

# *2018 Tourism-Related Benefits in the Washtenaw County Economy*



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## *I. Executive Summary*

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**PURPOSE OF REPORT** Destination Ann Arbor, formerly called the Washtenaw County Convention and Visitors Bureau, is a non-profit organization that generates positive awareness and promotes the area as a tourist destination, as well as providing information on events and attractions in Washtenaw County, Michigan. In the interest of enhancing the Washtenaw County economy and promoting tourism, Destination Ann Arbor has commissioned Anderson Economic Group (AEG) to conduct an economic impact analysis of tourism in 2014, 2015, 2017, and again in 2019. This report presents the findings of our most recent analysis: the economic impact of tourism in the county during 2018.

### **OVERVIEW OF APPROACH**

In order to complete our analysis, we undertook the following steps:

1. Collected data from Destination Ann Arbor staff on events that have taken place in Washtenaw County, as well as data on hotel room occupancy and average room rates, over the past several years;
2. Gathered data on tourism trends in the state, as well as visitor spending trends by county, and property taxes paid by hotels in the county;
3. Estimated the total visitors, visitor days, and spending attributable to visitors in Washtenaw County based on tourist survey data from 2014 and 2016, as well as state and local trends from 2014 through 2018;
4. Applied region-specific multipliers to estimate the net economic impact of tourism in Washtenaw County in terms of jobs, earnings, and output; and
5. Estimated the net fiscal impact of these tourism-supporting businesses on the county.

We define “net economic impact” as the economic activity directly or indirectly created by tourism in Washtenaw County. We also only consider spending and jobs related to tourism activity in the county. For more detail on the local area, please see Figure 1 on page 5.

For more information detailing our methodology and assumptions, see “Appendix A. Methodology and Data” on page A-1.

### **OVERVIEW OF FINDINGS**

Using the information available to us and the methodology described above, we concluded the following:

- 1. Tourism activity generated almost \$1.2 billion in economic impact and contributed over \$677 million in GDP to the Washtenaw County economy.*
  - a. Tourists in Washtenaw County generated nearly \$832 million in net new spending in the region.

- b. The multiplier effect of this spending resulted in nearly \$1.2 billion in economic impact and \$243 million in additional income and earnings for workers in the region in 2018.
- c. Visitor spending in the county created \$677 million in GDP for the area, or just over three percent of the area's total GDP.

See Table 1 below for a summary of our findings. See also "Economic and Fiscal Impact Analysis" on page 10.

**TABLE 1. Summary of Findings**

	<b>2018</b>
Total Visitors	3.9 million
Total Visitor Days	6.3 million
Average Daily Visitor Spending	\$152.22
Total Net New Spending	\$832 million
Total Economic Impact	\$1.2 billion
Jobs Created or Maintained	9,487
Total Net New Property Tax Revenue	\$6.1 million
Total Net New Hotel Excise Tax Revenue	\$5.5 million

*Source: Anderson Economic Group*

*2. In 2018, nearly 3.9 million visitors came to Washtenaw County, resulting in nearly \$832 million in net new spending at local businesses.*

- a. In 2018, almost 3.9 million visitors came to Washtenaw County. This represents an increase of 4.5 percent from 3.7 million visitors in 2016.
- b. The average party of overnight visitors included 1.5 persons and stayed for almost two days, on average. The average party of day visitors included 2.1 persons and stayed for one day, on average.
- c. This resulted in 6.3 million visitor days, an increase of 4.5 percent from 6.0 million in 2016. Of these visitor days, 1.8 million were attributed to day visitors and 4.5 million were attributed to overnight visitors.
- d. The average spending per visitor per day was \$152, an increase of 5.5 percent from 2016. This includes about \$48 for lodging, \$34 for food and beverage, and \$69 on other shopping, activities, and transportation. See Table 2 on page 3 for average daily spending by visitors to the county. See also "Tourist Activity Data" on page 8.

**TABLE 2. Average Daily Visitor Spending in Washtenaw County**

Category	Average Daily Spending	Day Visitor Daily Spending	Overnight Visitor Daily Spending
Lodging	\$48.33	\$0	\$67.76
Food & Beverage	\$34.49	\$17.24	\$41.42
Entertainment & Recreation	\$10.72	\$6.43	\$12.44
Shopping	\$13.96	\$9.77	\$15.64
Transportation	\$42.22	\$6.33	\$56.65
Other Expenses	\$2.50	\$2.50	\$2.50
<b>Total</b>	<b>\$152.22</b>	<b>\$42.28</b>	<b>\$196.41</b>

*Source: DK Shifflet (2014 and 2016; Longwoods International (2015-2016); Tourism Economics (2014-2018); Smith Travel Research (2014-2018); Anderson Economic Group  
Analysis: Anderson Economic Group*

*3. Tourism was directly and indirectly responsible for creating and maintaining over 9,400 jobs in the Washtenaw County economy in 2018.*

- a. Tourism is responsible for millions of dollars in spending at hotels, restaurants, stores, and other attractions in the county, and supports many jobs. Tourism directly and indirectly supports about 9,487 jobs in the county.*
- b. Most of these jobs are in the transportation, food and beverage, and lodging sectors.*
- c. Multiplier effects of visitor spending resulted in \$243 million in additional income and earnings for workers in the county in 2018, up from \$221 million in 2016. See “Indirect Impacts from Tourism in Washtenaw County” on page 12.*

*4. Tourism in Washtenaw County in 2018 contributed \$6.1 million in property tax revenue to the county and other taxing jurisdictions, and another \$5.5 million in hotel excise tax revenue to the county and Destination Ann Arbor. Tourism also generated almost \$31 million in sales tax.*

- a. In 2018, hotels in Washtenaw County paid a total of 7.6 million in property taxes, of which we estimate 80 percent, or \$6.1 million, was due to tourism. These property taxes support an array of resources and services in the county and municipalities, including county and municipal operations, local libraries, local parks, schools, and mental health and public safety.*
- b. Washtenaw County levies a 5 percent excise tax on hotels and lodging businesses. In 2018, the county collected \$6.9 million in hotel tax revenue. We estimate that 80 percent, or \$5.5 million, was net new tax col-*

lection. See Table 1 on page 2. See also “Fiscal Impact of Tourism in Washtenaw County” on page 12.

- c. Net New visitor spending in Washtenaw County in 2018 contributed almost \$31 million in sales tax revenue to the State of Michigan. This tax revenue was then allocated back to local communities through state revenue sharing. See “Sales Tax” on page 14.

*5. The events hosted by Washtenaw County communities were diverse and included sporting events, festivals, and conferences that attracted visitors to the area.*

- a. Destination Ann Arbor works to bring events of all types to the county. Conferences, fairs and festivals, and sporting events are held throughout the year in Ann Arbor and the surrounding communities.
- b. Festivals and events in the county that were popular with tourists and families included the Ann Arbor Art Fair, with art exhibitions, live music, and entertainment for children; the ICC Champions Cup Match where fans watched Manchester United and Liverpool FC face off; and the Thunder over Michigan Airshow in Ypsilanti, which featured the U.S. Air Force Thunderbirds.
- c. Manchester hosts the annual Manchester Chicken Broil, which in 2018, served over 8,000 attendees in only a few hours. The Purple Rose Theatre in Chelsea regularly shows a variety of stage performances and hosts community events. Other communities in the county have their own unique fairs and events. The Michigan Brewers Guild Annual Summer Beer Festival, held in Ypsilanti, hosts over 100 Michigan breweries sampling about 1,000 craft beers. University of Michigan football games continue to be a large draw for visitors during weekends in the fall.

See “Events and Attractions in Washtenaw County” on page 6.

## **ABOUT ANDERSON ECONOMIC GROUP**

Founded in 1996, Anderson Economic Group is a boutique research and consulting firm, with offices in East Lansing, Michigan, and Chicago, Illinois. The experts at AEG have particular expertise in public policy and economic analysis. They have conducted nationally-recognized economic and fiscal impact studies for private, public, and non-profit clients across the United States. Some examples include the economic impact of tourism in Greater Lansing; the economic impacts of the Ann Arbor Art Fair and Grand Rapids ArtPrize; impacts of a theatre festival in Marine City; economic impacts of national sporting events; and many others.

Work by Anderson Economic Group has been utilized in legislative hearings, legal proceedings, and public debates, as well as major planning exercises and executive strategy discussions. For more information, please see “Appendix B. About Anderson Economic Group” on page B-1 or visit [www.AndersonEconomicGroup.com](http://www.AndersonEconomicGroup.com).