

The Economic Impact of Tourism in Hillsborough County, 2017

June 2018

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1) Key Findings for 2017

1) Tourism is a major contributor to Hillsborough County's economy

The impact of visitor spending on Hillsborough County

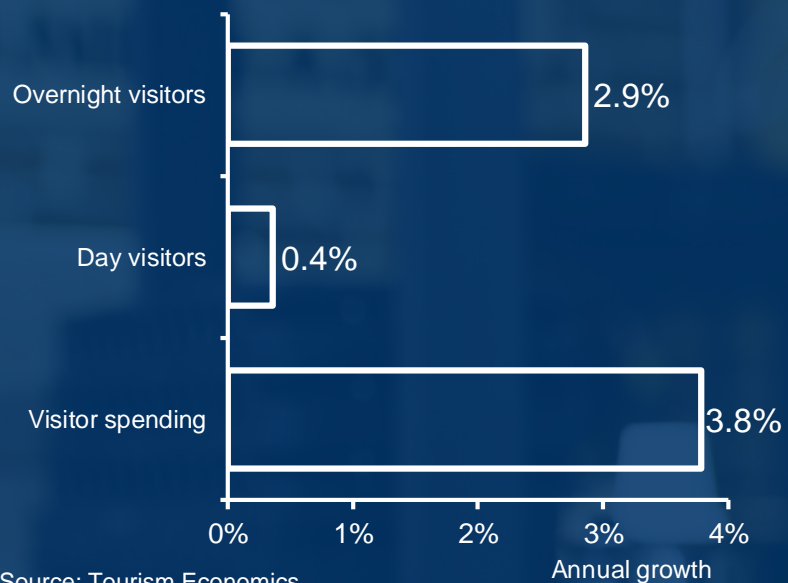
Visitors	22.9 million
Total rooms nights booked	5.9 million
Visitor spending	\$3.9 billion
Jobs sustained by tourism	49,800
Income sustained by tourism	\$2.3 billion
Taxes sustained by tourism	\$877 million
Federal	\$499 million
State	\$182 million
Local	\$195 million

Source: Tourism Economics



2) The tourism sector grew strongly in 2017

Increases in key tourism indicators, 2017



Source: Tourism Economics



3) Tourism is growing quickly and makes a significant impact on local employment and tax revenue

Key tourism facts

Hotel occupancy rate was up for the eighth straight year, reaching 74%

Visitor spending is up a total of 48.4% since 2009

The tourism sector sustains 7.4% of all income and 6.3% of all jobs in Hillsborough County

Tourism contributes \$776 in state and local taxes for each household in Hillsborough County



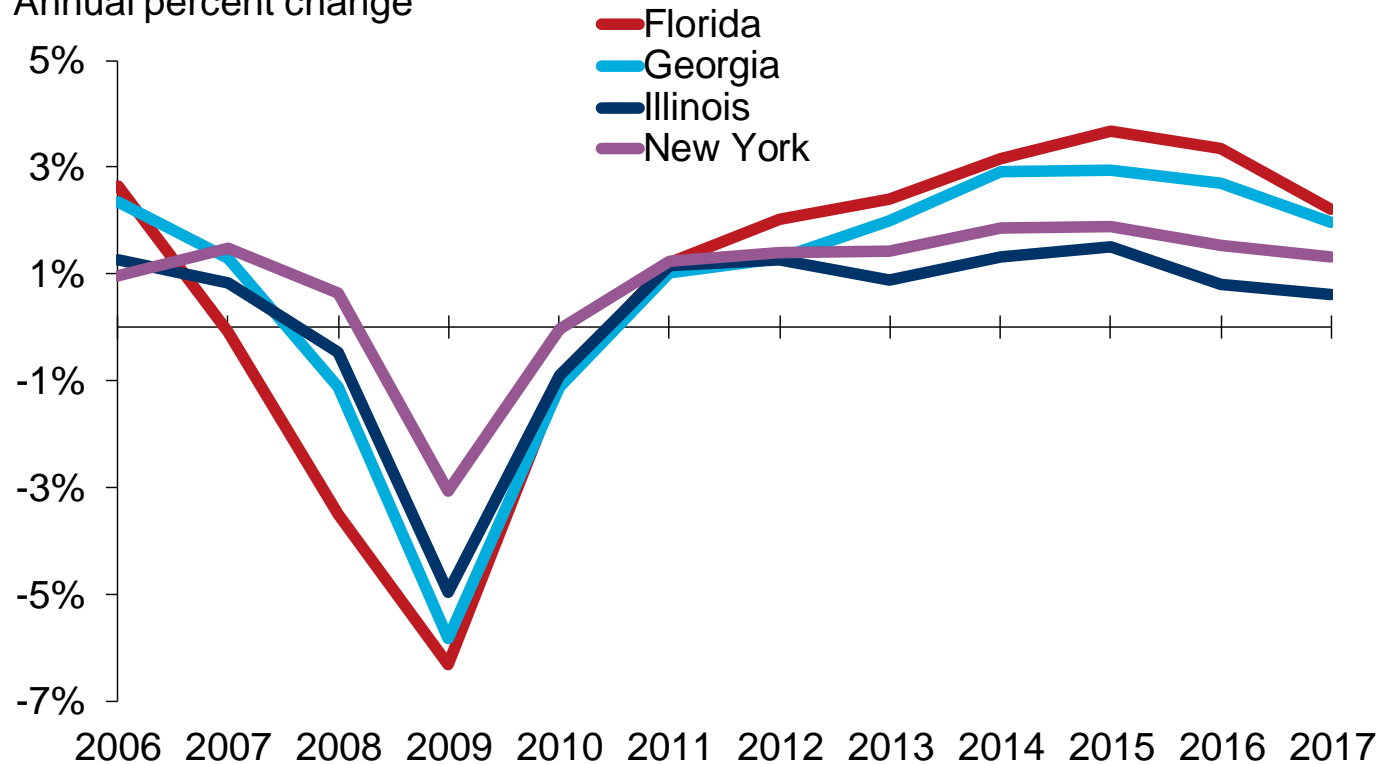
2) Local Tourism Trends

Economic growth continues in important source markets

Hillsborough's top four source markets continue to make gains in jobs and income

Employment in key source markets

Annual percent change



Source: BLS

Hotel metrics continue to rise

Hillsborough County reached new highs in all three key performance indicators (KPIs)

Revenue per available room (RevPAR) currently stands at \$88 and is up 68% from 2009.

Average Daily rate (ADR) reached \$119 and is up 27% from 2009.

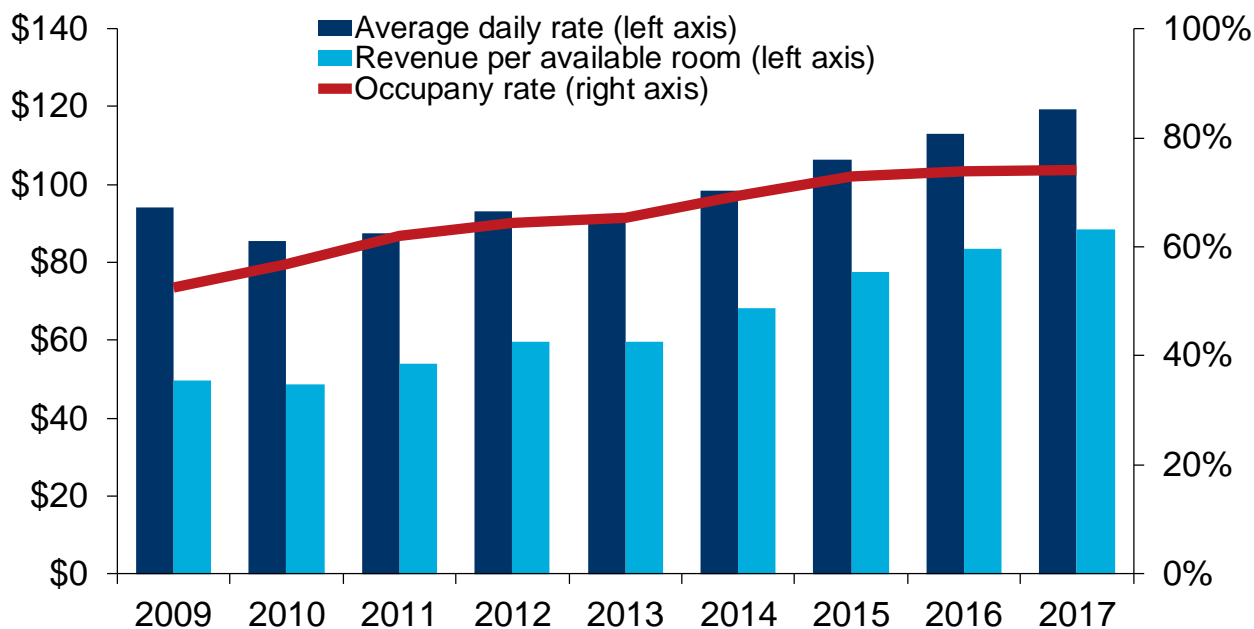
Occupancy rates have risen to 74% in 2017 from 53% in 2009.

5.9 million hotel room-nights were booked in Hillsborough County in 2017.

Hotel sector KPIs

Nominal dollars

Percentage

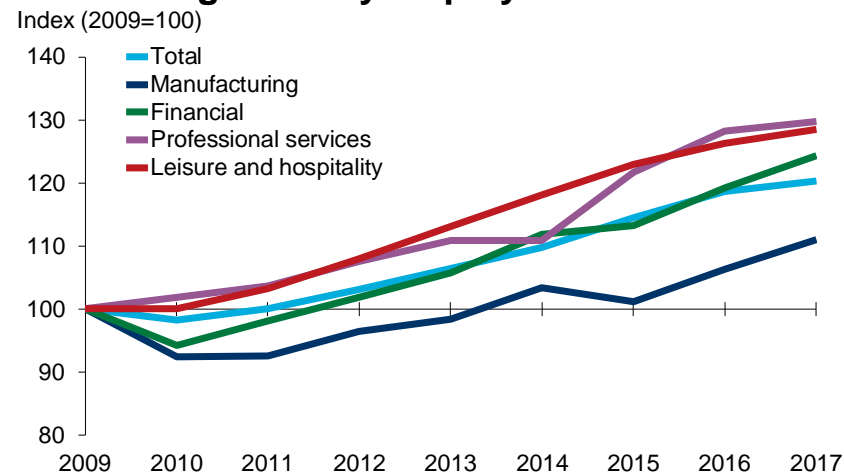


Source: STR

The leisure and hospitality sector is growing faster than the general economy

Employment in the leisure and hospitality sector has grown faster than the economy as a whole and key sectors such as manufacturing and finance.

Hillsborough County employment

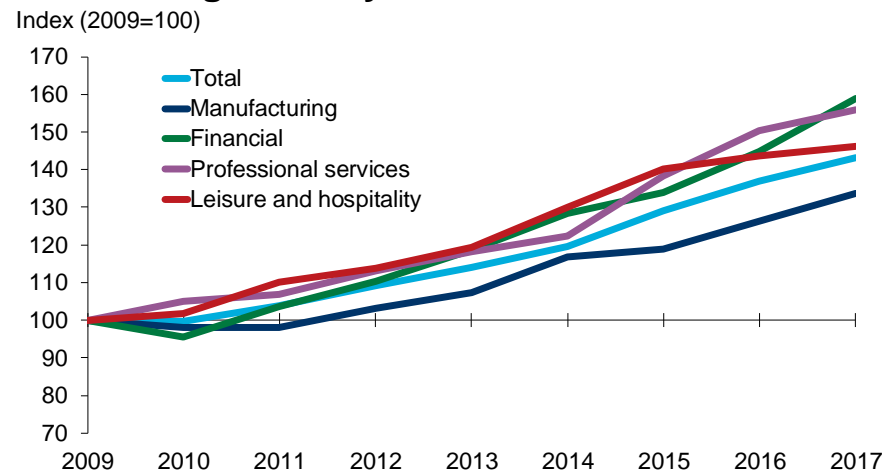


Source: BLS

Leisure and hospitality is becoming an increasingly important part of Hillsborough County's economy

Income in the leisure and hospitality sector has grown faster than the general economy, and just slightly behind the financial and professional services sectors.

Hillsborough County income

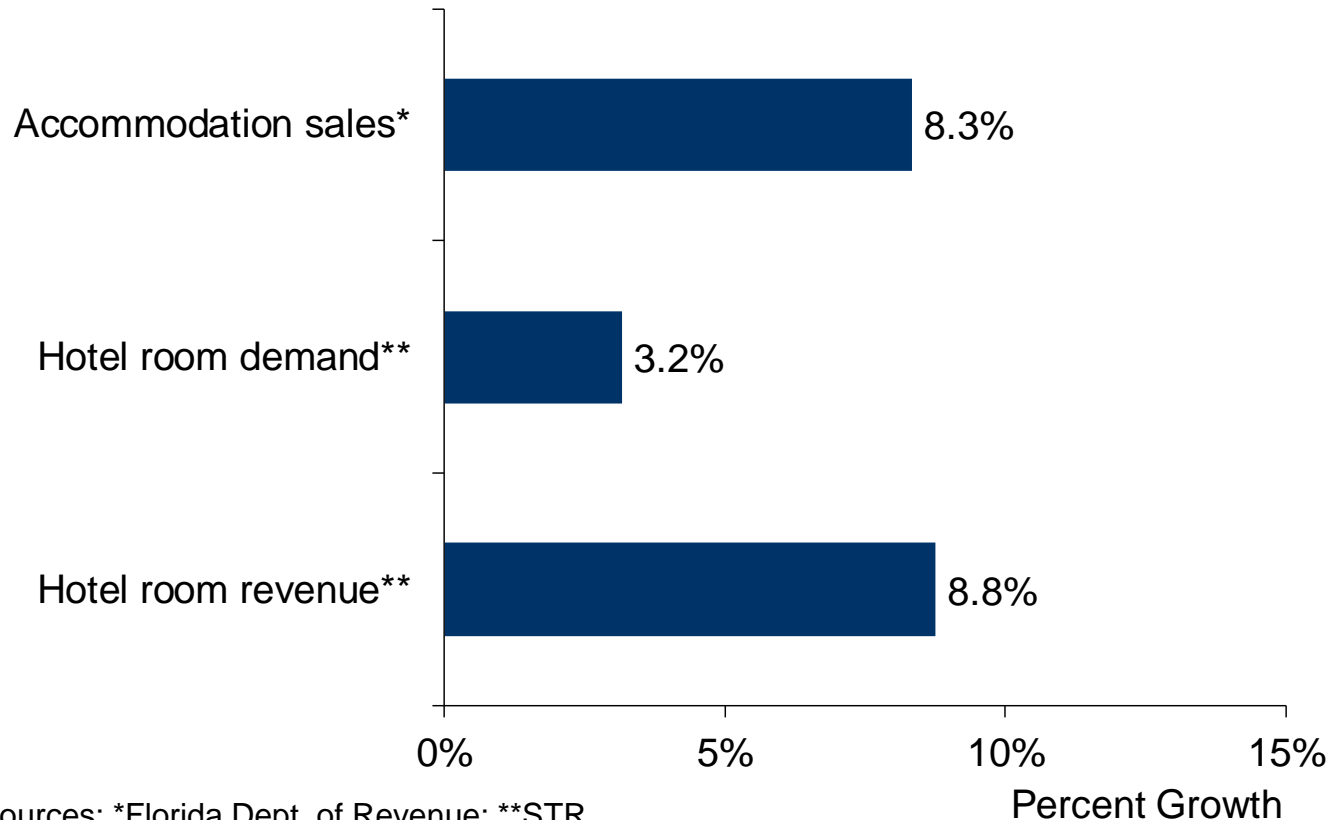


Source: BLS

Key indicators grew in 2017

Data from Florida's Department of Revenue and STR point towards a strong year for the hotel sector

Growth in key indicators for Hillsborough County, 2016

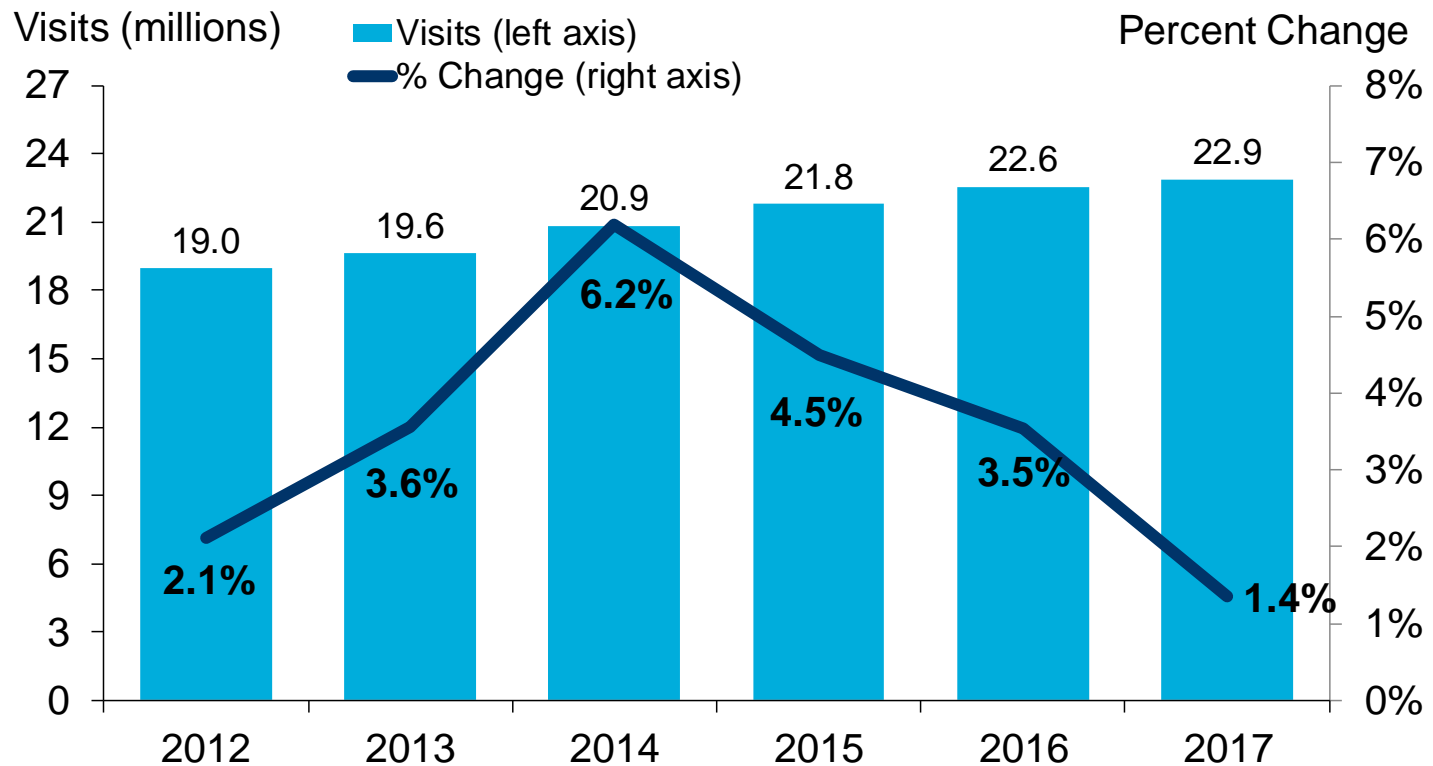


3) Trends in Visits and Spending

Hillsborough County hosted 22.9 million visitors in 2017

Visitation grew 1.4% in 2017 and reached a new all-time high; visits are up a total of 34% since 2009

Visits to Hillsborough County



Source: Tourism Economics

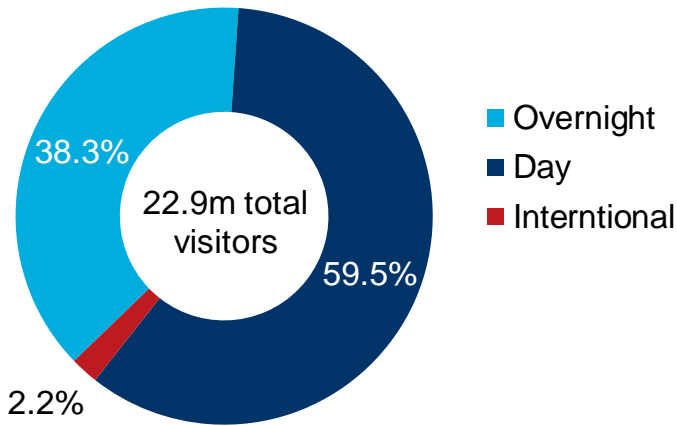
Day trippers represent the majority of visits

All segments of visitors are increasing rapidly

Day trippers represent 60% of all visitors, and have increased by 35% since 2009. While the international market is much smaller than the domestic market, it is growing faster than both day and overnight domestic visitation.

Trips by visitor type, 2017

Percent



Sources: Tourism Economics; Longwoods International

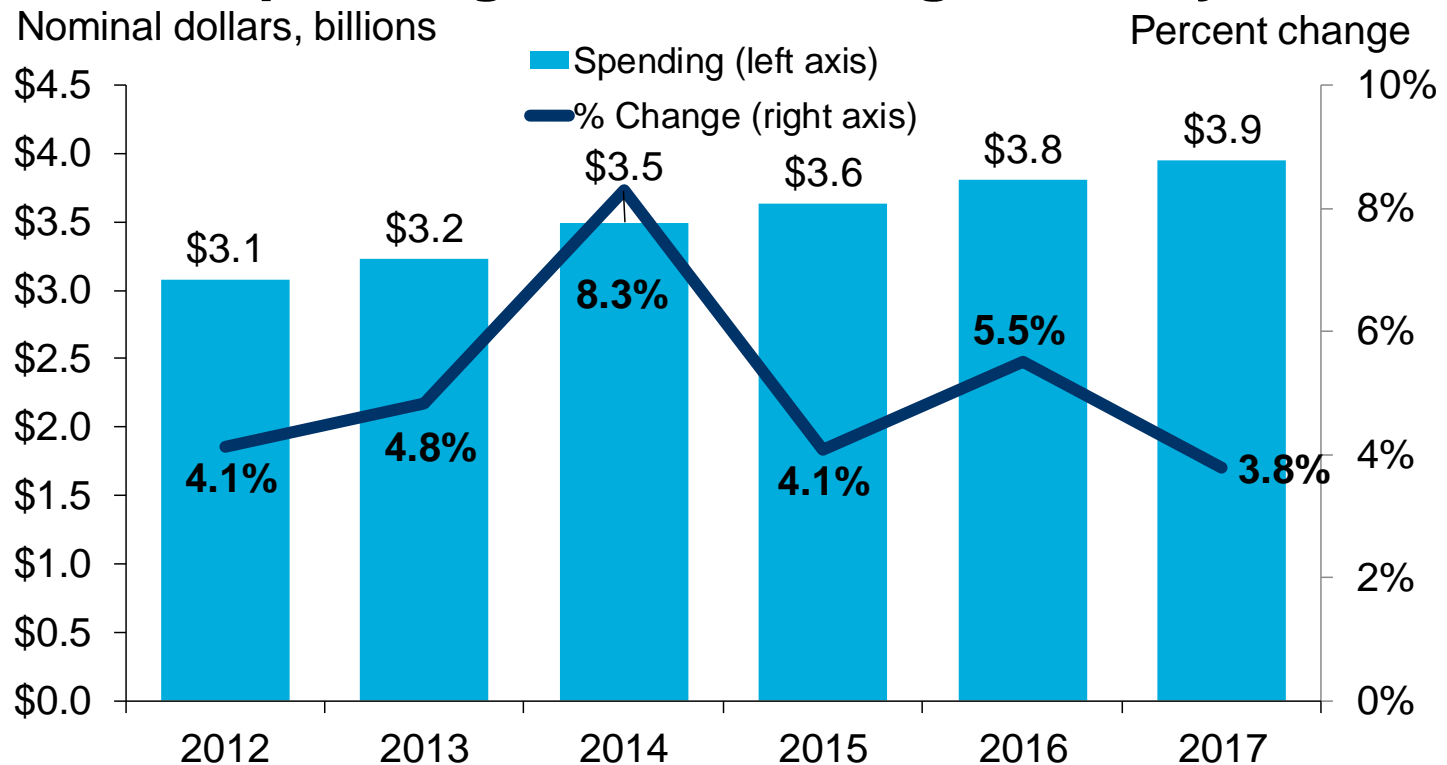
Visitors by type			
	Visits	2017 increase	Increase since 2009
Overnight	8,764,000	2.9%	31.2%
Day	13,608,000	0.4%	35.3%
International	495,000	2.5%	42.0%
Total	22,867,000	1.4%	34.4%

Source: Tourism Economics

In 2017, visitors spent \$3.9 billion in Hillsborough County

Spending is up 48.0% since 2009, and has increased by 3.8% in 2017 alone

Visitor spending in Hillsborough County



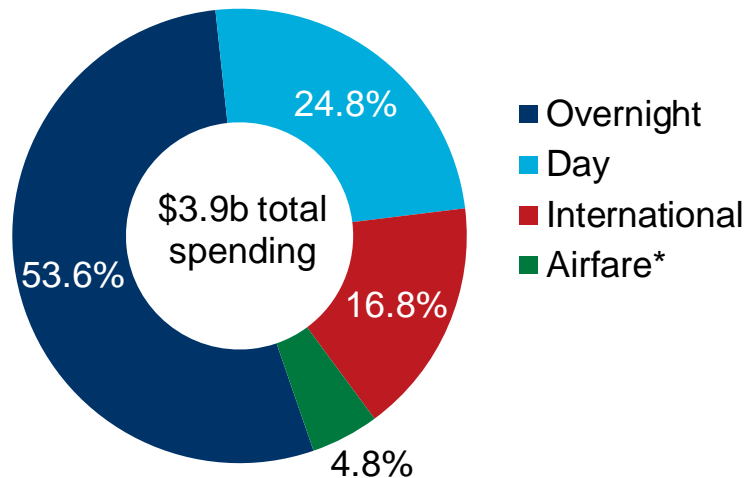
Source: Tourism Economics

Overnight domestic visitors account for over half of all spending

Day visitors spent almost \$1 billion in Hillsborough County. While international spending remains the smallest segment, it is the fastest growing.

Spending by visitor type, 2017

Percent



Sources: Tourism Economics; Longwoods International

Overnight domestic visitors to Hillsborough County spent \$2.1 billion in 2017

Spending by source (US\$ Million)			
	Spending	2017 increase	Increase since 2009
Overnight	\$2,116	5.1%	47.7%
Day	\$978	1.8%	38.2%
International	\$664	3.6%	76.5%
Airfare*	\$191	0.4%	25.4%
Total	\$3,948	3.8%	48.0%

*Airfare is not estimated for individual segments, this figure represents the portion of spending that accrues to Hillsborough County

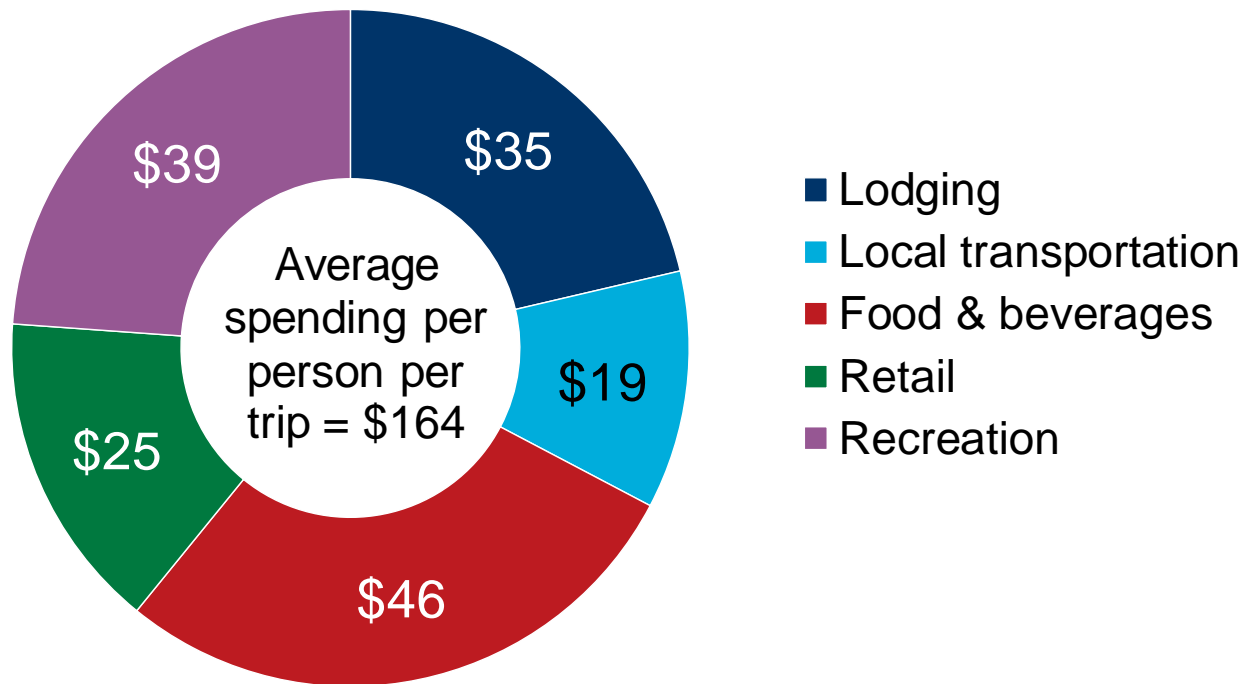
Source: Tourism Economics

Visitor spending is distributed across a variety of sectors

The largest share of the visitor dollar was spent on food and beverages - 28% of the total

Visitor spending profile, 2017

Dollars per person per day and percent of total



Sources: Longwoods International; Tourism Economics

Visitor spending details

Total Visitor Spending (US\$ Million)				
	Overnight	Day	Interntional	Total
Lodging	\$610	\$0	\$192	\$802
Local trans.	\$223	\$125	\$79	\$427
Food & bev.	\$571	\$324	\$162	\$1,058
Retail	\$275	\$206	\$93	\$574
Recreation	\$436	\$322	\$138	\$896
Subtotal	\$2,116	\$978	\$664	\$3,757
Airfare**	-	-	-	\$191
Total	\$2,116	\$978	\$664	\$3,948

** Airfare total refers to only the portion of spending that accrues to Hillsborough County

Source: Tourism Economics

4) The Domestic Market

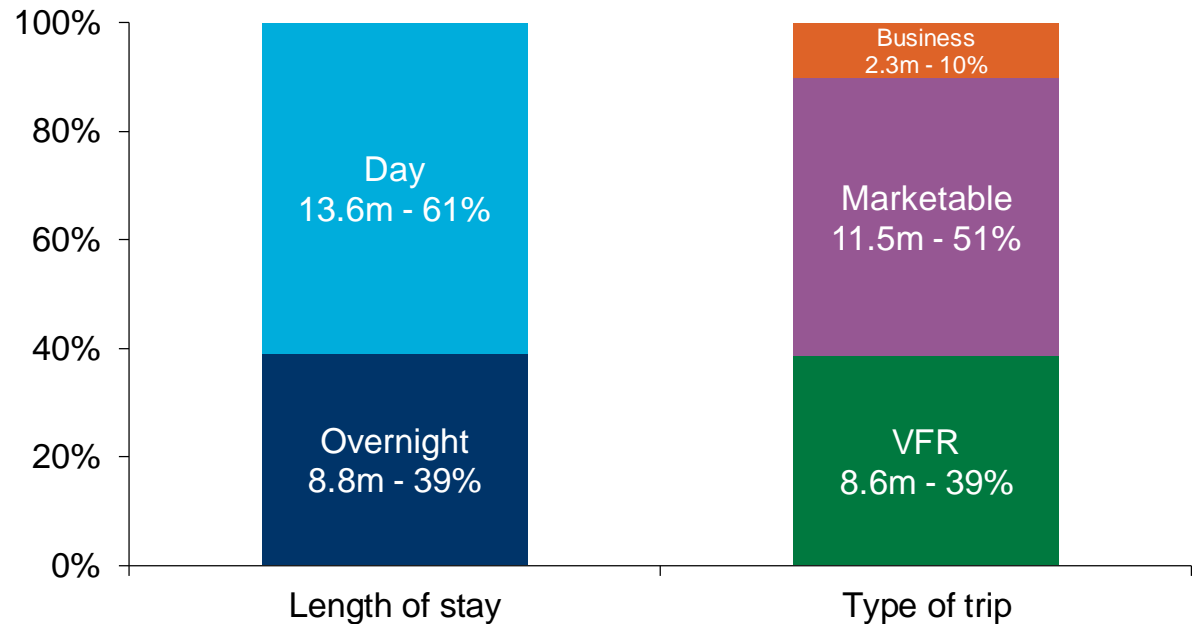
Hillsborough County hosted 22.4 million domestic trips in 2017

Over half of visitors are on 'marketable' leisure trips

39% of all visitors are visiting friends and relatives (VFR) and 10% are on business travel. The remainder, 11.5 million or 51% of the total, can be considered marketable leisure trips.

Domestic visitor segments, 2017

Percentage



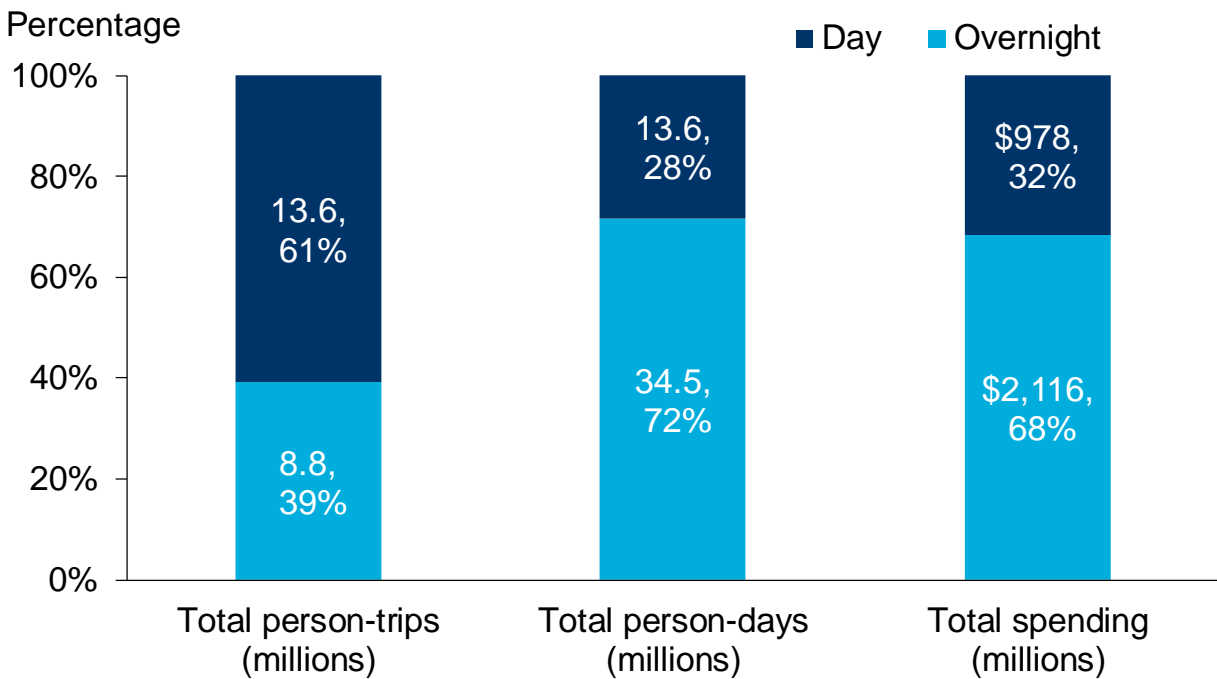
Sources: Longwoods International; Tourism Economics

Overnight visitors account for two thirds of all spending

Length of stay and spending on lodging leads to overnight visitors having a higher economic impact

On average, overnight visitors spend 2.9 nights in Hillsborough County. This means that while overnight visitors account for only 39% of total trips, they represent 72% of total person-days in Hillsborough County and 68% of total expenditures.

Key figures by visitor type, 2017



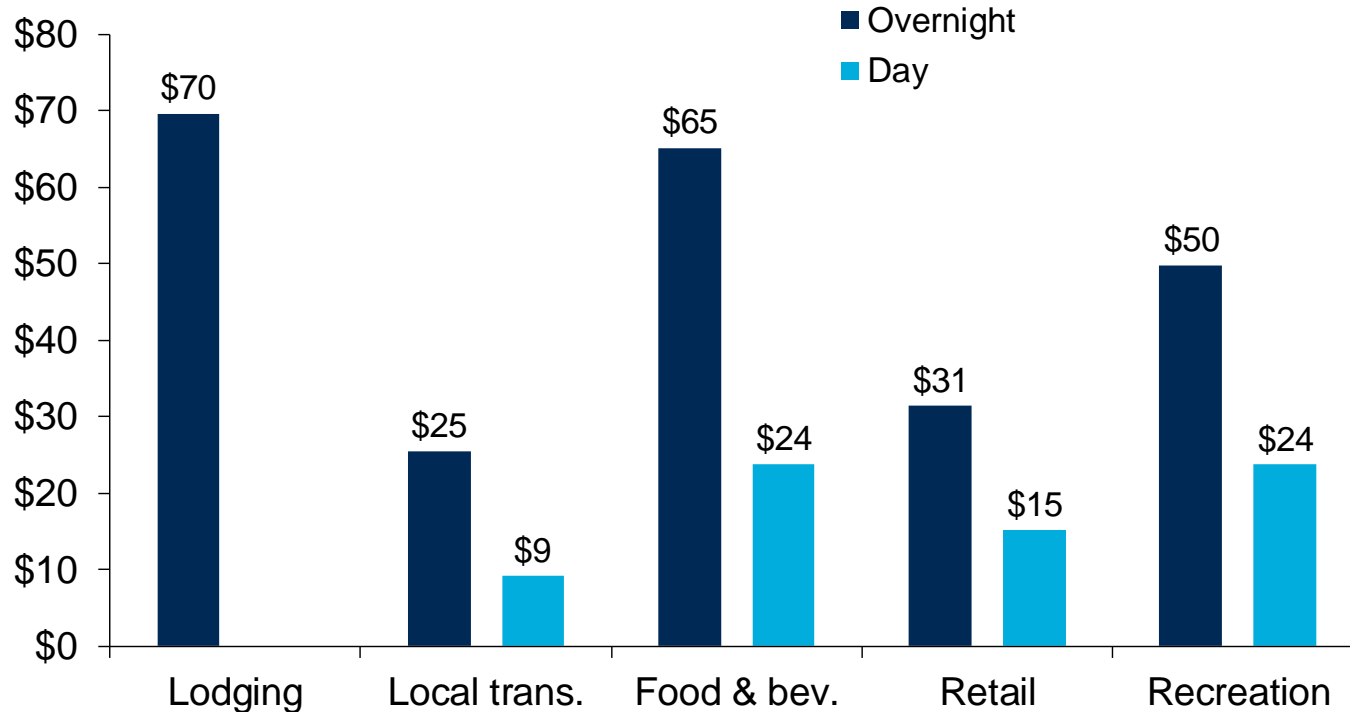
Sources: Longwoods International; Tourism Economics

Overnight visitors spend far more per trip

Overnight visitors spent \$241 per trip while day visitors spent \$72; overnight visitors spend the most on lodging while day visitors spend the most on recreation and food and beverages

Visitor spending by category, 2017

Dollars per person per trip



Sources: Longwoods International; Tourism Economics

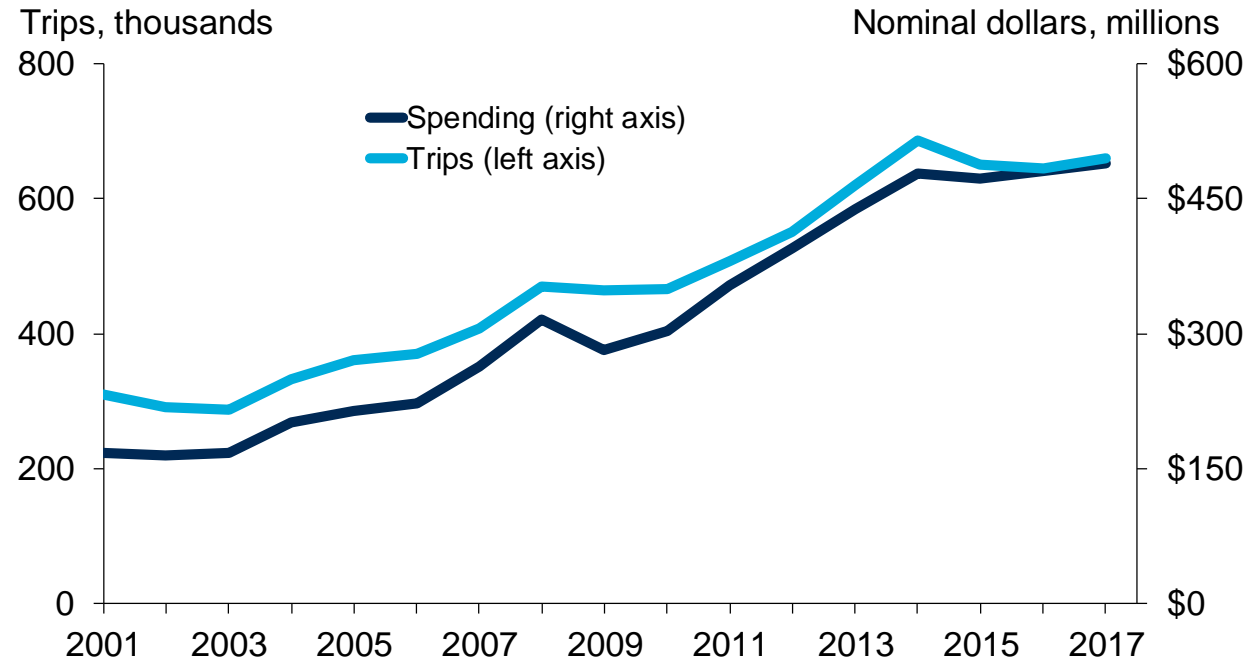
5) The International Market

Growth in the international market has resumed growth

Slowed from 2014 to 2016, but resumed growth in 2017

Slow growth in arrivals from Brazil and Canada (which where experienced across the US) slowed growth of international arrivals in 2015 and 2016, but rebounding economies in those nations and a weakening US dollar boosted arrivals and spending in 2017.

International tourism to Hillsborough County



Source: Tourism Economics

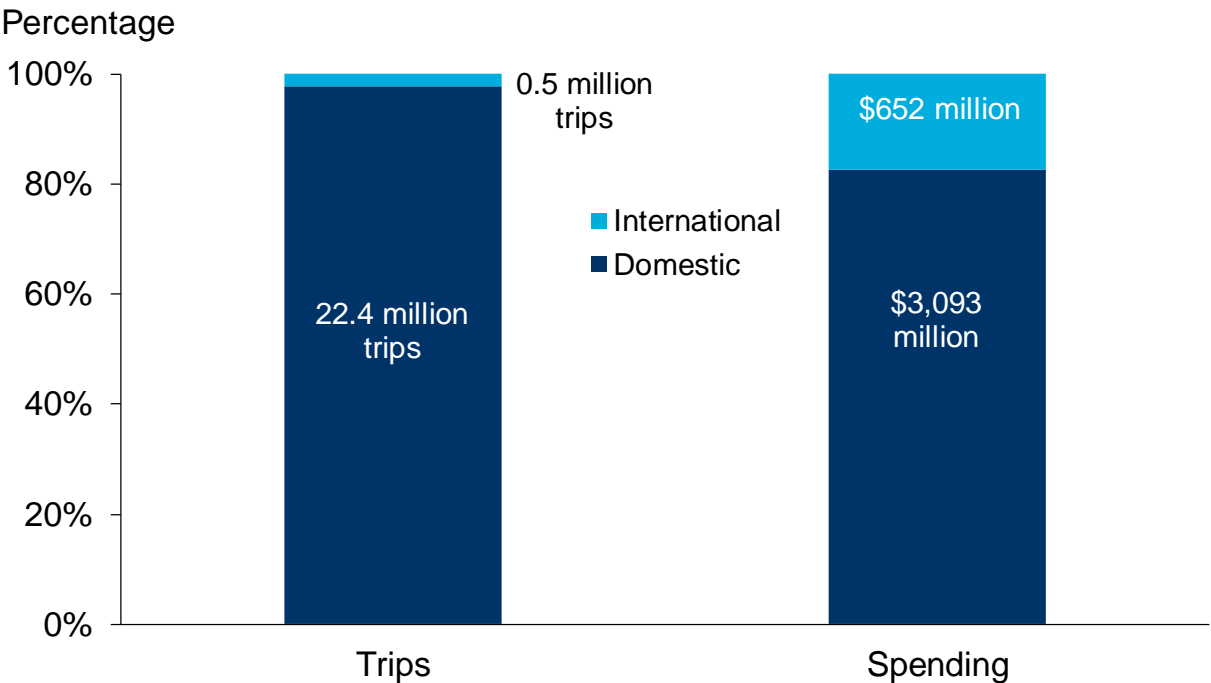
International tourists make a significant economic impact

Higher per trip spending by international visitors leads to a relatively high economic contribution

495,000 international travelers visited Hillsborough County last year, compared to 22.4 million domestic visitors.

International visitors spent much more per person per trip than domestic visitors (\$1,316 vs \$138). So while international tourists make up only 2.2% of trips, they represent 17.4% of total spending.

Trips and spending by visitor type, 2017



Sources: Longwoods International; Tourism Economics

6) Economic Impacts

How tourism generates impact

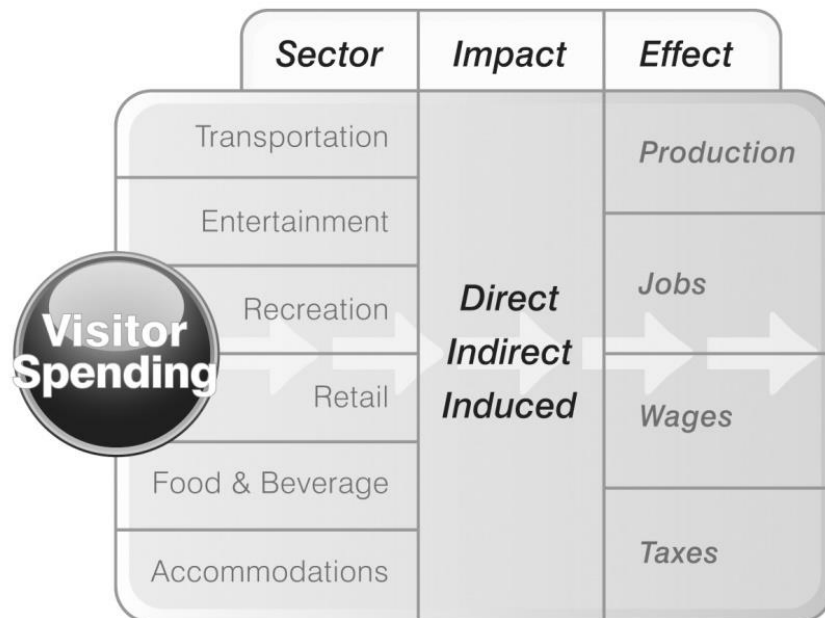
Our analysis of tourism's impact on Hillsborough County starts with actual spending by tourists, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in Hillsborough County, we input tourism spending into a model of the Hillsborough County's economy created in IMPLAN. This model calculates three distinct types of impact: direct, indirect, and induced.

- Travelers create **direct** economic value within a discreet 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 wages are generated either directly or indirectly by tourism, spend those wages in the local economy.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

Tourism spending flows through the economy and generates economic benefits through multiple channels

How tourism spending flows through the economy and generates economic benefits



Economic impact summary

We estimate that in 2017, 22.9 million visitors spent \$3.9 billion in Hillsborough, which supported \$2.3 billion in income and 50,000 jobs

The economic impact of tourism on Hillsborough County, 2017

Dollar amounts in millions

Total visitors	22,867,000
Visitor spending generated	\$3,948
Impacts on Hillsborough County	
Total business sales	\$6,137
Direct expenditures	\$3,948
Indirect and induced business sales	\$2,190
Total income	\$2,261
Direct income	\$1,454
Indirect and induced income	\$807
Total jobs	50,377
Direct jobs	34,821
Indirect and induced jobs	15,556
State tax revenue	\$182
Local government tax revenue	\$195

Source: Tourism Economics

Tourism's impact on business sales (1 of 2)

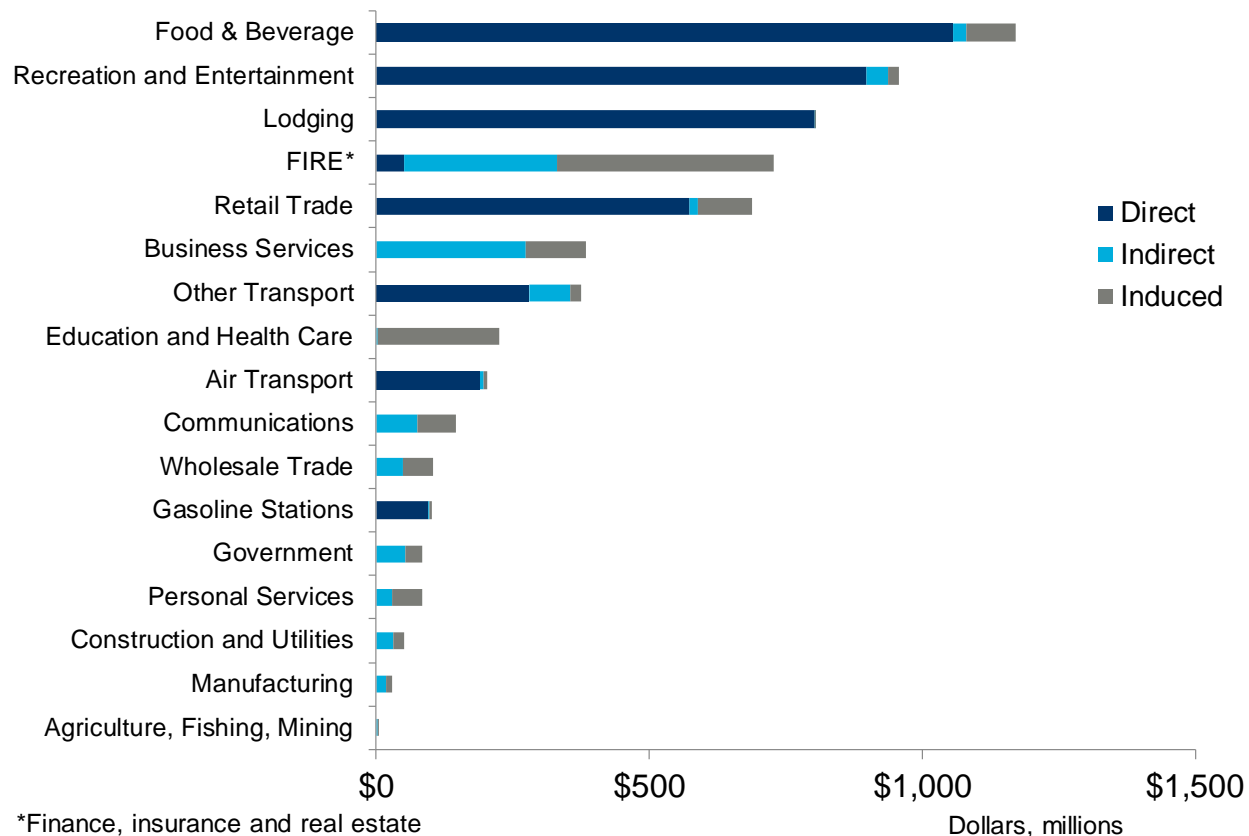
Visitors spent \$3.9 billion in Hillsborough County and supported \$6.1 billion in business sales when indirect and induced impacts are considered

Tourism industry generated business sales, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	\$1.4	\$0.5	\$2.0
Construction and Utilities	-	\$32.0	\$18.4	\$50.5
Manufacturing	-	\$17.0	\$12.1	\$29.1
Wholesale Trade	-	\$48.6	\$55.8	\$104.3
Air Transport	\$190.8	\$5.1	\$6.8	\$202.6
Other Transport	\$279.7	\$75.2	\$20.2	\$375.0
Retail Trade	\$573.0	\$16.3	\$98.5	\$687.8
Gasoline Stations	\$95.6	\$1.2	\$4.9	\$101.7
Communications	-	\$75.7	\$69.1	\$144.8
Finance, Insurance and Real Estate	\$51.8	\$279.2	\$397.4	\$728.4
Business Services	-	\$272.7	\$111.2	\$383.9
Education and Health Care	-	\$3.3	\$222.8	\$226.1
Recreation and Entertainment	\$897.5	\$39.8	\$19.6	\$956.9
Lodging	\$802.7	\$0.8	\$0.5	\$803.9
Food & Beverage	\$1,056.6	\$24.4	\$90.8	\$1,171.8
Personal Services	-	\$28.3	\$55.2	\$83.5
Government	-	\$53.5	\$31.3	\$84.9
TOTAL	\$3,947.5	\$974.5	\$1,215.1	\$6,137.1

Source: Tourism Economics

Tourism's impact on business sales (2 of 2)

Tourism industry generated business sales, 2017



Source: Tourism Economics

Tourism's impact on local employment (1 of 2)

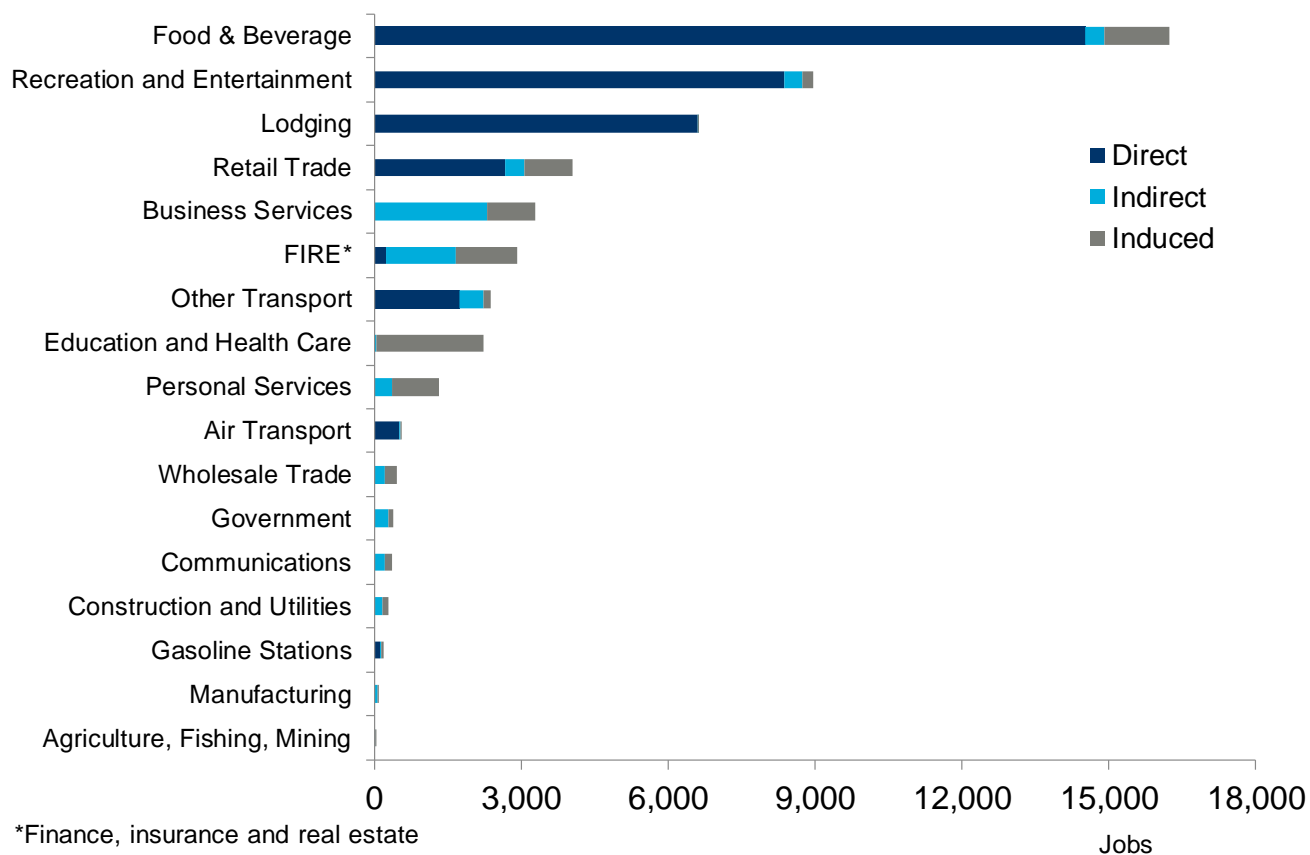
Tourism directly generated 34,821 jobs and 50,377 jobs when indirect and induced impacts are considered

Tourism industry generated employment				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	12	7	19
Construction and Utilities	-	179	105	284
Manufacturing	-	64	27	91
Wholesale Trade	-	207	256	463
Air Transport	519	16	23	559
Other Transport	1,746	496	133	2,375
Retail Trade	2,684	376	982	4,041
Gasoline Stations	120	21	59	201
Communications	-	208	147	355
Finance, Insurance and Real Estate	242	1,431	1,254	2,927
Business Services	-	2,299	993	3,292
Education and Health Care	-	57	2,166	2,223
Recreation and Entertainment	8,385	352	237	8,975
Lodging	6,599	9	6	6,614
Food & Beverage	14,525	388	1,333	16,247
Personal Services	-	359	955	1,314
Government	-	281	119	400
TOTAL	34,821	6,756	8,801	50,377

Source: Tourism Economics

Tourism's impact on local employment (2 of 2)

Tourism industry generated employment, 2017



Source: Tourism Economics

Tourism's impact on local income (1 of 2)

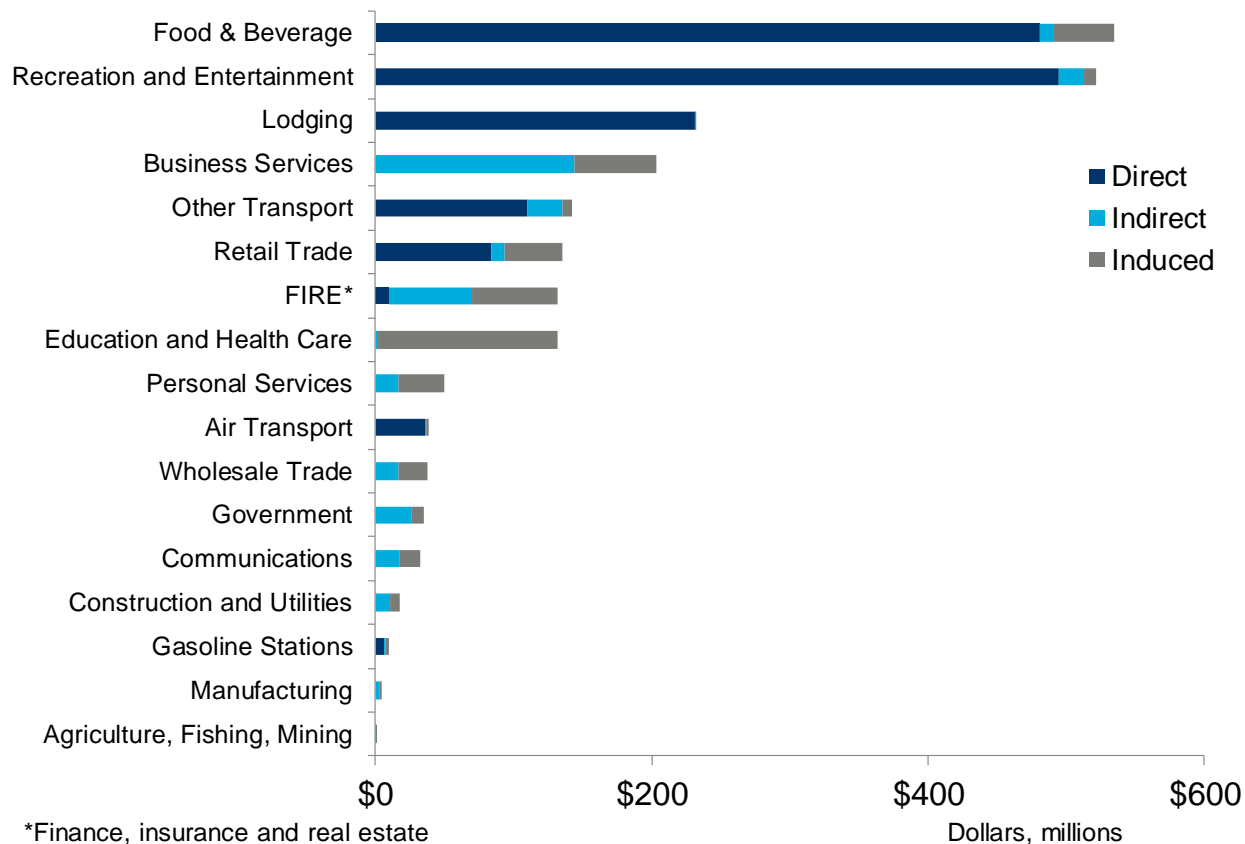
Tourism generated \$1.5 billion in direct income and \$2.3 billion when indirect and induced impacts are considered

Tourism industry generated income, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	\$0.5	\$0.2	\$0.7
Construction and Utilities	-	\$10.9	\$6.6	\$17.5
Manufacturing	-	\$3.3	\$1.6	\$4.9
Wholesale Trade	-	\$16.9	\$20.5	\$37.4
Air Transport	\$36.1	\$1.0	\$1.5	\$38.6
Other Transport	\$110.1	\$25.4	\$6.7	\$142.2
Retail Trade	\$84.2	\$9.6	\$42.1	\$135.9
Gasoline Stations	\$6.3	\$0.9	\$3.0	\$10.2
Communications	-	\$18.1	\$14.4	\$32.5
Finance, Insurance and Real Estate	\$10.0	\$60.2	\$61.7	\$131.9
Business Services	-	\$144.2	\$59.7	\$203.9
Education and Health Care	-	\$2.2	\$129.4	\$131.6
Recreation and Entertainment	\$495.1	\$18.2	\$8.7	\$522.0
Lodging	\$231.4	\$0.3	\$0.2	\$231.9
Food & Beverage	\$480.6	\$11.2	\$43.0	\$534.8
Personal Services	-	\$16.7	\$33.5	\$50.2
Government	-	\$26.0	\$8.8	\$34.8
TOTAL	\$1,453.8	\$365.6	\$441.5	\$2,260.9

Source: Tourism Economics

Tourism's impact on local income (2 of 2)

Tourism industry generated wages, 2016



Source: Tourism Economics

Tourism's impact on taxes

Tourism generated \$877 million in total taxes, \$195 million of which accrues to local government

Tourism supported tax revenue, millions			
	Direct	Indirect/Induced	Total
Federal	\$313.0	\$186.3	\$499.3
Personal Income	\$120.1	\$59.0	\$179.1
Corporate	\$25.5	\$28.2	\$53.7
Indirect business	\$38.9	\$15.8	\$54.7
Social Security	\$128.5	\$83.2	\$211.7
State and Local	\$275.5	\$102.1	\$377.6
Sales	\$120.3	\$48.8	\$169.1
Bed Tax	\$33.1	-	\$33.1
Corporate	\$3.7	\$4.0	\$7.7
Social Insurance	\$1.1	\$0.7	\$1.8
Excise and Fees	\$31.2	\$13.7	\$44.9
Property	\$86.1	\$34.9	\$121.0
TOTAL	\$588.6	\$288.4	\$876.9

Source: Tourism Economics

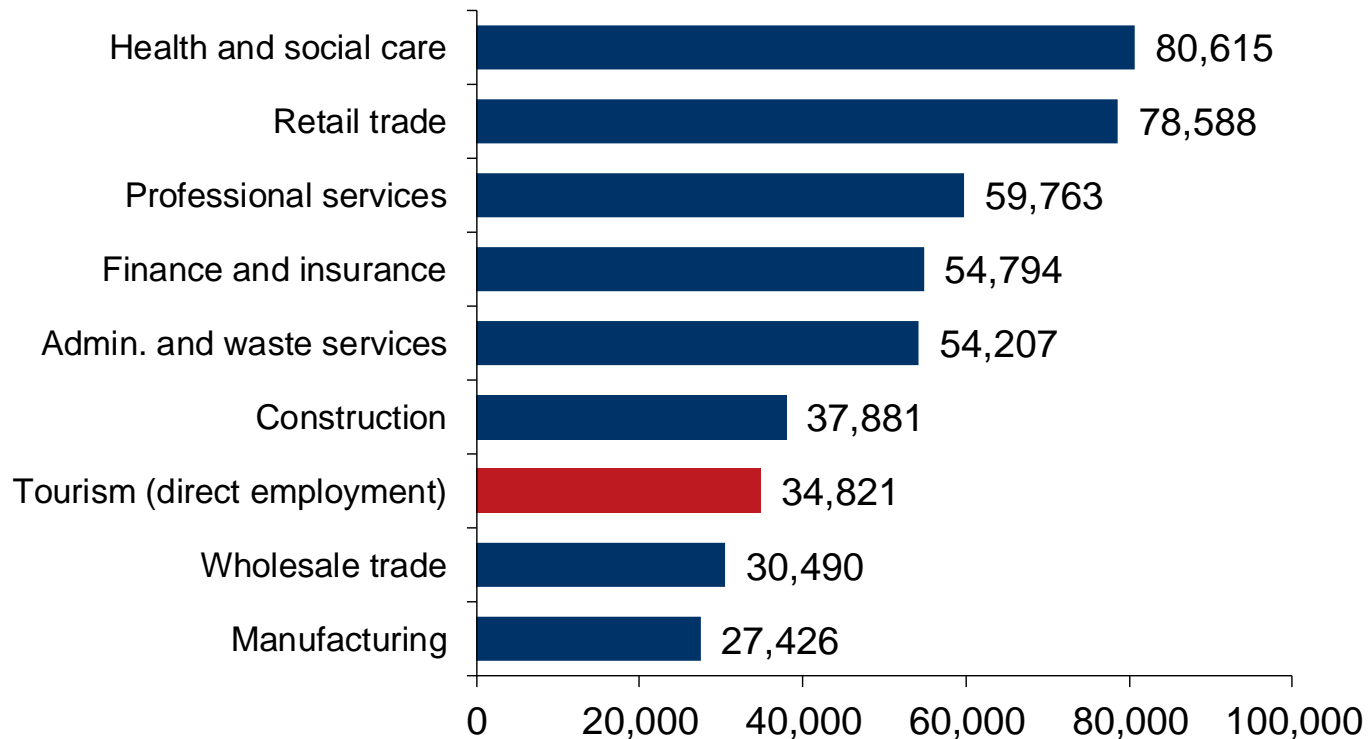
Tourism supported tax revenues, millions	
	Total
State Revenues	\$182.4
Sales	\$145.0
Corporate	\$7.7
Social Security	\$1.8
Excise and Fees	\$27.9
Local Govt. Revenues	\$195.2
Sales	\$24.2
Bed Tax	\$33.1
Excise and Fees	\$17.0
Property	\$121.0
TOTAL	\$377.6

Source: Tourism Economics

7) Key Figures in Context

Tourism is one of the largest industries in Hillsborough County

Employment in Hillsborough County, 2017



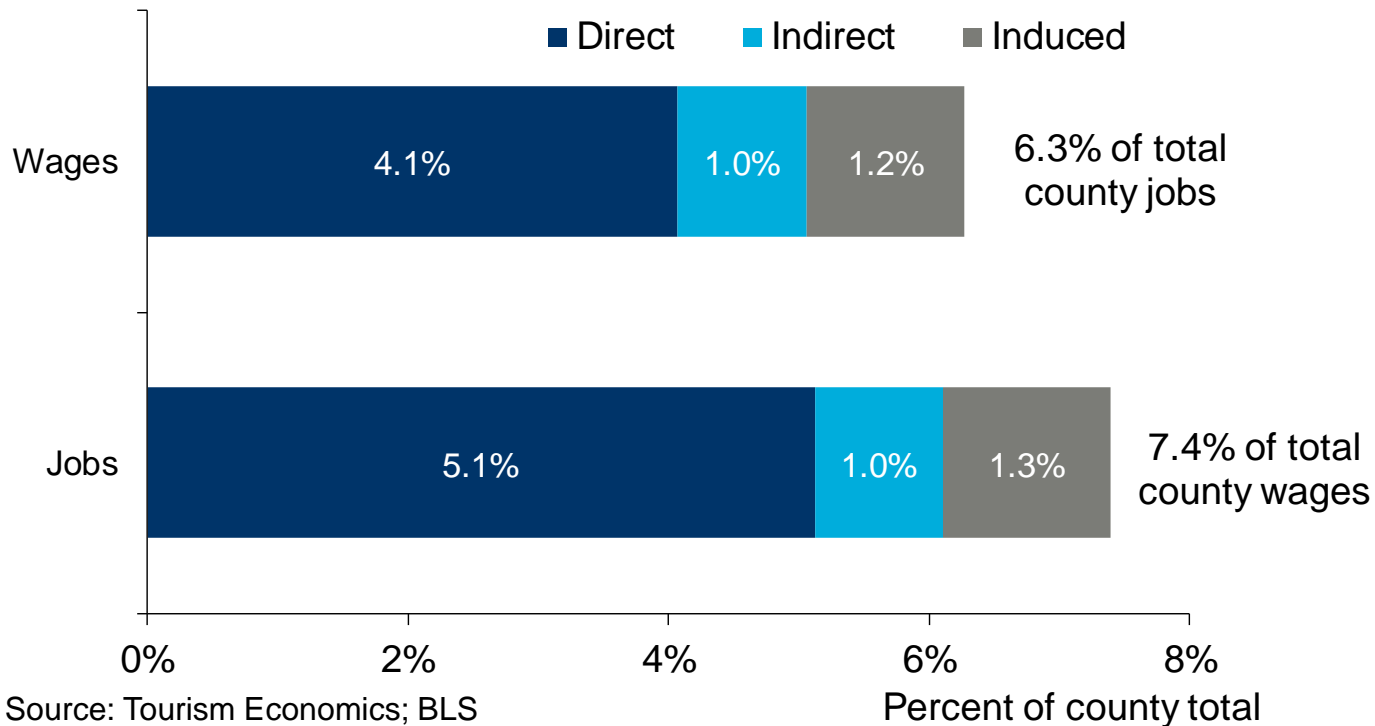
Sources: Tourism Economics; BLS

Jobs

The tourism sector is a major contributor to Hillsborough County's economy

The tourism sector sustains 7.4% of all income and 6.3% of all jobs in Hillsborough County

Share of total Hillsborough County jobs and wages supported by tourism, 2017



Figures in context

- 1 Visitors:** The 22.9 million total trips to Hillsborough County is roughly equivalent to everyone from the state of Florida visiting Hillsborough County during the year.
- 2 Visitor Spending:** The \$3.9 billion in visitor spending means that almost \$449,000 was spent by visitors EVERY HOUR in Hillsborough County in 2016.
- 3 Employment:** The number of people employed directly by visitors (34,821) would exceed the current capacity of Tropicana Field (31,042), and the employees sustained by tourism's indirect and induced impacts (14,998) would fill up most of the Amalie Arena (19,092).
- 4 Taxes:** To make up for the \$377 million in state and local taxes generated by tourism, each household in Hillsborough County would need to contribute an additional \$776 annually to maintain the current level of government.
- 5 Local taxes:** The \$195 million in local taxes generated would be enough to fully fund the Hillsborough County Police Department (\$172m).

8) Trends to Watch in 2018

Key forecast considerations

Expect continued tourism growth in 2018

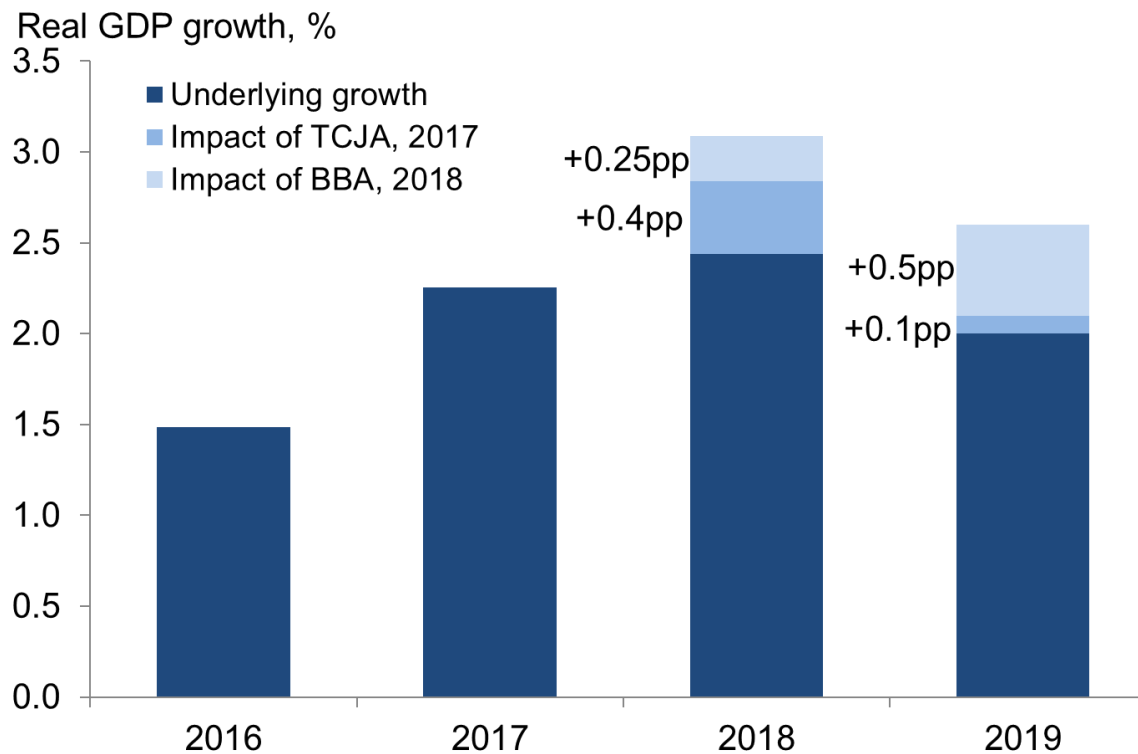
- Continued wage gains in the US in 2018
- Consumer confidence remains solid
- Uptick in vacation intentions in early 2018
- Fiscal stimulus provides boost in 2018

Pitfalls and wildcards still exist

- Possible tradewar
- High uncertainty in the private sector

Tax cuts combined with continued spending will boost growth...

US: Spending bill could further boost growth

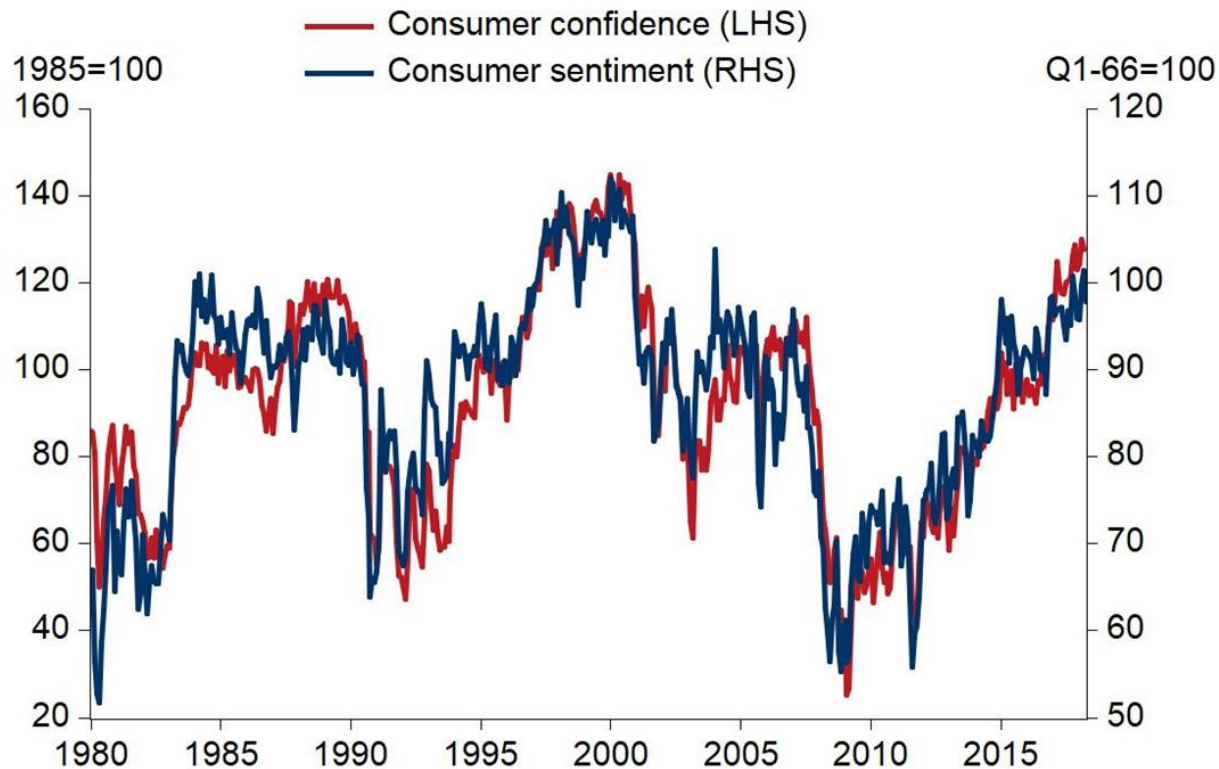


Source : Oxford Economics

BBA, 2018 = Bipartisan Budget Act of 2018
TCJA, 2017 = Tax Cuts and Jobs Act of 2017

...while the private sector
remains upbeat...

US: Consumer attitudes



Source: Oxford Economics/Haver Analytics

... while wages continue to increase...

US: Average hourly earnings

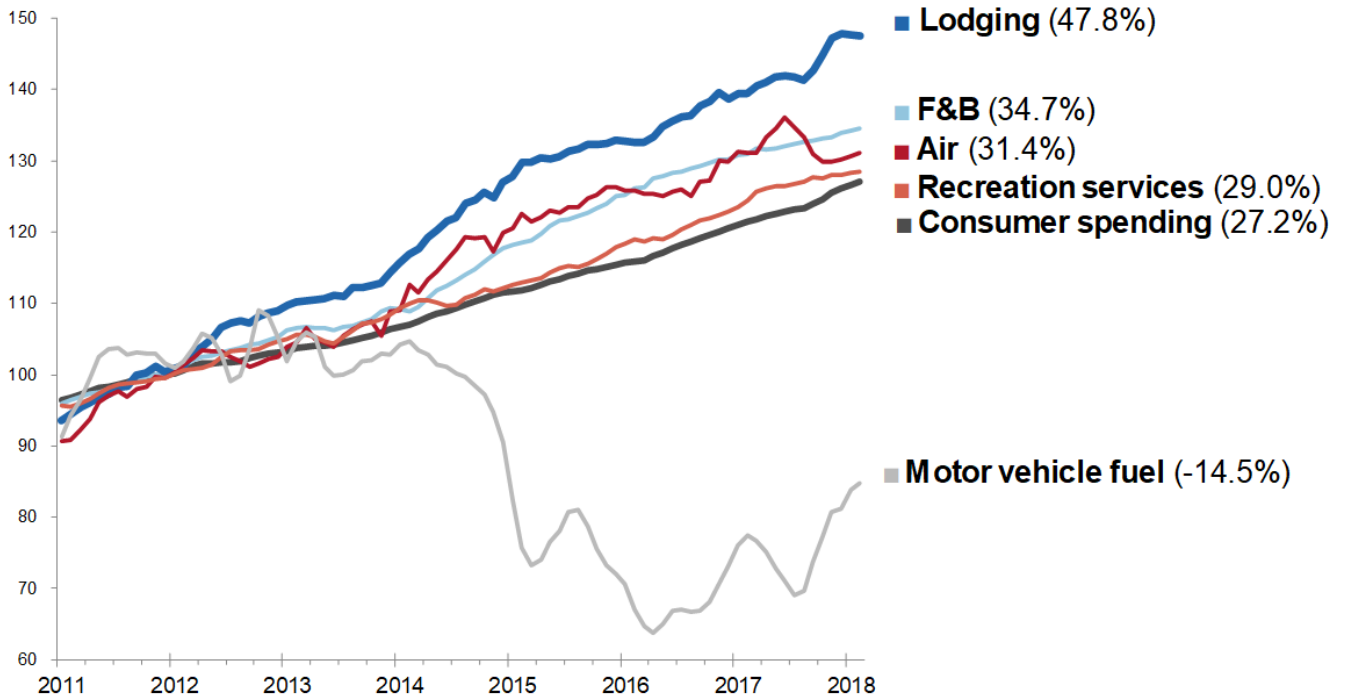


Source: Oxford Economics/Haver Analytics

...and lodging will continue to gain wallet-share among consumers

Consumer spending, US

Index (Dec. 2011=100)

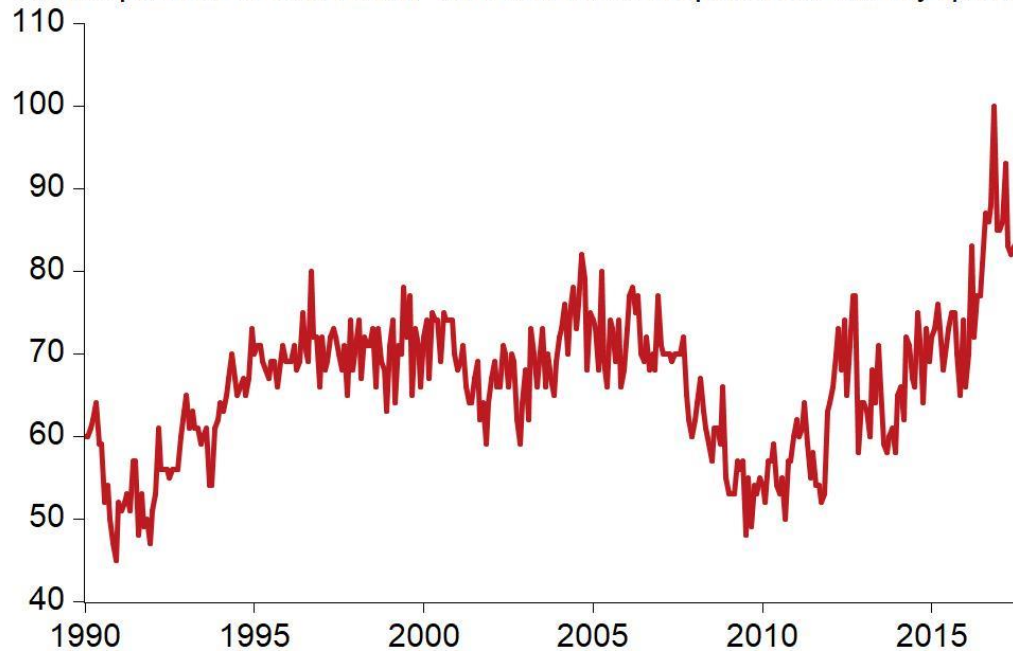


Note: Data is nominal, three-month moving average, seasonally adjusted and extends through February 2018.
Source: Bureau of Economic Analysis; Tourism Economics

Potential downsides include increasing uncertainty in the private sector...

US: NFIB Small Business Uncertainty Index

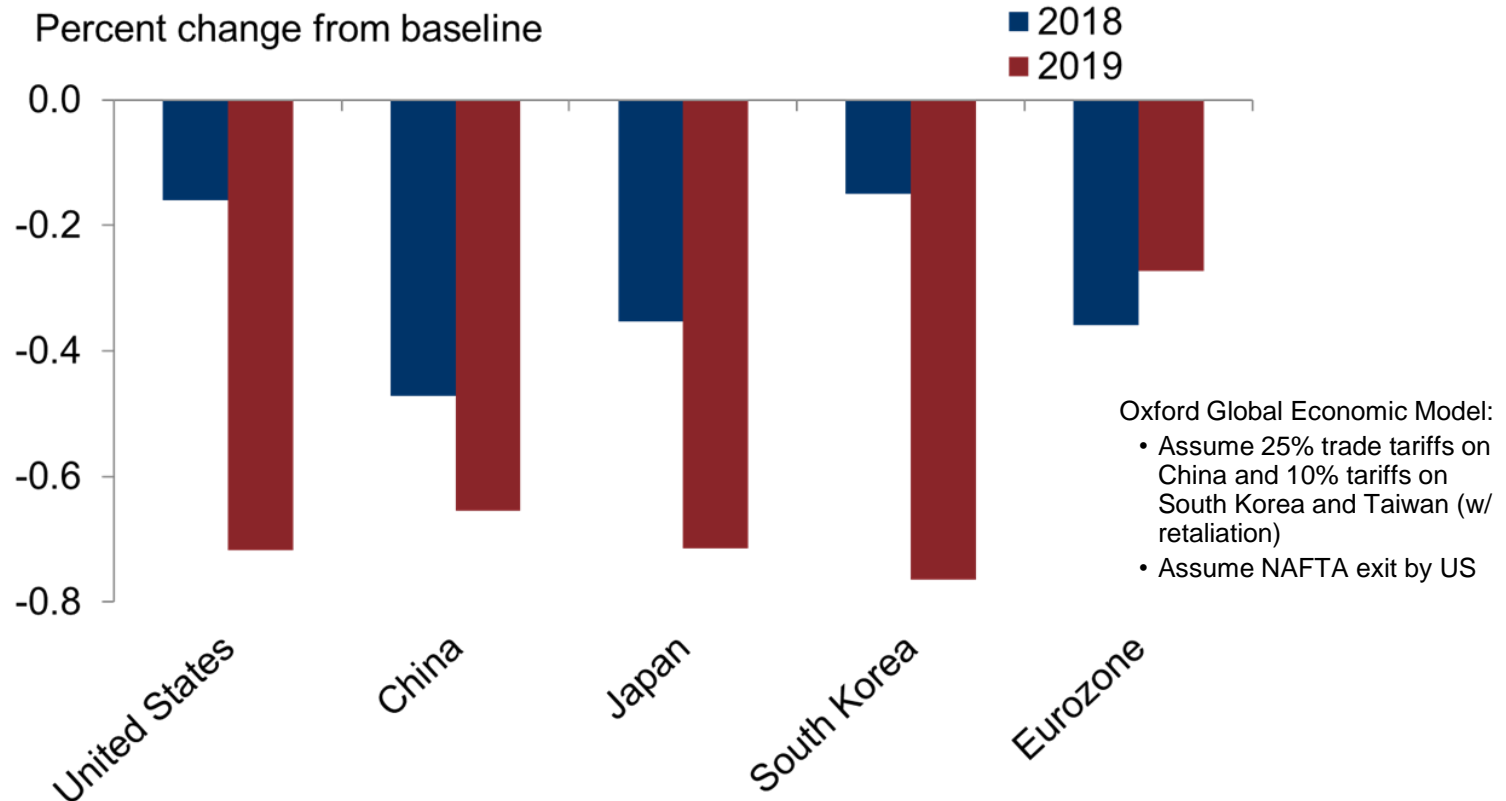
Sum of percent of 'don't know' and 'uncertain' responses to survey questions



Source: Oxford Economics/Haver Analytics

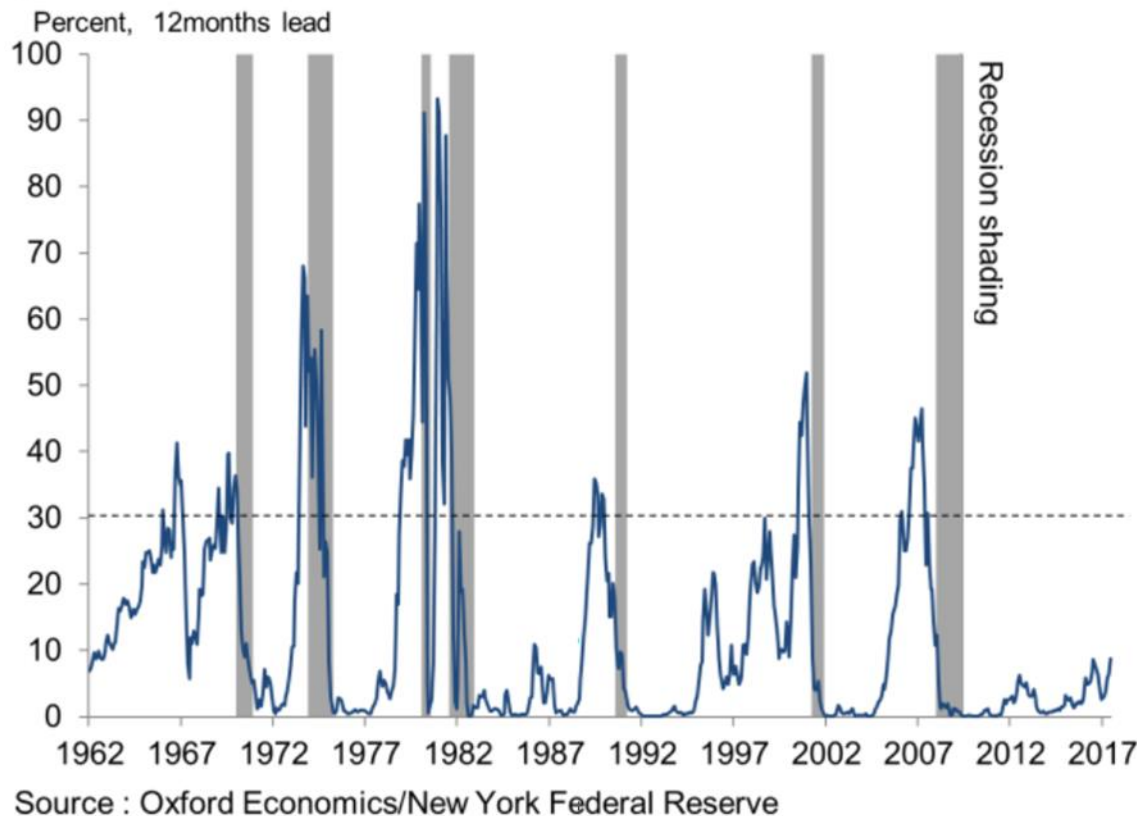
...and a tradewar that could hamper economic growth

US: Trade war with China could do significant damage



Despite potential risks, a recession seems unlikely and we expect a strong 2018

US: Probability of a US recession 12-mo ahead predicted by the yield curve



Our currently analysis estimate the likelihood of a recession in the next 12 months at less than 10%

Methodology

Methods and data sources

Domestic visitor expenditure estimates are provided by Longwoods International's representative survey of US travelers. These are broken out by sectors (lodging, transport at destination, food & beverage, retail, and recreation), by purpose (business and leisure), and by length of stay (day and overnight).

Tourism Economics then adds several categories of spending to these figures:

- Overseas visitor spending
- Spending on air travel which accrues to all airports and locally-based airlines
- STR data on hotel revenues
- Lodging tax receipts

All results are benchmarked and cross-checked against US Bureau of Labor Statistics and the Bureau of Economic Analysis data on wages and employment.

About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis, and economic impact studies.

With over four decades of experience of our principal consultants, it is our passion to work as partners with our clients to achieve a destination's full potential.

Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of more than 120 professional economists; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford Economics has offices in London, Oxford, Dubai, Philadelphia, and Belfast.

For more information:

info@tourismeconomics.com

