



The Economic Impact of Tourism in Greater Raleigh, North Carolina

2012 Analysis



Introduction and definitions

- I This study measures the economic impact of tourism in Greater Raleigh, North Carolina, defined as Wake County.
- I Visitors included those who stayed in overnight accommodations or travelers who came from a distance greater than 50 miles.
- I The impact of tourism includes direct spending, the indirect (supply-chain) effects, and induced (income) effects.
- I Impacts were measured in terms of employment, income, business sales, and tax revenues.



Headline Results



TOURISM
ECONOMICS

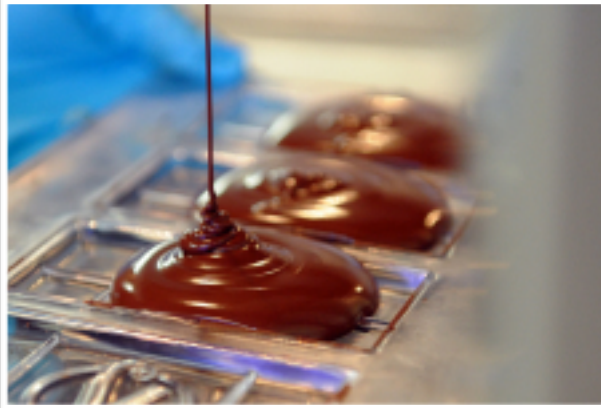
AN OXFORD ECONOMICS COMPANY

Headline results

- I Tourism is an integral part of the Raleigh area economy, and the sector is making significant contributions to economic growth, generating business sales, employment, and tax revenues.
- I Visitors to Raleigh spent \$1.9 billion in 2012, which generated \$3.0 billion in total business sales, including indirect and induced impacts.
- I Tourism in Raleigh generated \$376 million in tax revenues in 2012, including \$191 million in state and local revenues.



Headline results



- I Including direct, indirect, and induced impacts, 30,698 jobs were sustained by visitors to Greater Raleigh in 2012 with total income of \$964 million.
- I Approximately 5.1% (1 in 19) of all jobs in Wake County were sustained by tourism.
- I An estimated 27% of tourism-supported jobs were in the food and beverage industry, 22% in recreation, 12% in lodging, and 11% were in retail.

Key Themes for 2012



TOURISM
ECONOMICS

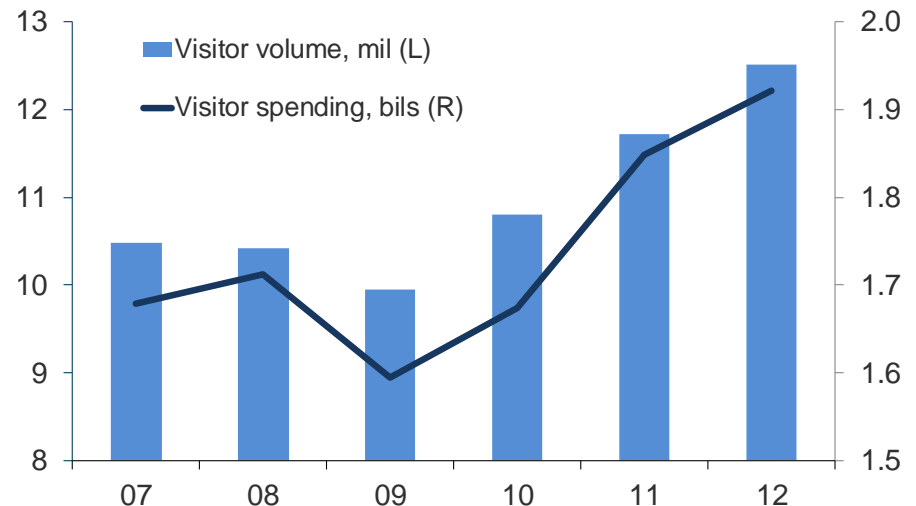
AN OXFORD ECONOMICS COMPANY

Key themes for 2012

- I Visitor volume and spending in the Raleigh area grew in 2012, driven by job and income growth in the broader North Carolina and regional economy.
- I An estimated 12.5 million visitors (including day and overnight) spent a total of \$1.9 billion in 2012, increases of 6.7% and 3.9%, respectively, from 2011.

Visitor Volume and Spending

Wake County

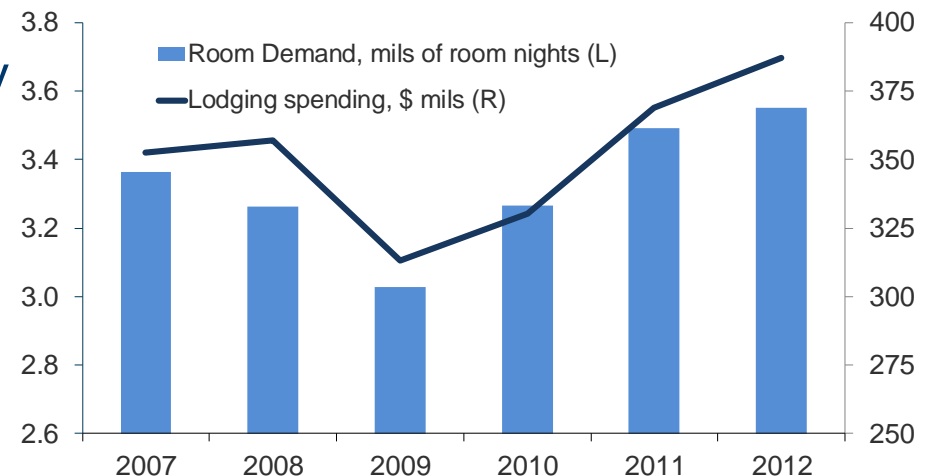


Sources: DKS, Tourism Economics

Key themes for 2012

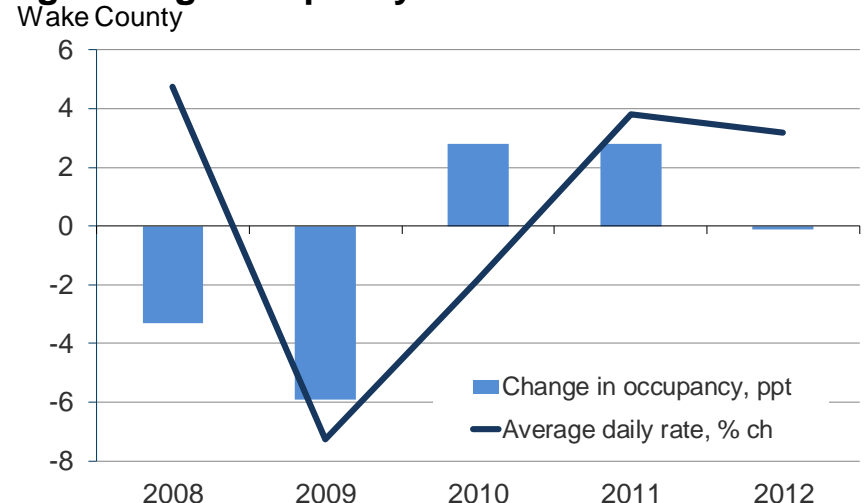
- I Lodging sector improvements were reflected in tightening supply and demand fundamentals.
- I In 2012, room demand rose 2.2% compared with a 2.3% increase in supply.
- I Tightening occupancy rates since 2009 have helped boost prices. Occupancy was flat in 2012 but the average daily room rate increased 3.2%.
- I Stronger demand and rising prices boosted total lodging spending 4.9% versus 2011.

Lodging Demand Is Rising in Wake County



Sources: DKS, STR, Tourism Economics

Tightening Occupancy Boosted Prices



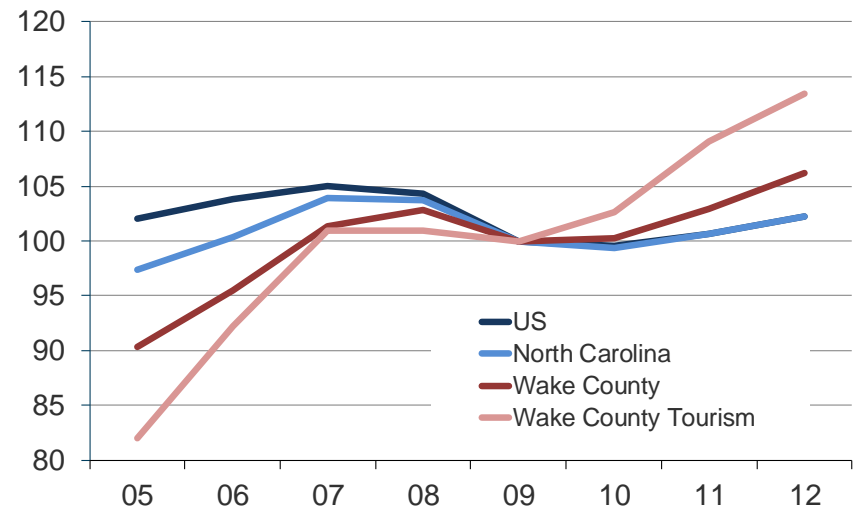
Source: Smith Travel Research

Key themes for 2012

- I Employment growth in the Raleigh area has outpaced that of the state and nation since 2009.
- I The tourism sector is leading Greater Raleigh's recovery with above average employment growth. Tourism jobs are 13.4% higher than in 2009, versus 6.2% more jobs overall in Wake County.
- I The sector has added jobs at a pace of nearly 900 per year since 2009.

Tourism Jobs Outpace the Broader Recovery

Employment indexes, 2009=100



Sources: BEA, BLS, Tourism Economics

Visitors and Spending

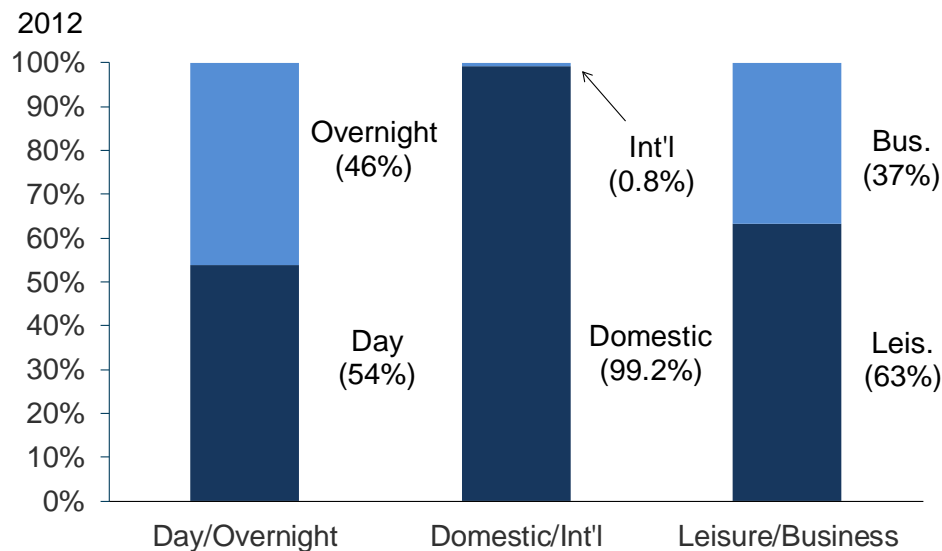


TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Visitor details in 2012

Visitor Characteristics



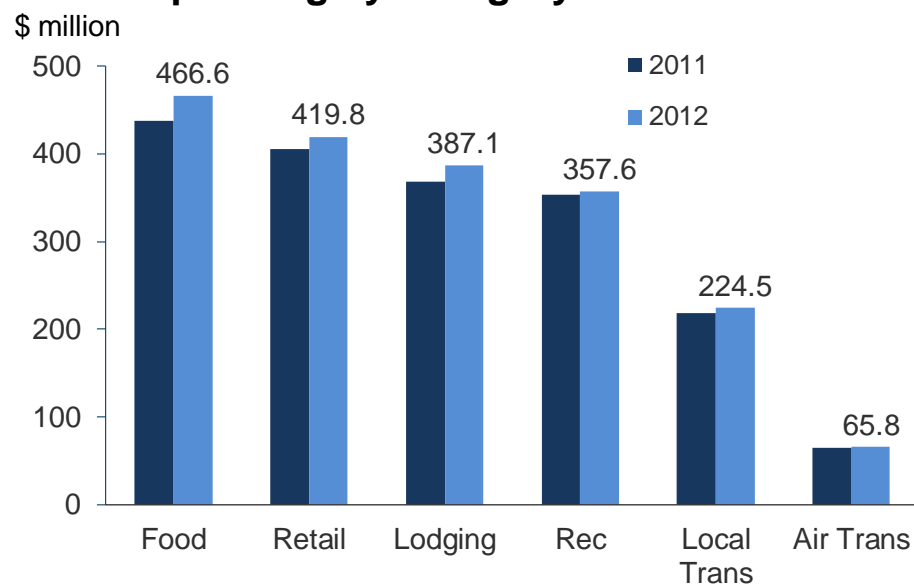
Sources: DKS, Tourism Economics

- I Greater Raleigh hosted a total of 12.5 million visitors in 2012.
- I Most visitors were day visitors (54%) and came for leisure (63%). Canadians and other international visitors made up a small portion of the total.
- I The average visitor spending was \$75 per person per day, and overnight visitors accounted for 80% of total visitor spending.

Composition of tourism spending

- I Food and beverage accounted for most visitor spending with \$467 million, followed by retail at \$420 million, \$388 million in lodging spending, and \$358 million in recreation spending in 2012.
- I The shares of spending on food and beverages and accommodations increased in 2012, while shares of spending on retail, recreation, and transportation decreased.

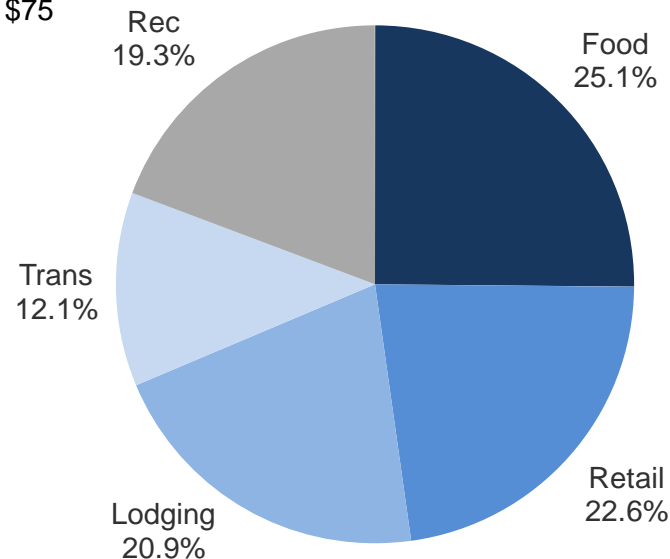
Visitor Spending by Category



Source: Tourism Economics

Visitor Spending Profile for 2012

Avg per person per day = \$75

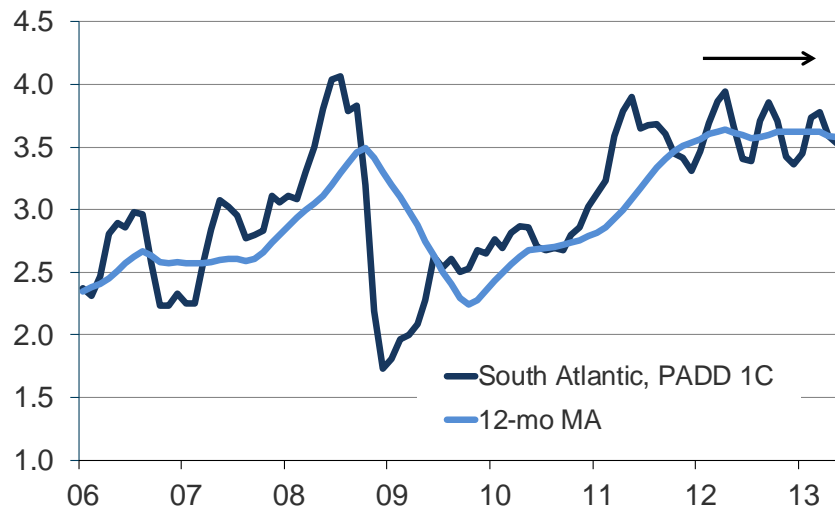


Source: Tourism Economics

Stable fuel prices boosted other spending

Fuel Prices Were Flat in 2012

South Atlantic Region average gasoline price, dollars per gallon



Source: Energy Information Administration

- I Although elevated, fuel prices were more stable in 2012 than in recent years, and travelers were less likely to substitute spending in other categories to pay for gas.
- I Higher gas prices have supported a trend to vacation closer to home, likely benefitting Greater Raleigh's regionally-driven tourism.
- I Visitors are still conscious of high fuel prices, but are likely getting used to a 'new normal.'

Detailed composition of tourism spending

- Visitor spending increased 3.9% in 2012, with food and beverage and lodging industries leading the way. Lodging sales increased 4.9% as both rates and nights sold advanced.
- Visitor spending on food and beverage and retail increased 6.6% and 3.4%, respectively, changes that were weaker than those of a year earlier, indicating moderating momentum.

Visitor Spending By Category

(US\$ Million)

	2007	2008	2009	2010	2011	2012	2011-12 % ch
Food and beverage	382.0	386.3	378.5	394.8	437.5	466.6	6.6%
Retail	406.9	408.4	381.7	390.2	405.8	419.8	3.4%
Lodging	352.5	357.0	313.2	330.2	369.0	387.1	4.9%
Transportation (local)	192.9	201.3	156.0	176.9	218.7	224.5	2.6%
Recreation	289.6	299.6	317.6	327.8	353.5	357.6	1.2%
Air	55.0	59.2	47.7	54.3	64.3	65.8	2.3%
Total	1,678.8	1,711.8	1,594.7	1,674.2	1,848.9	1,921.3	
% change		2.0%	-6.8%	5.0%	10.4%	3.9%	

Economic Impacts

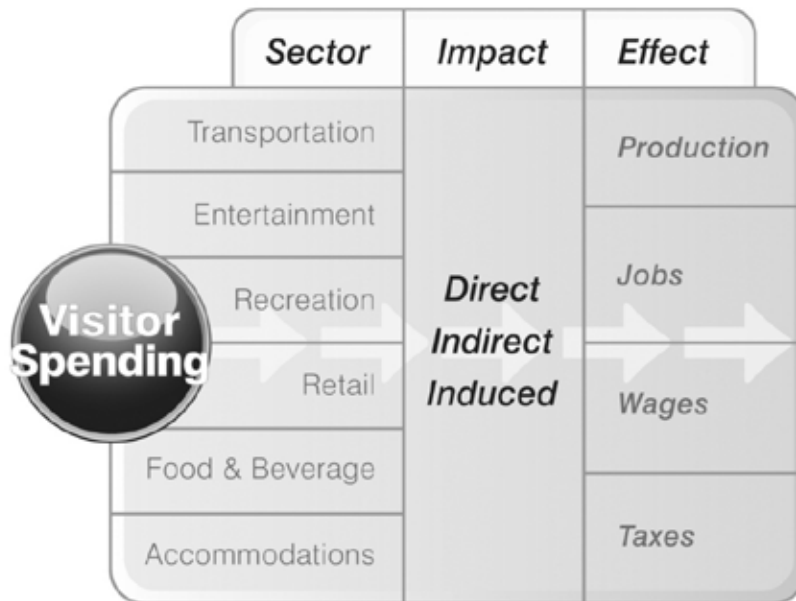


TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

How visitor spending generates impact

- Travelers create direct economic value within a discrete group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.



§ Lastly, the induced impact is generated when employees whose incomes are generated either directly or indirectly by tourism, spend those incomes in the Wake County economy.

Tourism sales

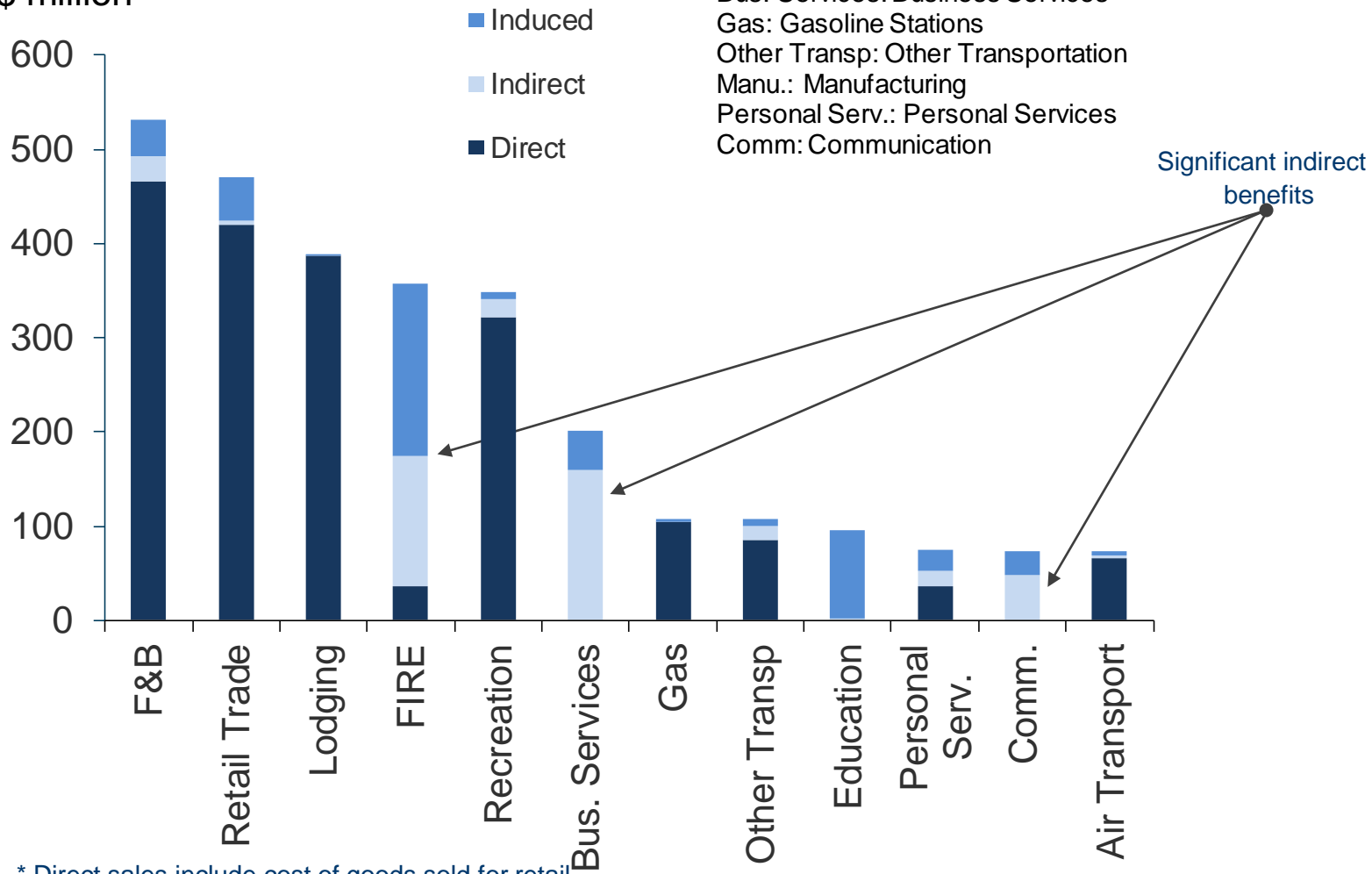
- Including indirect and induced business sales, tourism generated nearly \$3.0 billion in revenue in 2012.

Tourism Sales				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	2.6	1.1	3.7
Construction and Utilities	-	52.9	19.0	72.0
Manufacturing	-	10.9	5.3	16.2
Wholesale Trade	-	13.4	26.4	39.8
Air Transport	65.8	2.6	4.3	72.7
Other Transport	84.5	15.8	6.4	106.8
Retail Trade	419.8	3.8	47.5	471.1
Gasoline Stations	103.8	0.2	3.4	107.4
Communications	-	47.7	25.6	73.2
Finance, Insurance and Real Estate	36.2	137.5	184.1	357.8
Business Services	-	159.3	42.3	201.6
Education and Health Care	-	1.5	94.1	95.7
Recreation and Entertainment	321.8	19.6	7.0	348.4
Lodging	387.1	0.3	0.2	387.7
Food & Beverage	466.6	25.5	38.8	530.9
Personal Services	35.8	17.1	21.8	74.7
Government	-	17.9	6.8	24.7
TOTAL	1,921.3	528.6	534.2	2,984.2

Tourism sales

Tourism Sales by Industry

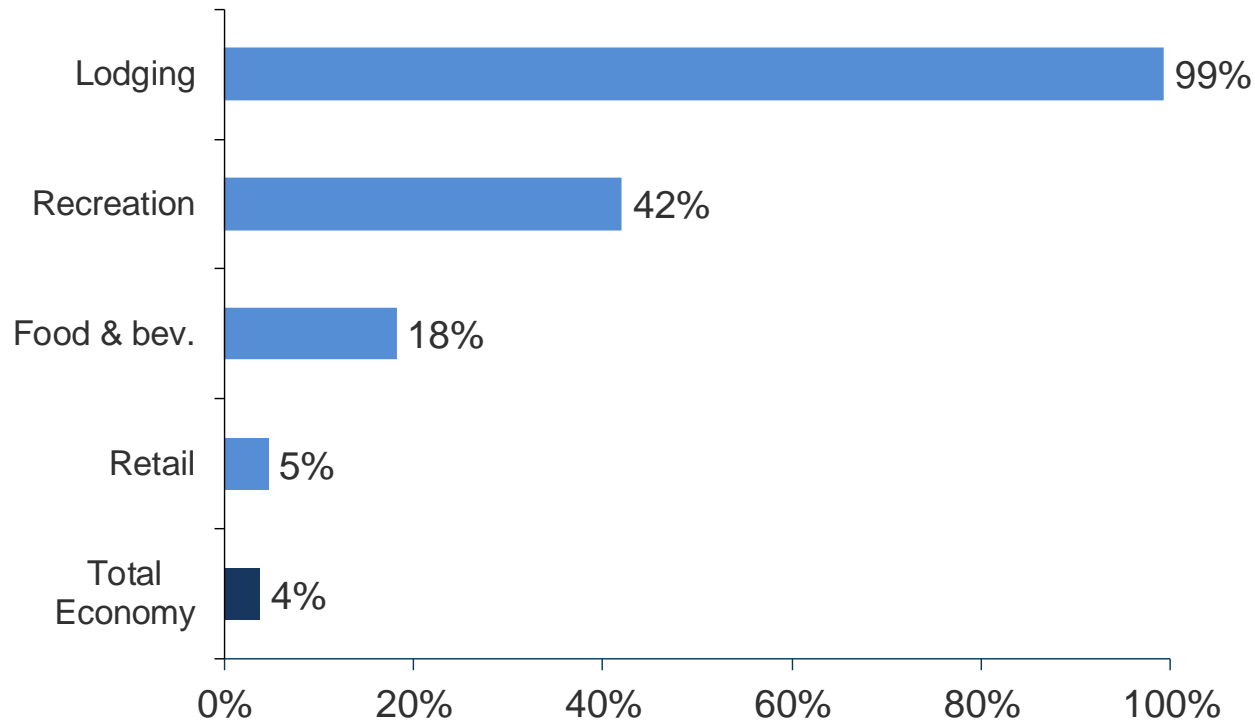
\$ million



Tourism share of key industry employment

Tourism Employment Intensity by Industry

Direct only



Source: Tourism Economics

- I Tourism is a significant part of several industries – tourism directly supports nearly all of lodging employment, more than 40% of recreation, and 18% of food and beverage employment.

Tourism employment details

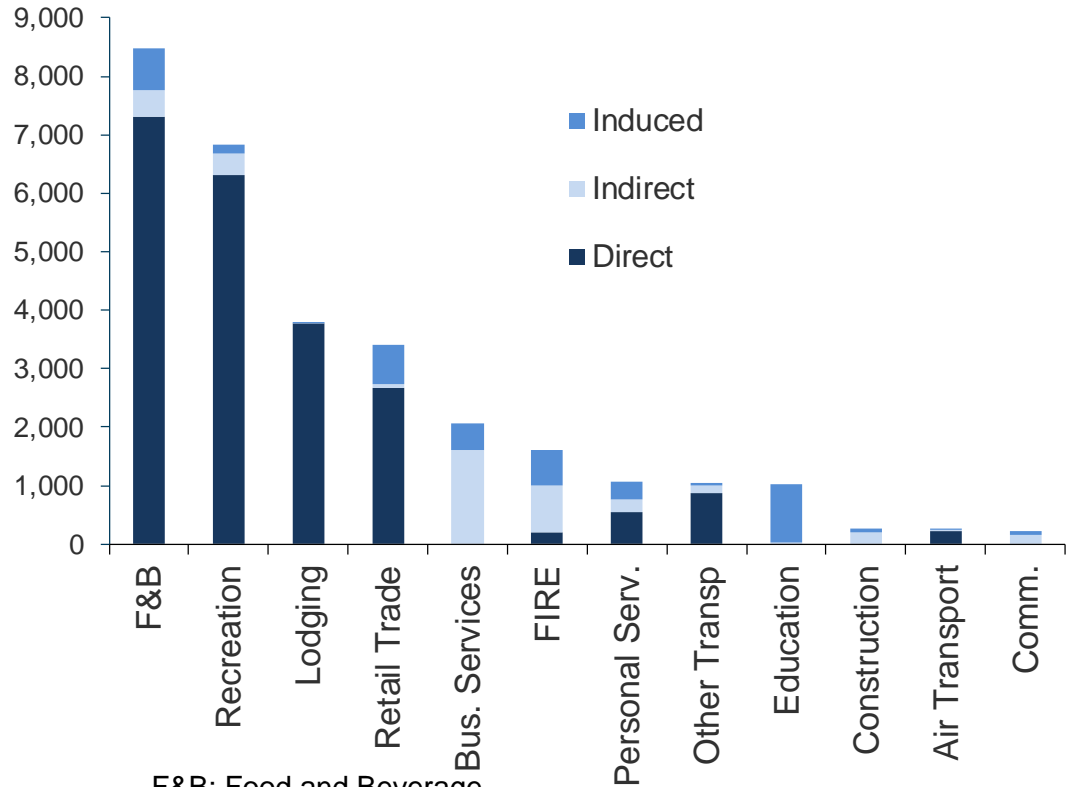
Tourism Employment				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	12	5	17
Construction and Utilities	-	202	59	261
Manufacturing	-	41	13	54
Wholesale Trade	-	71	141	212
Air Transport	233	9	15	257
Other Transport	870	130	53	1,054
Retail Trade	2,671	57	690	3,418
Gasoline Stations	142	2	32	177
Communications	-	150	66	216
Finance, Insurance and Real Estate	210	789	615	1,614
Business Services	-	1,614	442	2,056
Education and Health Care	-	23	998	1,021
Recreation and Entertainment	6,314	373	134	6,821
Lodging	3,783	3	2	3,788
Food & Beverage	7,304	457	711	8,472
Personal Services	550	224	299	1,073
Government	-	143	45	187
TOTAL	22,077	4,300	4,321	30,698

- I The tourism sector supported 30,698 jobs or 5.1% of employment (1-in-19 jobs) in the Raleigh area in 2012, including indirect and induced impacts.

Tourism employment summary

- I As a labor intensive collection of services, tourism-related industries are significant Raleigh area employers.
- I The more than 30,000 jobs supported by Raleigh area tourism span every sector of the economy, either directly or indirectly.
- I The most significant indirect impacts are in business services and finance, real estate and insurance.

Tourism Employment by Industry



F&B: Food and Beverage
 FIRE: Finance, Insurance, Real Estate
 Bus. Services: Business Services
 Gas: Gasoline Stations
 Other Transp.: Other Transportation
 Personal Serv.: Personal Services
 Wholesale Tr.: Wholesale Trade
 Gov.: Government

Tourism personal income

Tourism Labor Income (Compensation)				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	0.1	0.1	0.2
Construction and Utilities	-	16.3	4.9	21.2
Manufacturing	-	2.9	0.8	3.7
Wholesale Trade	-	6.3	12.5	18.8
Air Transport	12.0	0.5	0.8	13.2
Other Transport	49.8	6.6	2.7	59.1
Retail Trade	72.5	1.8	22.3	96.7
Gasoline Stations	6.0	0.1	1.4	7.4
Communications	-	11.1	4.9	16.0
Finance, Insurance and Real Estate	7.8	28.1	24.5	60.4
Business Services	-	86.6	23.4	110.0
Education and Health Care	-	0.8	53.7	54.5
Recreation and Entertainment	130.9	9.2	2.9	143.0
Lodging	117.7	0.1	0.1	117.8
Food & Beverage	153.8	9.6	15.5	178.9
Personal Services	23.8	11.5	13.8	49.2
Government	-	11.2	2.7	13.9
TOTAL	574.4	202.7	187.1	964.1

- I Employees in the Raleigh area earned \$964 million as a result of visitor activity in 2012.

Tourism tax generation

Tourism-Generated Tax Revenues 2012, Millions	
	Amount
Federal	184.9
Personal Income	55.3
Corporate	23.2
Indirect business	17.0
Social Security	89.5
State	95.0
Personal Income	23.3
Corporate	2.8
Sales	51.7
Social Security	1.3
Other Taxes and Fees	15.7
Local	96.0
Sales	21.8
Lodging	17.4
Property	53.3
Other Taxes and Fees	3.5
TOTAL	375.9

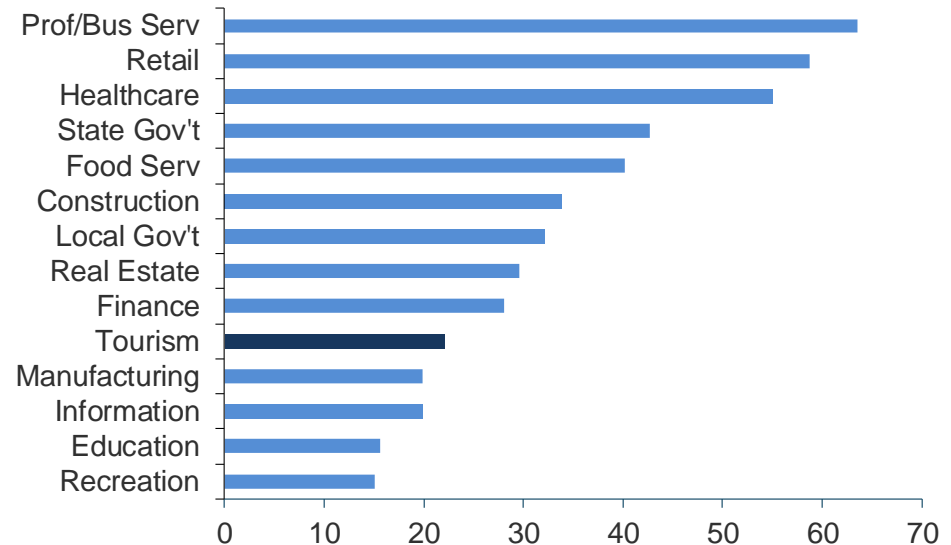
- I Tourism generated \$376 million in taxes in 2012.
- I Tourism-driven state and local tax proceeds of \$191 million helped offset the average household tax burden by \$571 per household.
- I Local taxes generated by tourism included property, sales, and lodging tax revenues, and amounted to \$96 million in 2012.

Wake County tourism in context

- I The Raleigh area has a large and diverse economy, with research, business services, healthcare, finance, and real estate as key drivers.
- I Taken as an industry, with 22,077 direct jobs, tourism is the tenth largest employer in the Raleigh area, larger than manufacturing, information, and private education.

Greater Raleigh Jobs by Industry

Wake County, thousands, 2012



Sources: BEA, BLS, Tourism Economics

Methodology and Background



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Why quantify the tourism economy?

- | By monitoring tourism's economic impact, policy makers can make informed decisions regarding the funding and prioritization of tourism development.
- | The destination can also carefully monitor its successes and future needs.
- | In order to do this, tourism must be measured in the same categories as other economic sectors – i.e. tax generation, employment, wages, and gross domestic product.

Why is this a challenge?

- I Most economic industries such as financial services, insurance, or construction are easily defined within a region's economic statistics.
- I Tourism is not so easily measured because it is not a single industry. It is a demand-side activity which affects multiple industries to various degrees.
- I Tourism spans nearly a dozen industries including lodging, recreation, retail, real estate, air passenger transport, food & beverage, car rental, taxi services, travel agents, museums, and theme parks.

Methods and data sources

- Estimates of visitor expenditures in Wake County were based on several sources including:
 - Smith Travel Research (STR) data on hotel room demand, supply, and revenues.
 - County and City level tax data on sales and hotel occupancy receipts available from the North Carolina Department of Revenue and the State Treasurer's Office.
 - Visitor profile and volume, and spending estimates from D.K. Shifflet & Associates, a national tourism research firm.
 - Industry data on employment, wages and sales from the U.S. Census, the Bureau of Economic Analysis, and the Bureau of Labor Statistics.
- An IMPLAN input-output model was constructed for Wake County. The model traces the flow of visitor-related expenditures through the local economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.
- The primary source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis. This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the ES202 data.
- Gasoline price data were obtained from the U.S. Energy Information Administration.

Description of spending categories

Spend Category	Description
Lodging	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels and similar establishments.
Recreation	Includes visitors spending within the arts, entertainment and recreation sub-sector.
Local transport	Includes all forms of local transport services such as taxis, limos, trains, rental cars, and buses.
Shopping	Includes visitor spending in all retail sub-sectors within the Wake County economy.
Service stations	Visitor spending on gasoline. Only the margin counts as local economic impact.
Second homes	Spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Bureau.
Food and beverage	Includes all spending at restaurants and bars.



TOURISM ECONOMICS

AN OXFORD ECONOMICS COMPANY

For more information:

info@tourismeconomics.com