trips from the Pacific region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

In terms of growth in total leisure and hospitality output (the value of goods and services produced by the leisure and hospitality industry), the Pacific region had been surpassing the national recovery for the past year. Indeed, the Pacific region began to grow faster than the nation in the third quarter of 2011, and that is expected to continue through the third quarter of 2012.

The Pacific region's leisure and hospitality output during the third quarter of 2012 is projected to rise 2.3 percent since the third quarter of 2011, compared with 2% for the nation. Washington and Oregon lag the rest of the Pacific states in growth recovery, each expected to grow 0.6 percent since last year. The remaining three states are all expected to grow at or above 1.9 percent during this period.

The composition of tourism industry output by state in the Pacific region is dominated by California, which accounts for 75.9 percent of tourism output in the region. Washington is the second largest state, contributing 11.5 percent of tourism output to the Pacific region.



Source: IHS Global Insight

Travel by Region: South Atlantic

Independence Day holiday travel from the South Atlantic (SATL) region is forecast to increase by five percent this holiday period as compared to 2011. The South Atlantic regional economy is rebounding slowly, and travel demand is expected to be stimulated by economic improvement. Air travel is projected to rise by 9.9 percent, while automobile travel is expected to rise by 4.2 percent. A smaller proportion of the regional population is expected to travel by air (one percent), while a larger percent of the regional population is expected to travel by automobile (10.7 percent). The forecast calls for 12.5 percent of the regional population to travel this Independence Day holiday period, which is just below the percentage of the national population expected to travel (13.3 percent).

TABLE 7A

2012 INDEPENDENCE DAY TRAVEL FORECAST – SOUTH ATLANTIC REGION AND UNITED STATES

	South Atlantic			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	5.0%	7.65	12.5%	4.9%	42.27	13.3%
Automobile (millions of person trips)	4.2%	6.56	10.7%	4.0%	35.46	11.2%
Air (millions of person trips)	9.9%	0.58	1.0%	9.7%	3.22	1.0%
Economy (2012Q3)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-1.3%	8.0%		-1.0%	8.1%	
Real Gross Product ($, bn)*	2.3%	2,506		2.3%	13,639	
Median Price, New Single Family Home ($, thn)	-4.8%	221		2.9%	226	

After three years of declines, the South Atlantic finally region saw positive annual growth in 2011. The region's payrolls expanded 1.2 percent last year, slightly above the nation's 1.1 percent growth. The services industries are adding jobs—tourism has boosted payrolls along the South Atlantic's coast and other vacation destinations—and there has been solid recovery in the region's enormous trade and transportation sector. The South Atlantic region's unemployment rate is expected to have fallen by 1.3 percent after remaining relatively stable over the past year at about eight percent. Output in the SATL region is also increasing and is anticipated to grow 2.3 percent in the third quarter of 2012. This level of growth is equivalent to national GDP.

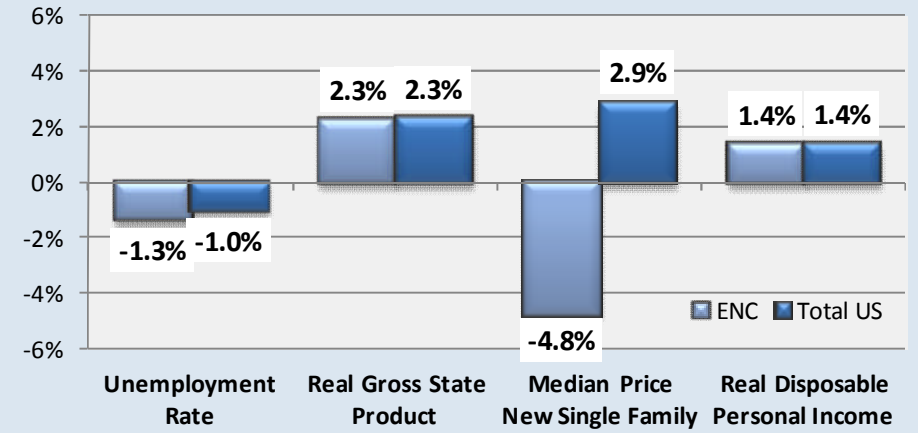
The badly damaged housing market in the SATL region has been the lone sore spot in an otherwise promising recovery. The median price of new single-family homes is projected to decrease on an annual basis in the third quarter of 2012 by 4.8 percent.

Real disposable personal income tends to play a more direct role in travelers' decisions, and it is expected to grow by 1.4 percent in the third quarter of 2012 relative to one year ago. This matches the national growth rate in real disposable income.

CHART 7A

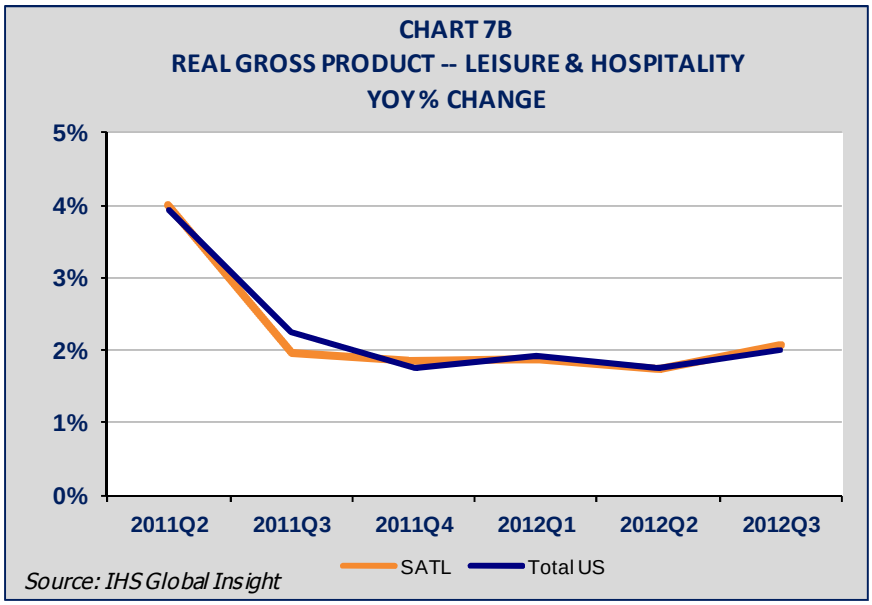
YOY GROWTH, 2011Q3 TO 2012Q3

SOUTH ATLANTIC AND UNITED STATES



Source: IHS Global Insight

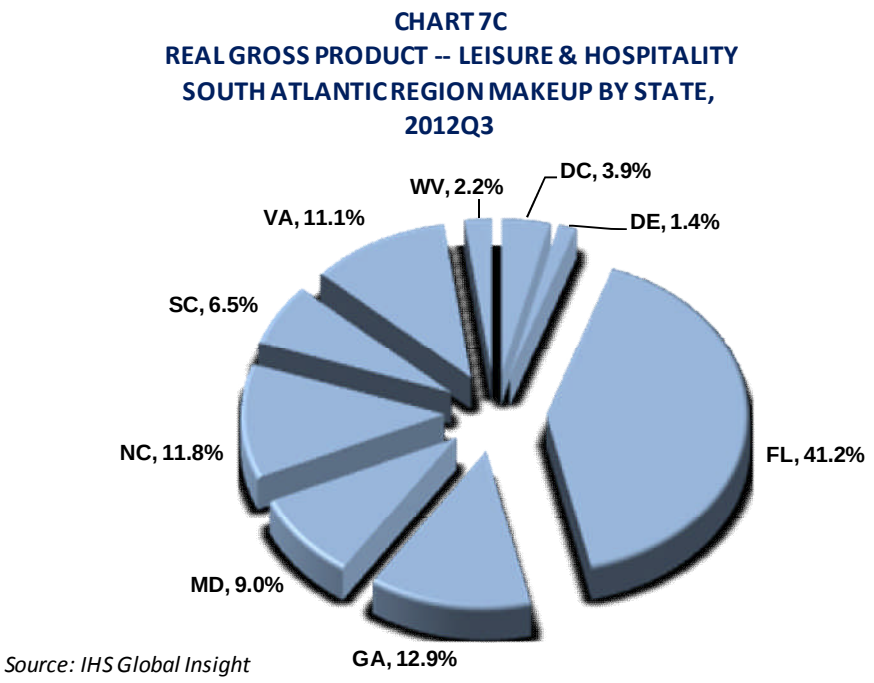
Compared to this time last year, gasoline prices in the surrounding South Atlantic states have decreased by 7.3 percent. The recent decline in fuel prices is unlikely to be a major driver of travel decisions for the holiday, however, as the price of gasoline remains at near historical highs. Still, the fundamentals of the SATL regional economy look better now than a year previous. A combination of the economy, and a longer holiday travel period supports an increase regional holiday travel this Independence Day.



In addition to the originating travel forecast of person-trips from the South Atlantic region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

The tourism industry in the SATL region, as measured by leisure and hospitality industry output (the value of goods and services produced by the leisure and hospitality industry), has been stabilizing since the third quarter of 2011, and has been in line with the national tourism recovery. In the third quarter of 2012, total output from the leisure and hospitality industry in the SATL region is expected to grow by 2.1 percent from the year prior (compared to two nationwide).

Florida contributes 41.2 percent of tourism output to the South Atlantic tourism industry with its draw of high-profile beaches and amusement parks. Georgia contributes the second-largest share of tourism output, with Atlanta being one of the top cities for tourism in the United States. North Carolina and Virginia each contribute over 10 percent to the region's tourism industry, but Washington, D.C. and West Virginia are seeing the largest year-over-year tourism output growth in the SATL region (3.1 percent).



Travel by Region: West North Central

The West North Central (WNC) region is projected to see a 5.4 percent increase in Independence Day holiday travel this year, compared to 2011. The regional economy is recovering gradually, mirroring the national trend, and an increase in the length of the holiday travel period is expected to boost travel demand in the WNC region. Air travel in the region is expected to grow 10.4 percent, while automobile travel is expected to rise 5.4 percent versus Independence Day last year. A much higher-than-average share of the West North Central population is expected to travel this holiday (15.6 percent), which is typical of the WNC region based on its widespread geographic region.

TABLE 8A

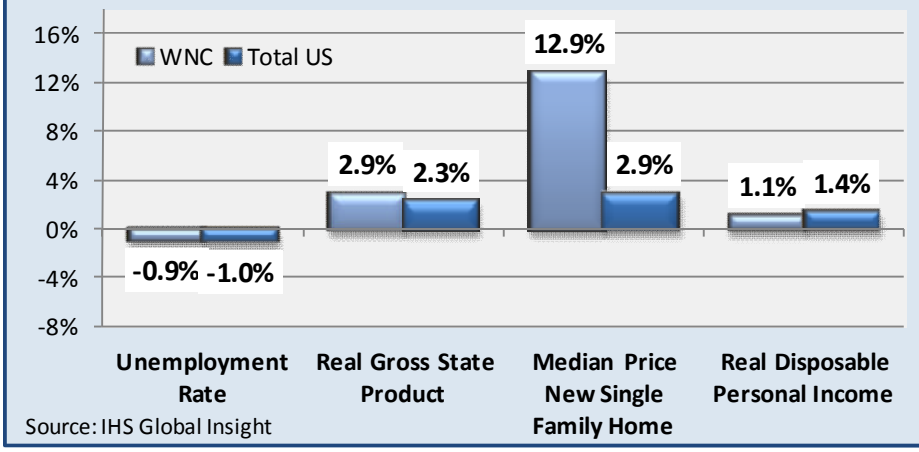
2012 INDEPENDENCE DAY TRAVEL FORECAST – WEST NORTH CENTRAL REGION AND UNITED STATES

	West North Central			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	5.4%	3.25	15.6%	4.9%	42.27	13.3%
Automobile (millions of person trips)	4.6%	2.80	13.5%	4.0%	35.46	11.2%
Air (millions of person trips)	10.4%	0.13	0.6%	9.7%	3.22	1.0%
Economy (2012Q3)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-0.9%	5.7%		-1.0%	8.1%	
Real Gross Product ($, bn)*	2.9%	884		2.3%	13,639	
Median Price, New Single Family Home ($, thn)	12.9%	212		2.9%	226	

Payroll recovery in the West North Central Region will remain on a par with the national average, adding 1.5 percent in the first half of this year. Growth will come from a number of sectors that continue to drive resurgence in the labor market. With an unemployment rate of roughly 5.7 percent, the WNC region boasts the lowest unemployment rate of any region. In general, the regional economy is moving in step with the nation. Real gross state product in the WNC region is expected to have increased 2.9 percent annually in the third quarter of 2012, which is greater than the projected growth of 2.3 percent in real gross domestic product. Real disposable personal income is also anticipated to rise; growth of 1.1 percent on an annual basis is expected in this category in the third quarter of this year, which is slightly lower than the increase expected nationally (1.4 percent).

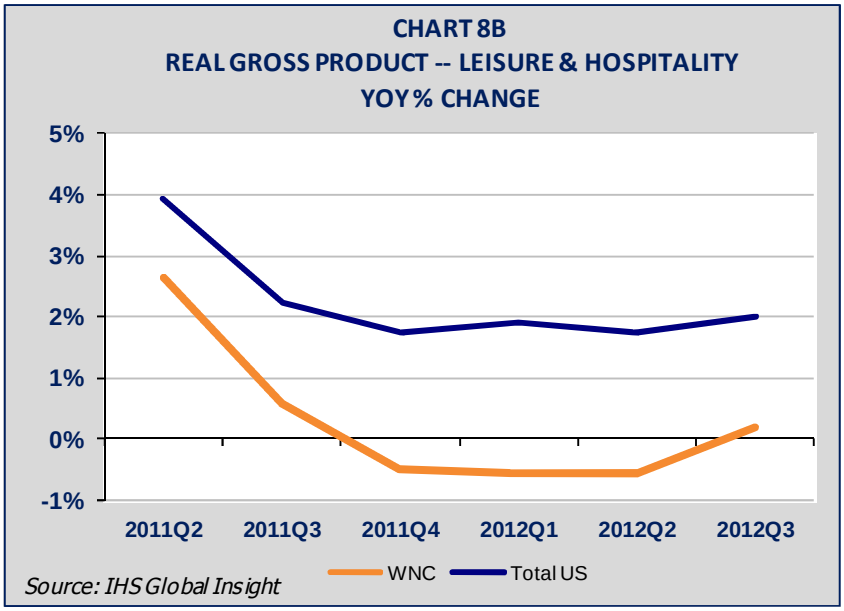
The WNC region has the fourth-lowest median price of new single-family homes, but the regional housing market is showing signs of catching up with the rest of the nation. The median price of new single-family homes is forecast to increase 12.9 percent on a year-over-year basis in the third quarter of 2012. This rate of price appreciation far outstrips the broader US rate (2.9 percent).

CHART 8A
YOY GROWTH, 2011Q3 TO 2012Q3
WEST NORTH CENTRAL AND UNITED STATES



Source: IHS Global Insight

Gas prices are not expected to be a major factor in travel decisions this Independence Day. Prices were down 8.5 percent in the WNC region compared to Independence Day 2011. Despite the slight decline, prices remain high enough that this is not going to provide much of a spur to hit the road during the holiday.



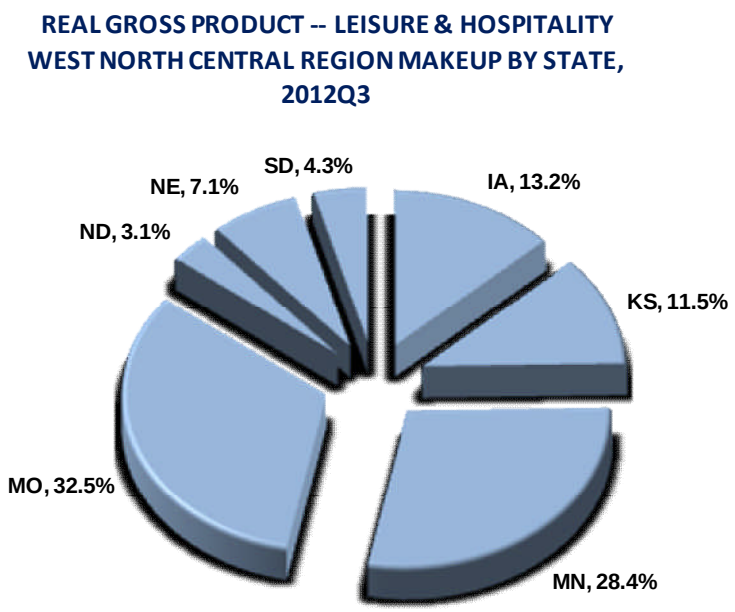
In addition to the originating travel forecast of person-trips from the West North Central region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

The WNC's tourism industry has been declining since the first quarter of 2011, as measured by leisure and hospitality industry output (the value of goods and services produced by the leisure and hospitality industry). Regional output growth has been underperforming the national recovery since the second quarter of 2011.

In the third quarter of 2012, total output from the leisure and hospitality industry in the WNC region is expected to see annual growth of 0.2 percent, which is lower than growth predicted nationally over this period (2.0 percent).

North Dakota is expected to see the largest annual growth (2.5 percent) in tourism output since the third quarter of 2011 as compared to the rest of the WNC states.

Missouri and Minnesota are the largest contributors to tourism output in the West North Central region, followed by Iowa, Kansas, Nebraska, South Dakota, and North Dakota.



Source: IHS Global Insight

Travel by Region: West South Central

The Independence Day holiday travel forecast calls for a rise of 4.7 percent in West South Central (WSC) regional holiday travel relative to last year. Travel is expected to increase with a longer holiday-period driving demand on the heels of regional economic recovery. Air travel is expected to rise by 9.6 percent while automobile travel is expected to increase by 3.8 percent relative to Independence Day 2011. About 10.9 percent of the WSC population is predicted to travel this holiday period, which is less than the estimated national frequency of 13.3 percent.

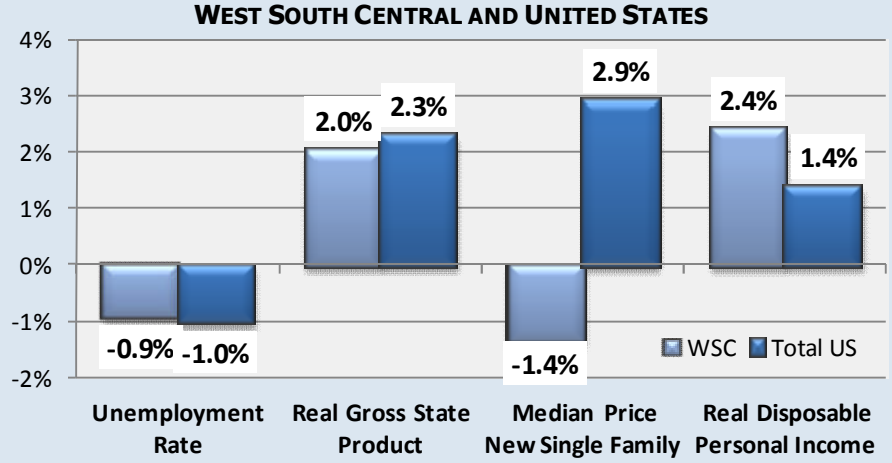
TABLE 9A
2012 INDEPENDENCE DAY TRAVEL FORECAST – WEST SOUTH CENTRAL REGION AND UNITED STATES

	West South Central			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	4.7%	4.10	10.9%	4.9%	42.27	13.3%
Automobile (millions of person trips)	3.8%	3.42	9.1%	4.0%	35.46	11.2%
Air (millions of person trips)	9.6%	0.38	1.0%	9.7%	3.22	1.0%
Economy (2012Q3)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-0.9%	6.9%		-1.0%	8.1%	
Real Gross Product ($, bn)*	2.0%	1,592		2.3%	13,639	
Median Price, New Single Family Home ($, thn)	-1.4%	176		2.9%	226	

The West South Central region has led the country in recovery, expanding faster and adding more jobs than any other region. By the end of 2011, payrolls in the region were up two percent, or more than 300,000 jobs from December 2010, and up 3.9 percent from their trough in December 2009. As a result, after falling four percent during the recession, employment in the region is now off just 0.3 percent from its pre-recession peak. The unemployment rate in the region has improved dropping to around 6.9 percent for the past year. The WSC is tied for the second-lowest unemployment rate of all nine census regions. The WSC region also has an unemployment rate of 6.9 percent. All four WSC states added jobs during 2011. Texas, the largest state by far in the region, added the most jobs, but Louisiana and Oklahoma actually expanded at a faster clip than the Lone Star state during 2011. Real gross state product growth over the past four quarters in the WSC region is slightly less than the national output growth (two percent versus 2.3 percent). Moreover, real disposable personal income is forecast to increase by 2.4 percent in the third quarter compared to 2011 (the relative nationwide figure for comparison is 1.4 percent annual growth in real disposable personal income.

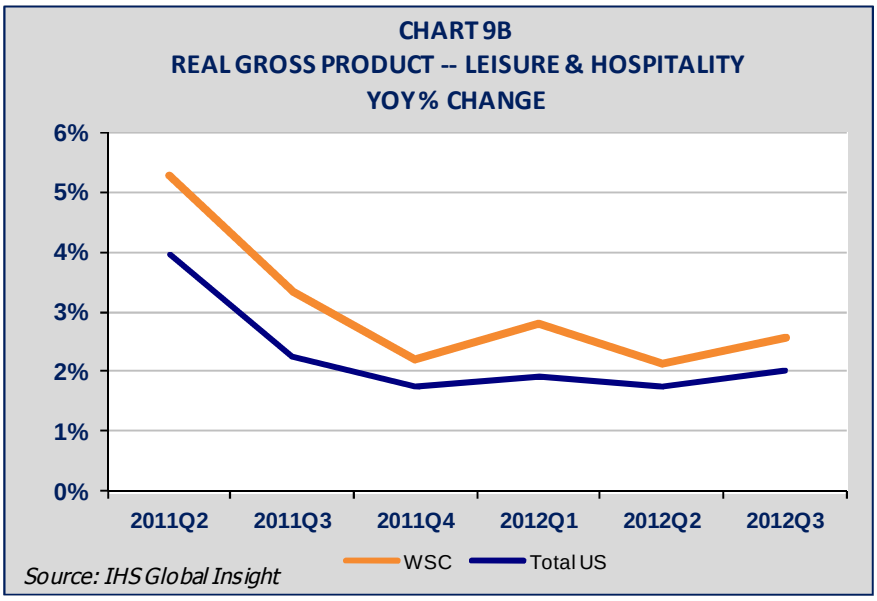
The housing market has been up and down, but expectations for the median price of new single-family homes in the third quarter of the year are negative, straying from the national trend. The region's median price of new single-family homes is projected to decrease by 1.4 percent in the third quarter of 2012 relative to the previous year.

CHART 9A
YOY GROWTH, 2011Q3 TO 2012Q3
WEST SOUTH CENTRAL AND UNITED STATES



Source: IHS Global Insight

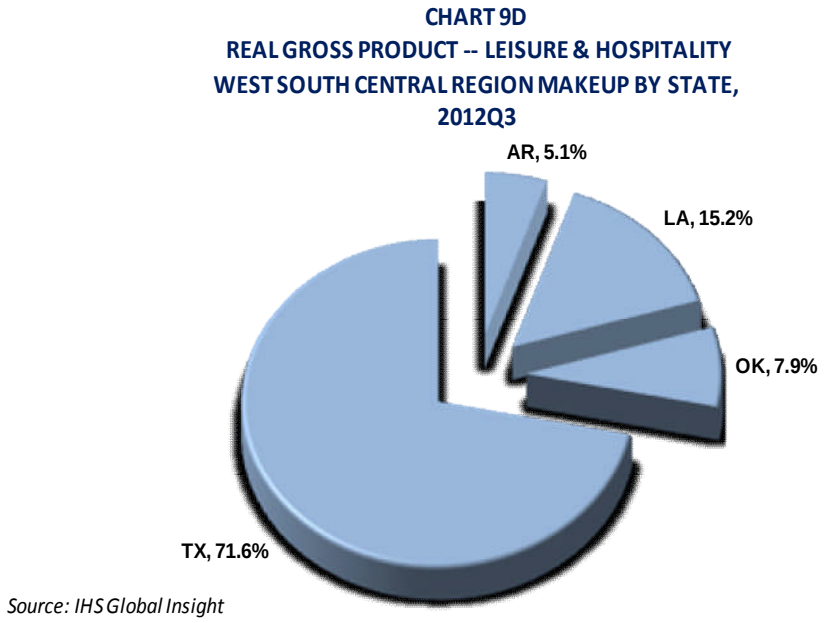
While the WSC region is experiencing an economic recovery, the falling price of gasoline is not expected to add to the demand for holiday travel. In 2012, the price of gasoline in the WSC region decreased by 6.9 percent. Despite the price decline, the regional price of gasoline remains high enough that this is unlikely to have a large impact on travel decisions for the holiday.



In addition to the originating travel forecast of person-trips from the West South Central region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

The WSC recovery in real gross state product from the leisure and hospitality industry (the value of goods and services produced by the leisure and hospitality industry) commenced in the second quarter of 2011. Leisure and hospitality output from the WSC region show higher growth rates than at the national level. While leading the nation in terms of annual tourism output growth over the past year, the WSC region is expected to witness annual tourism output growth of 2.6 percent, outpacing the nation as a whole in the third quarter of 2012 (2.0 percent).

Texas accounts for nearly three-quarters of tourism output in the WSC region. Arkansas accounts for the smallest share with just 5.1 percent of tourism industry output in the WSC region.



Independence Day 2012 Holiday Traveler Profile Survey Methodology

The *Holiday Traveler Profile* study, conducted by D.K. Shifflet and Associates, surveys holiday travelers regarding their planned holiday travel including planned party composition, travel distances, trip expenditures, and activity participation. For the Independence Day 2012 holiday, the survey was in the field during May 16–20, 2012, and 344 respondents were interviewed in detail about their holiday plans. This panel was designed to yield survey responses that are statistically significant at the national level.[1] Although we report detail for individual census regions, the reader should be aware that the census region-level results are not generally statistically significant and margins of error are generally large.

Those census region-level responses that do differ significantly from national responses are flagged with asterisks, as in the example below from our Memorial Day 2010 report:

Party Composition Memorial Day 2010 (example)

	One Adult	Two Adults	Three or more Adults	Families
Total US	**21%**	**33%**	**19%**	**27%**
New England	11%	10%*	26%	53%
Middle Atlantic	7%	19%	15%	60%*
South Atlantic	30%	33%	23%	14%
East North Central	39%	17%	23%	21%
East South Central	27%	23%	15%	35%
West North Central	6%*	17%	28%	49%
West South Central	16%	39%	20%	24%
Mountain	26%	52%	10%	13%
Pacific	13%	67%*	14%	6%*

** Indicates estimate differs from estimate for Total US with 99 percent confidence or greater.*

Source: D.K. Shifflet & Associates, Ltd.
Numbers may not add due to rounding.

Note that the percent of New England respondents planning to travel as a party of "Two Adults" is listed as "10 percent*". As the footnote below the table states, the asterisk indicates that the New England estimate differs from the Total US estimate with 99 percent confidence or greater. In other words, if the actual proportion of New England residents traveling in a party of two adults were the same as the actual proportion of US residents traveling in a party of two adults, there would be a 1 percent or lower chance of seeing a difference as large as the difference observed in this survey (10 percent for New England versus 33 percent for Total US). Therefore, it is unlikely—though not impossible—that this difference is reflective of random sampling error.

Although we will focus primarily on national responses, our commentary on the *Holiday Traveler Profile* tables may call out certain regional responses of interest. When we discuss a regional response, we will generally avoid highlighting responses with large margins of error. For example, the margin of error for the share of New England residents travelling in parties with two adults is +/-14 percent, meaning that the share could be as high as 24 percent. As such, we would either avoid highlighting that result or provide the margin of error to the reader for appropriate statistical context.[2]

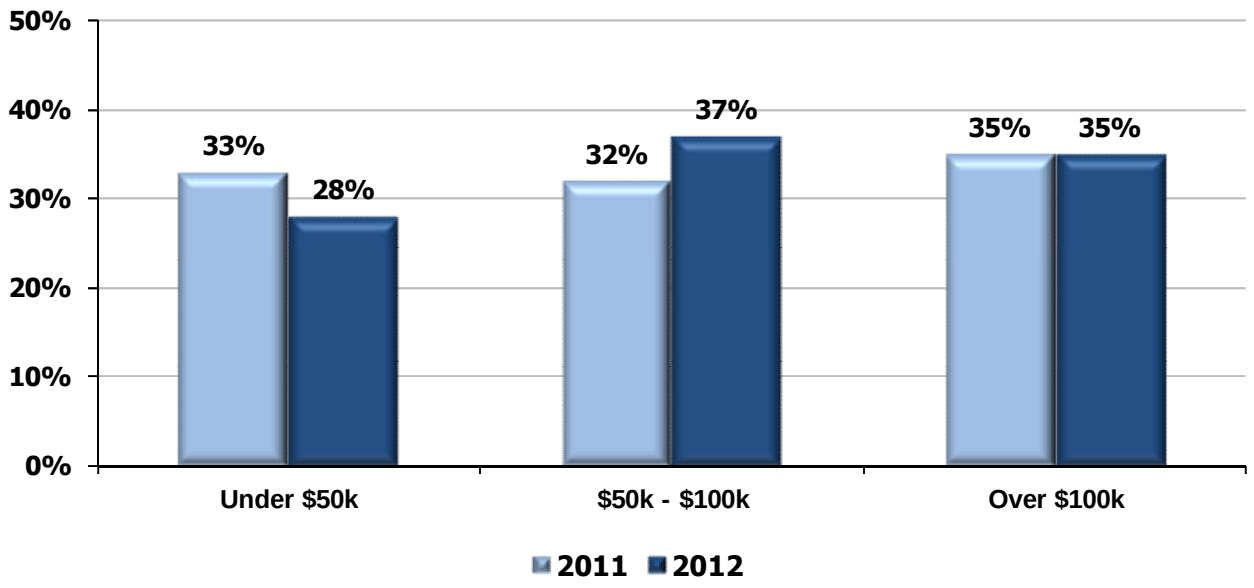
[1] Specifically, the margin of error for each binary response question is, at most, about 6 percentage points, with 99% confidence.

[2] This +/-14% margin of error reflects a 99% confidence interval based on a t-distribution.

Change in the Average Independence Day Traveler

The economic outlook, as described previously in the report, shows some signs of growth but only minor improvements in the critical travel-related areas of consumer spending and disposable income. As was the case when looking at expectations for Independence Day 2011 holiday travel, gasoline prices remain at near-historical highs—despite their decline from last year. This will counteract some of the benefit coming from the reduced rate of unemployment relative to Independence Day 2011. The amount consumers spend each month on gasoline is unlikely to vary dramatically across household income groups, but the share of total spending on fuel is obviously going to be much higher for those with lower household incomes and, as a result, those families will have less money available for travel. The chart below highlights this by showing the change in income distribution of those intending to travel this holiday taken from the *Holiday Traveler Profile* survey. Those households making less than $50,000 are expected to make up 28 percent of all travelers this year, down from 33 percent in 2011. Conversely, households making between $50,000 and $100,000 will make up 37 percent of holiday travelers this year versus 32 percent in 2011.

CHART 10
HOUSEHOLD INCOME DISTRIBUTION OF INTENDING TRAVELERS
INDEPENDENCE DAY 2011 AND 2012 HOLIDAYS
TOTAL US



Travel Distances

Holiday Traveler Profile respondents plan to travel an average of 723 miles round-trip this upcoming Independence Day holiday weekend. This is up from last year when the expected travel distance was 573 miles. The increase in expected air travel is certainly a factor in this increase. Air trips typically span a longer distance than automobile trips, and we see an increase in the share of long haul trips of more than 1,500 miles (18 percent vs. 10 percent a year ago). The trips that are shorter than 250 miles, and likely to be taken by automobile, are expected to decrease in share (28 percent vs. 35 percent a year ago). These shorter drives are being replaced by longer distance automobile trips, which are likely due to the extended holiday travel period, which gives travelers an extra day to reach more remote destinations.

"Special trip to California after son and daughter-in-law moved there."

West South Central Respondent

At the regional level, there is significant variance for expected trip length, with travelers based in the East South Central expected to take the shortest average trips at just 554 miles, as only eight percent of travelers from the region expect their trips to be more than 1500 miles. Those in the West South Central region are expected to take trips nearly twice as long, averaging 987 miles. Not surprisingly, just nine percent of travelers from this region expect their trips to be less than 250 miles.

TABLE 11
EXPECTED ROUND-TRIP DISTANCE TRAVELED
INDEPENDENCE DAY 2012 HOLIDAY
TOTAL US AND BY REGION OF RESIDENCE

	50-150 miles	151-250 miles	251-400 miles	401-700 miles	701-1500 miles	Over 1500 miles	Average Miles
	(Percentage of Travelers)						
Total US	17%	11%	23%	16%	16%	18%	723
New England	11%	15%	25%	2%	17%	30%	881
Middle Atlantic	21%	18%	20%	13%	3%	26%	650
South Atlantic	17%	1%	39%	16%	16%	10%	645
East North Central	26%	15%	22%	7%	18%	13%	644
East South Central	11%	28%	18%	17%	18%	8%	554
West North Central	32%	7%	6%	18%	17%	20%	599
West South Central	2%	7%	13%	27%	32%	19%	987
Mountain	14%	8%	14%	23%	19%	23%	826
Pacific	16%	15%	29%	15%	2%	23%	684

Measures of statistical confidence are not available for differences between regional and Total US average miles traveled.

Source: D.K. Shifflet & Associates, Ltd.
Numbers may not sum due to rounding

Total Spending

Intending travelers expect to spend $749 this upcoming holiday period, a seven percent decrease compared to the expected median spending of intending travelers in 2011. The spending distribution is weighted more heavily towards transportation costs, which reflects the increase in average distance traveled, relative to a year ago.

"We will be staying in RV park versus a hotel."

East South Central Respondent

Total spending can be roughly grouped into the following categories: transportation spending and spending occurring at the travel destination including lodging, food and beverages, shopping, and entertainment. The share of spending on fuel is expected to be 15 percent, up from 13 percent expected last year. Spending on other transportation, which includes the cost of other modes of travel (such as air), is expected to increase by more than 4 percentage points (16 percent vs. 12 percent a year ago), reflecting an increase in the expected frequency of longer distance air-trips. On-site spending categories are expected to make up 70- cents of the holiday dollar, down from 75 cents in 2011.

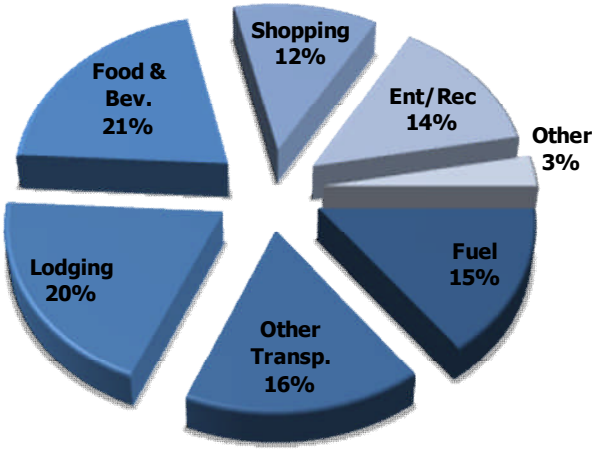
TABLE 12
MEDIAN EXPECTED TOTAL TRIP SPENDING AND AVERAGE EXPECTED SHARES OF BUDGET BY CATEGORY
INDEPENDENCE DAY 2012 HOLIDAY
TOTAL US AND BY REGION OF RESIDENCE

	Total US	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
Median Total Expenditures	**$749**	**$638**	**$837**	**$579**	**$484**	**$962**	**$865**	**$732**	**$648**	**$807**
Fuel Transportation	15%	9%	11%	13%	13%	11%	19%	27%	19%	11%
Other Transportation Spending	16%	22%	11%	8%	32%	20%	5%	14%	19%	23%
Accommodations	20%	18%	16%	29%	11%	22%	24%	15%	18%	18%
Food & Beverages	21%	21%	25%	19%	18%	24%	25%	19%	18%	16%
Shopping	12%	12%	16%	11%	9%	8%	13%	11%	11%	15%
Entertainment/Recreation	14%	17%	18%	17%	8%	12%	11%	12%	10%	15%
Other	3%	1%	3%	3%	9%	3%	3%	2%	6%	2%

Source: D.K. Shifflet & Associates, Ltd.
Numbers may not add due to rounding.

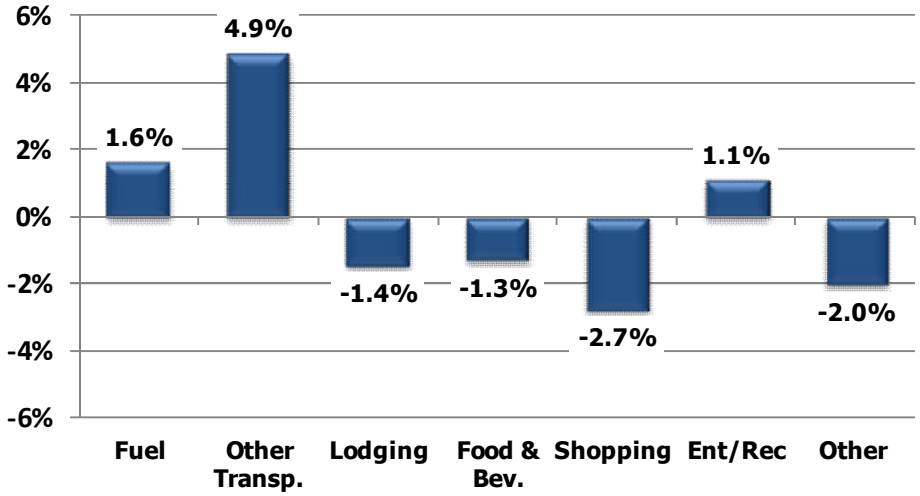
Chart 12 illustrates the average expected shares of budget by category for 2012. Chart 13 shows the change in expected budget distribution from Independence Day 2011 to Independence Day 2012.

CHART 12
US INDEPENDENCE DAY 2012 HOLIDAY SPENDING
DISTRIBUTION BY CATEGORY



Source: D.K. Shifflet & Associates, Ltd.

CHART 13
TOTAL US INDEPENDENCE DAY HOLIDAY SPENDING
CHANGE IN BUDGET SHARE FROM 2011 TO 2012



Source: D.K. Shifflet & Associates, Ltd.

Party Composition

The composition of expected travel parties for the Independence Day holiday weekend is expected to be predominantly two adults or families, with the travel shares for each of these groupings at 34 percent. The share for all four party compositions is not significantly different from 2011. Those traveling by themselves are expected to make up 14 percent of all travelers this holiday, while traveling parties of three or more adults are expected to make up the remaining 18 percent.

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TABLE 13
PARTY COMPOSITION
INDEPENDENCE DAY 2012 HOLIDAY
TOTAL US AND BY REGION OF RESIDENCE

	One Adult	Two Adults	Three or more Adults	Families
Total US	**14%**	**34%**	**18%**	**34%**
New England	27%	22%	15%	37%
Middle Atlantic	**5%**	**31%**	**37%**	**27%**
South Atlantic	19%	34%	15%	33%
East North Central	**11%**	**41%**	**6%***	**43%**
East South Central	8%	50%	10%	32%
West North Central	**5%**	**33%**	**30%**	**32%**
West South Central	13%	46%	11%	31%
Mountain	**21%**	**30%**	**17%**	**32%**
Pacific	20%	18%	28%	33%

** Indicates estimate differs from estimate for Total US with 99 percent confidence or greater.*

Source: D.K. Shifflet & Associates, Ltd.
Numbers may not add due to rounding.

Activities

The Independence Day holiday involves spending time with friends and family as well as enjoying the outdoors. Independence Day, similar to Memorial Day, is marked by a show of patriotism that is highlighted by fireworks and parades and other celebrations. Visiting with friends and family, going to the beach, and sightseeing are all among the top five activities travelers intend to pursue during the holiday. Other top activities include dining (62 percent), shopping (43 percent), and nightlife (21 percent).

"This year thinking we will go to Boston for the 4th of July - Boston Pops Concert; Fireworks; sightseeing."

New England Respondent

TABLE 14
MAIN PURPOSE OF TRIP
INDEPENDENCE DAY 2012 HOLIDAY
TOTAL US AND BY REGION OF RESIDENCE

	Total US	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
Dining	62%	65%	63%	63%	52%	78%	67%	48%	49%	55%
Visit with friends/relatives	59%	48%	59%	49%	49%	73%	48%	64%	54%	65%
Shopping	43%	39%	63%	45%	31%	36%	41%	40%	35%	52%
Touring/sightseeing	40%	41%	63%	46%	28%	36%	24%	25%	53%	38%
Go to beach/waterfront	37%	49%	36%	37%	24%	51%	34%	17%	36%	43%
Night Life	21%	22%	17%	21%	18%	29%	14%	15%	12%	29%
Visit historic sites	21%	9%	19%	20%	21%	31%	22%	23%	23%	9%
Hike, bike, etc.	20%	29%	22%	26%	23%	13%	7%	24%	22%	16%
Attend festivals, craft fairs, etc.	19%	17%	13%	20%	22%	17%	35%	14%	43%	11%
Boat/sail	19%	22%	25%	24%	38%	8%	11%	5%	34%	24%
Visit national or state parks	15%	18%	21%	14%	9%	14%	6%	6%	31%	17%
Watch sporting events	13%	11%	3%	16%	9%	3%	8%	12%	18%	35%
Visit theme/amusement parks	13%	22%	10%	16%	18%	10%	1%	10%	8%	22%
Visit museums, art exhibits, etc.	12%	15%	10%	18%	5%	6%	20%	14%	17%	6%
Attend concerts, plays, dance, etc.	12%	9%	3%	24%	4%	15%	3%	3%	18%	19%
Gambling	12%	10%	12%	18%	7%	12%	12%	9%	8%	10%
Hunt, fish, etc.	12%	14%	15%	15%	30%	0%	7%	3%	20%	23%
Play golf	9%	8%	6%	14%	5%	5%	6%	16%	10%	7%
Observe & conserve nature/culture - Eco-Travel	9%	6%	6%	14%	7%	8%	0%	11%	6%	9%
Spa	5%	8%	6%	6%	6%	1%	12%	3%	12%	5%
Attend show: boat, car, home, etc.	5%	0%	2%	8%	0%	0%	12%	3%	2%	19%
Look at real estate	3%	0%	0%	7%	1%	4%	7%	2%	2%	3%
Compete in sporting events	2%	9%	0%	8%	0%	0%	0%	0%	1%	2%
Snow ski, snow board, other snow/ice sports	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%
Other	10%	8%	3%	17%	11%	16%	8%	9%	1%	5%

Source: D.K. Shifflet & Associates, Ltd.
Numbers may not add due to rounding.

As described previously, travelers are expecting to spend less this year than they did in 2011. As the table below illustrates, there are clear differences in expected activities between now and 2011; most significantly, travelers just plan on doing less this year, with declines in the vast majority of activities. Some of the largest increases can be seen in activities where travelers will be expected to spend less money, such as touring and sightseeing and hunting or fishing, compared to the more expensive alternatives such as shopping and nightlife activities.

TABLE 15
VARIANCE IN MAIN PURPOSE OF TRIP
INDEPENDENCE DAY 2012 AND 2011 HOLIDAY

Expected Primary Activities	2012	2011	Variance
Dining	62%	62%	0%
Visit with friends/relatives	59%	57%	2%
Shopping	43%	50%	-7%
Touring/sightseeing	40%	36%	4%
Go to beach/waterfront	37%	46%	-9%
Night Life	21%	26%	-5%
Visit historic sites	21%	23%	-2%
Hike, bike, etc.	20%	25%	-5%
Attend festivals, craft fairs, etc.	19%	26%	-7%
Boat/sail	19%	18%	1%
Visit national or state parks	15%	22%	-7%
Watch sporting events	13%	15%	-2%
Visit theme/amusement parks	13%	16%	-3%
Visit museums, art exhibits, etc.	12%	18%	-6%
Attend concerts, plays, dance, etc.	12%	14%	-2%
Gambling	12%	13%	-1%
Hunt, fish, etc.	12%	9%	3%
Play golf	9%	7%	2%
Observe & conserve nature/culture - Eco-Travel	9%	10%	-1%
Spa	5%	6%	-1%
Attend show: boat, car, home, etc.	5%	6%	-1%
Look at real estate	3%	6%	-3%
Compete in sporting events	2%	4%	-2%
Snow ski, snow board, other snow/ice sports	0%	0%	0%
Other	10%	7%	3%

The Impact of a Midweek Holiday on Travel Plans

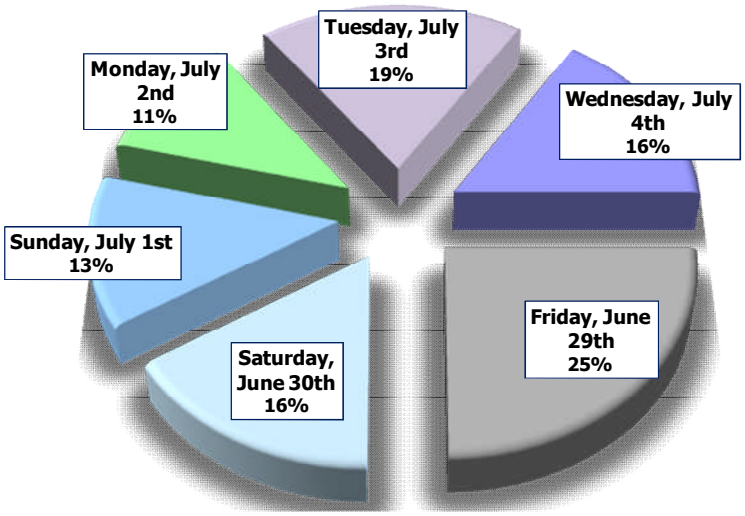
As described previously, total travel is expected to increase by 4.9 percent this holiday, compared to last year. One of the factors contributing to an increase in travel expectations is the way in which the calendar sets up in 2012. This year' Independence Day falls on a Wednesday, and intending travelers were asked which day they plan to leave for their holiday trip.

THIS YEAR, JULY 4 FALLS ON A WEDNESDAY. WHAT DAY DO YOU PLAN TO LEAVE FOR YOUR INDEPENDENCE DAY HOLIDAY TRIP?:

- **FRIDAY, JUNE 29TH**
- **SATURDAY, JUNE 30TH**
- **SUNDAY, JULY 1ST**
- **MONDAY, JULY 2ND**
- **TUESDAY, JULY 3RD**
- **WEDNESDAY, JULY 4TH**

Of those who answered, 54 percent of respondents stated they planned to leave prior to the start of the work-week, which suggests the timing of the holiday will have a positive impact on travel volumes this Independence Day. Within the remaining 46 percent, 11 percent of respondents say they will leave on Monday, July 2, 19 percent on Tuesday, July 3, and 16 percent on July 4.

CHART 14
TOTAL US INDEPENDENCE DAY HOLIDAY
IMPACT OF MID-WEEK HOLIDAY



Source: D.K. Shifflet & Associates, Ltd.

The expected increase in travel distance is consistent with having a longer vacation period, with more time to travel further away. Air trips typically span a longer distance than automobile trips, and we see an increase in the share of long haul trips of more than 1,500 miles (18 percent vs. 10 a year ago). The trips that are shorter than 250 miles are expected to decrease in share (28 percent vs. 35 percent a year ago), as people take advantage of the midweek holiday to take long-distance trips.

Addendum 1: US Economic Forecast Summary: It Is Looking Worse, Globally

PUBLISHED 6/8/2012

Unfortunately, 2012 is starting to look horribly like 2011, when initial high hopes that the recovery would kick into high gear were subsequently dashed. A steady drumbeat of bad news from overseas has been followed by disappointing news on US employment growth. Sharply lower oil prices should provide an important support to growth in the second half of the year, but both US and global growth prospects have deteriorated.

The Rest of the World Looks Worse… The Greek elections on June 17 could trigger the first exit from the euro. Our baseline assumption is that Greece elects a government that does not actually repudiate the existing austerity plan, and that it staggers on in the euro until 2013, but must ultimately exit. We assume that Greek exit is the trigger for the rest of the Eurozone to move more quickly and clearly towards a full financial and fiscal union, to safeguard the remaining members. That limits the collateral damage from the Greek exit, but we assume that the Eurozone economy is likely to contract in 2013 for the second year in a row. We have also scaled back our growth expectations for the rest of the world, where large markets like China, India, and Brazil have slowed.

…And US Employment Growth Has Decelerated. The deceleration in US employment growth has become more severe. We now have two consecutive months of sub-100,000 job creation. We still believe that a "warm-winter" payback and other seasonal-adjustment issues have exaggerated the slowdown. But the question of how employment growth could pick up amid still-modest growth has been answered with slower employment gains.

A Saving Grace: Lower Oil Prices Will Be a Big Plus for the Rest of 2012… Global growth fears have sent oil prices tumbling. We are now assuming that oil prices paid by US refiners will average $88/barrel in the second half of the year, instead of $114. That translates into almost 60 cents/gallon off gasoline prices, saving around 0.5% of disposable income for US consumers. That is why our outlook for second-half GDP growth (just above 2% at an annual rate) is slightly higher than last month, and why 2012 growth is little changed at 2.1% (previously 2.2%).

Revised first-quarter GDP growth came in at 1.9%, roughly as expected, down from the initial estimate of 2.2%. The silver lining was that all of the revision came in inventories, which added just 0.2 percentage point to growth, instead of the original estimate of 0.6 percentage point. Profits from current production grew at a 6.5% year-over-year pace, their slowest rate of increase since the recovery began. A slowdown in profits growth is not a surprise, since the profits share in output is already extremely high, and productivity growth has slowed.

Leaner inventories are a plus for second-quarter growth, but most incoming evidence suggests that the expansion remains sluggish. As a result, we expect second-quarter growth to be similar to the first—around 2%. We expect US growth in 2012 and 2013 to remain in a sluggish 2.0–2.5% zone. Lower oil prices are easing the gasoline pinch on consumers, but the Eurozone crisis poses major downside risks to global growth. All will depend on whether the Eurozone can tighten its fiscal and monetary union (with or without Greece), and forestall the worst-case scenario of catastrophic bank failures and sovereign-debt defaults across southern Europe, and a complete breakup of the common currency.

May payroll **employment** growth came in at a very disappointing 69,000, the bad news exacerbated by downward revisions to prior months. The unemployment rate rose 0.1 percentage point to 8.2%. Job creation has slowed markedly, underlining that the surge in employment growth at the turn of the year was a false dawn. This year is beginning to look horribly like 2011—when initial hopes that the recovery was kicking into high gear were subsequently dashed. The sharp warm-weather-inflated job gains at the turn of the year have not been sustained. Job gains in the three months to February averaged 252,000. In the three months to May, they averaged 96,000.

The increase in the unemployment rate from 8.1% to 8.2% reflected a 422,000 increase in household employment combined with an even bigger 642,000 increase in the labor force. The labor-force participation rate (the proportion of the adult population in the labor force) rose to 63.8%, from 63.6% in April (which was a new low for the cycle). Optimists could argue that since the household survey is more likely to pick up those employed in new businesses than the payroll survey,

perhaps the 69,000 payroll employment growth gives an overly pessimistic view. But since household employment is based on a much smaller sample, it is far more volatile than payroll employment. Over the last three months, household employment is up just 74,000 per month on average, which is worse than payroll employment (up 96,000 per month).

The most comprehensive measure of underemployment (U-6)—which includes workers who would like a job but are not currently looking, plus those working part time who would rather work full time—rose to 14.8%, from 14.5%. The picture remains very bleak for the long-term unemployed. The proportion of long-term unemployed (27 weeks or longer) rose to 42.8%, from 41.3%. The longer that potential workers remain either unemployed or on the sidelines outside the labor force entirely, the less likely that they will ever get back into employment.

The rapid 250,000-plus job gains in the three months to February were inconsistent with the modest pace of recovery in overall output—GDP was up only 1.9% in the first quarter. It now appears even clearer that jobs have decelerated into line with GDP, rather than GDP accelerating to catch up with jobs. Although there is probably now some undershooting in seasonally sensitive sectors (for example in construction), the latest figures cast doubt on whether the economy has enough momentum to achieve even the 2.2% growth rate we had expected for this year. Given the uncertainties over the Eurozone crisis, emerging market growth, the US elections, and the "fiscal cliff," there are plenty of reasons for businesses to stay cautious in their hiring plans, even if surging gasoline prices are for the moment off the list of things to worry about.

Our outlook on the American **consumer** remains relatively upbeat notwithstanding a lackluster April retail sales report. Revisions point to stronger first-quarter sales than previously estimated. All told, IHS Global Insight expects real consumer spending growth to come in around 2.5% in the second quarter, slower than the 2.9% pace in the first, but still a decent stride.

Consumer spending adjusted for inflation rose a decent 0.3% in April. Looking into the details, however, shows a somewhat less optimistic picture. Indeed, around 40% of the total increase came from a strong jump in spending on household utilities. Most notably, spending on natural gas came up (15.4%) from extremely low levels (due to a warm winter) to more normal levels in April. Meanwhile, spending on recreational and food and accommodation services was down for the month. Motor vehicles and parts sales increased from the previous month. Recreational goods and vehicles sales continued to press forward, providing some offset.

Personal income rose 0.2% in April despite a lackluster payroll gain of only 77,000 jobs for the month. Wages and salaries made up most of the increase, helped by personal dividend income. Fortunately for households, the recent decline in oil prices will continue to provide some relief at the pump, and put downward pressure on inflationary pressures.

Consumers put less money aside in the month, as the **saving rate** once again hit 3.4% (similar to March)—a record low since December 2007. Clearly, this pattern of spending financed through savings is unsustainable. Headline PCE prices increased 1.8% y/y, with core PCE prices up 1.9%. Inflation is not much concern to policymakers.

Addendum 2: US Regional Forecast Summary:

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The clear downshift in employment growth in the last two months has raised the question of whether this year will see a marked summer slowdown in the recovery, similar to 2011. In our view, the first two months of this year were partly helped by the unseasonably warm weather, and as a result, we do not expect such robust jobs gains during the remainder of the year. However, we do not believe the recovery will stall as it did in mid-2011. This year, although there are plenty of downside risks, we have not yet had shocks comparable in impact to those in 2011, when oil prices surged, the Japanese earthquake disrupted supply chains around the globe, and the Eurozone debt crisis erupted.

Employment: This year, most states continue to expand at a moderate pace. All but six states—Florida, Nevada, New Hampshire, Rhode Island, Vermont and West Virginia—have added jobs in the first four months of the year. However, after strong gains in January and February, all but 12 states saw payroll growth decelerate during March–April. During the remainder of the year, we anticipate that employment growth will gradually pick up some momentum, and average 1.5% per quarter, which translates into around 490,000 new jobs per quarter, or 160,000 per month. All states will post job gains by the end of the year. However, only New York and West Virginia will join the five states that have already returned to their pre-recession employment levels: North Dakota, Alaska, Washington D.C., Texas, and Louisiana. Most other states will be unable to close their employment gap until 2014, a testament to the depth of the recession and the sluggish pace of the ongoing recovery.

Highest and Lowest Employment Growth Rates, 2012Q4

Rank	State	Year-on-Year Change (Percent)	Rank	State	Year-on-Year Change (Percent)
1	North Dakota	3.6	47	Nevada	0.3
2	Colorado	2.4	48	Rhode Island	0.4
3	Texas	2.2	49	D.C.	0.4
4	New York	2.2	50	Hawaii	0.6
5	Kentucky	2.1	51	Vermont	0.7

Unemployment: The unemployment rate in most states has been trending lower since the last quarter of 2011. As a result, only three states—Nevada, California, and Rhode Island—still have double-digit jobless rates. During the remainder of the year, however, we expect the decline will slow as the continued employment gains attract previously discouraged job seekers back into the labor force. By the end of the year, more than half the states will still have rates above 7%.

Gross State Product: At the national level, we expect real GDP growth will accelerate in 2012, amounting to 2.2%, up from 1.7% in 2011. North Dakota, which has benefited greatly from a boom in its energy sector, will be the fastest growing state. The strength of the energy sector will also be key to real gross state product (GSP) growth in many of the other growth leaders, including Louisiana, Texas, and Oklahoma, and will make the West South Central the fastest growing region in the country. The West North Central, Pacific, and Mountain regions are also expected to see above-average real GSP gains this year.

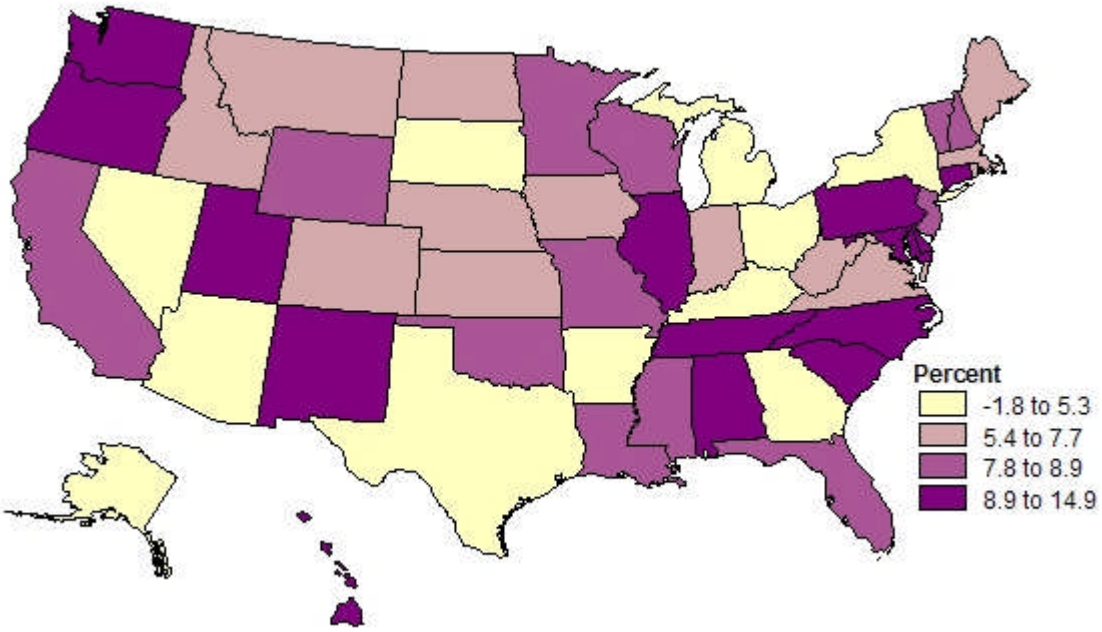
Highest and Lowest Personal Income Growth Rates, 2012					
Rank	State	Percent Change	Rank	State	Percent Change
1	District of Columbia	6.1	47	Missouri	2.7
2	North Dakota	6.0	48	Alabama	2.6
3	Texas	4.6	49	Maine	2.6
4	Utah	4.5	50	Montana	2.5
5	Washington	4.1	51	Nebraska	2.3

Personal Income: During 2012, we expect personal income growth will continue to gain momentum as labor markets across the country continue to recover. Even some of the more hobbled states will at last begin to bounce back, with Arizona (9th) and Florida (12th) regaining their prerecession incomes this year.

Existing Home Sales See Continued Gains. After a mixed 2011, we expect home sales to see a modest rebound this year, increasing 1.6% nationwide. The South and Northeast will lead with 1.9% gains, but the Midwest and West will see 1.7% and 1.0% increases, respectively. The national mortgage settlement reached earlier this year, however, clears the way for banks to once again ramp up foreclosure activities, much of which was suppressed by the temporary moratorium. This will result in a pickup in foreclosure sales during 2012, which will put upward pressure on overall sales and further downward pressure on home prices.

Existing Single-Family Home Sales, 2010–12

(Average annual percent change)



Real estate markets are highly localized, however, and despite continued widespread losses, some metropolitan areas have shown signs of life. In Florida, some smaller metro areas have seen significant gains in home values because of a surge in vacation home and investment purchases. Cape Coral-Fort Myers topped the list, with a 25.6% y/y increase, while Palm Bay-Melbourne-Titusville saw an 8.3% gain. Other improving housing markets include Yakima, Washington (up 11.4% y/y), Abilene, Texas (up 16.0%), Grand Rapids, Michigan (up 9.8%), and Spartanburg, South Carolina (up 4.1%).

On the other side of the coin are a number of metropolitan areas where prices continue to sink at a rate much faster than the US average. The largest y/y decline among the 161 metros covered by the NAR was in Boise City-Nampa, Idaho, where home values tumbled 20.2%. Other notable declines include Atlanta, where prices fell 17.0%, and Milwaukee, which saw 14.1% declines.

New Home Sales Stuck Near 2011 Low. Across the nation, new home sales are still 78% below their peak, reached in July 2005. They have stayed stuck near that trough throughout 2011 and into the early months of this year. As prices continue to slide, existing homes continue to be a very attractive alternative to new homes, and thus place downward pressure on the demand for new ones. In addition, tightened lending standards and lingering uncertainty about the near-term fate of the housing market make households unwilling and/or unable to enter the market for a new home. As a result, the recovery in new home sales will not begin until a more robust recovery in existing home sales is in place.

Our Real Estate Forecast. We expect home prices nationwide to continue to fall through the first half of 2012, and reach bottom sometime in the second half of the year. The beginning of a recovery in home prices is tentative, and highly dependent upon continuing gains in employment and personal income, as well as consumer confidence. Downside risks to home prices this year include a potential uptick in foreclosures now that the national mortgage settlement has been reached and banks are again free to begin their foreclosure processes. This acceleration in the rate of foreclosures is good in that it will help to clear the looming "shadow inventory" of homes from the market, but may put further downward pressure on home prices in the near term.

Of course, economic conditions vary across states, and there will be winners and losers in 2012. Winners will include North Dakota, where a booming energy sector will push home prices 2.2% higher. States in the central part of the country that have escaped the worst of the housing bust will also see some gains, including Iowa (up 1.5%) and South Dakota (up 0.7%). States hit particularly hard by the housing crisis will continue to suffer. California and Nevada will be the worst performers in terms of home prices this year, dropping an additional 6.9% and 10.9%, respectively.

New home construction and permitting will accelerate this year, with the multifamily sector continuing the strength shown last year. The construction of new single-family homes will also accelerate, but remain muted. In terms of total starts, the fastest growth this year will be in Georgia, Arizona, California, Colorado, and Oregon. The slowest pace of new home construction will take place in Louisiana, North Dakota, Wyoming, Michigan, and Washington, DC.