

The Manhattan, Kansas Visitor Industry, 2022

December 2023

Prepared for: Visit Manhattan



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INTRODUCTION PROJECT BACKGROUND

The travel sector is an integral part of the Manhattan, Kansas economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the city's economy. In 2022, tourism-supported jobs accounted for 9% of all jobs in Riley County.

By monitoring the visitor economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs.

This is particularly true for Manhattan as its visitor economy recovers. By establishing a timeline of economic impacts, the industry can track its progress.

To quantify the significance of the visitor economy in Manhattan, Tourism Economics developed a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the visitor economy in terms of direct visitor spending, along with total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Manhattan, Kansas. The model traces the flow of visitor-related expenditures through the city's 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.

Visitors included those who stayed in overnight accommodations or traveled more than 50 miles to the destination.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), maintained by the 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.

The analysis draws on the following data sources:

- Kansas Department of Revenue: tax collections by industry, including bed and sales tax receipts
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR: lodging performance data, including room demand, room rates, occupancy, and room revenue
- AirDNA lodging performance data, including supply, demand, and revenue for short-term rentals

ECONOMIC IMPACTS

KEY FINDINGS

VISITOR SPENDING

Driven by pent up demand and price increases of key commodities, visitor spending in Manhattan increased 11% to top \$214.3 million in 2022.

TOTAL ECONOMIC IMPACT

The \$214.3 million visitors spent in Manhattan sustained 2,654 jobs and generated \$23.1 million in state and local tax revenues in 2022.



\$214.3M

Visitor Spending



2,654

Total
Jobs
Generated



\$23.1M

State & Local
Taxes
Generated



VISITOR INDICATOR TRENDS

SALES TAXES

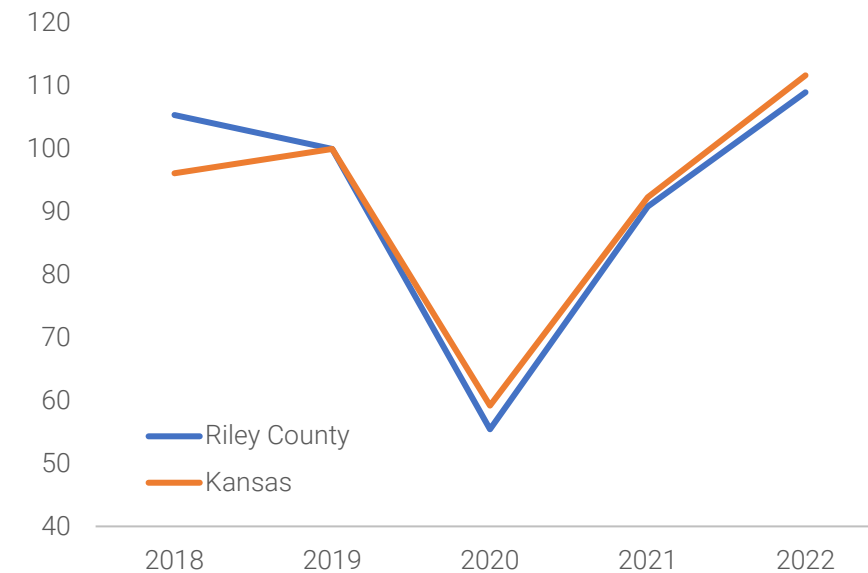
Understanding and comparing performance in local industries impacted by tourism at both the county and state level plays a key role in this analysis.

Lodging sales tax collections in Riley County for 2022 jumped 20% over 2021, bringing the county to 9% over its 2019 total.

Sales tax collections for food & beverage businesses in Manhattan grew 5% year-over-year in 2022, moving the sector to 13% above its 2019 level.

Taxable lodging sales

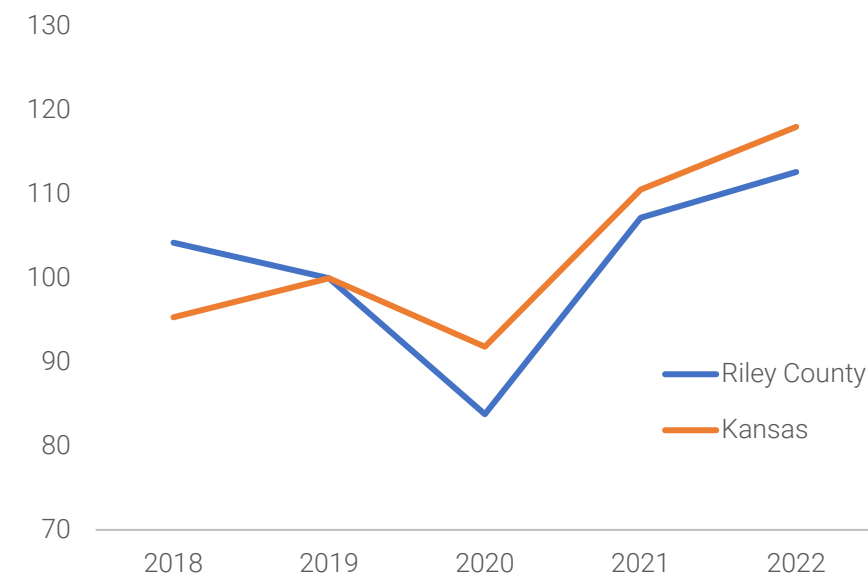
Indexed 2019=100



Source: Kansas Department of Revenue

Taxable food & beverage sales

Indexed 2019=100



Source: Kansas Department of Revenue

EMPLOYMENT MEASURES

As with sales taxes, employment growth provides insight into the impact of tourism within the economy.

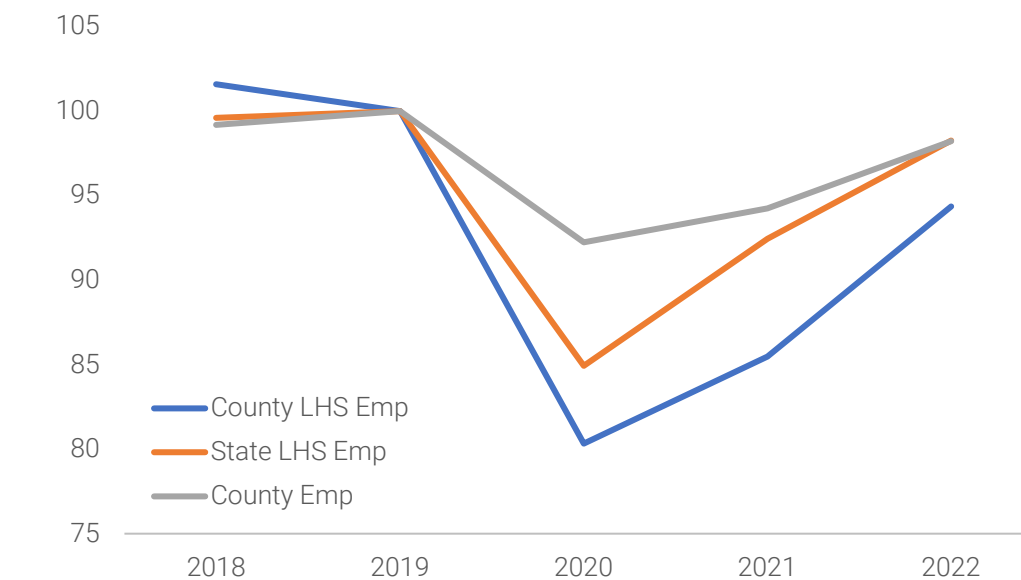
Riley County's leisure and hospitality services (LHS) employment gained more ground in 2022, growing 10% over 2021 and reaching 94% of its 2019 total.

The sharp decline in LHS employment in 2020 dropped the sector's employment index significantly below Riley County's total employment index, a result of significant closures and restrictions during the pandemic. The county's LHS employment rebounded in 2021 and 2022 as restrictions were lifted and both residents and visitors alike returned to eating out and enjoying recreational services.

The data showed a stronger industry sales recovery in 2022 than for employment. This highlighted two trends: the LHS' difficulties in replacing workers laid off in the pandemic and inflation's role in spending gains.

Employment growth

Indexed 2019=100



Source: BLS

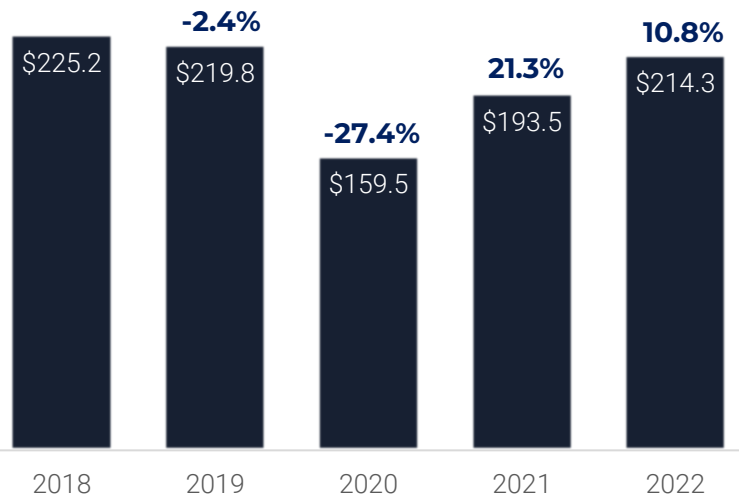


VISITOR SPENDING

Visitor spending in Manhattan saw a second consecutive year of double-digit growth in 2022, expanding 11% to reach more than \$214.3 million.

Manhattan visitor spending

Amounts in \$ millions



Source: Tourism Economics

VISITOR SPENDING

Visitors to Manhattan, Kansas spent \$214.3 million across a range of sectors in 2022.

Visitor spending expanded 11% in 2022. Of the \$214.3 million visitors spent in Manhattan, spending on food and beverage registered \$59 million, 28% of visitor spending.

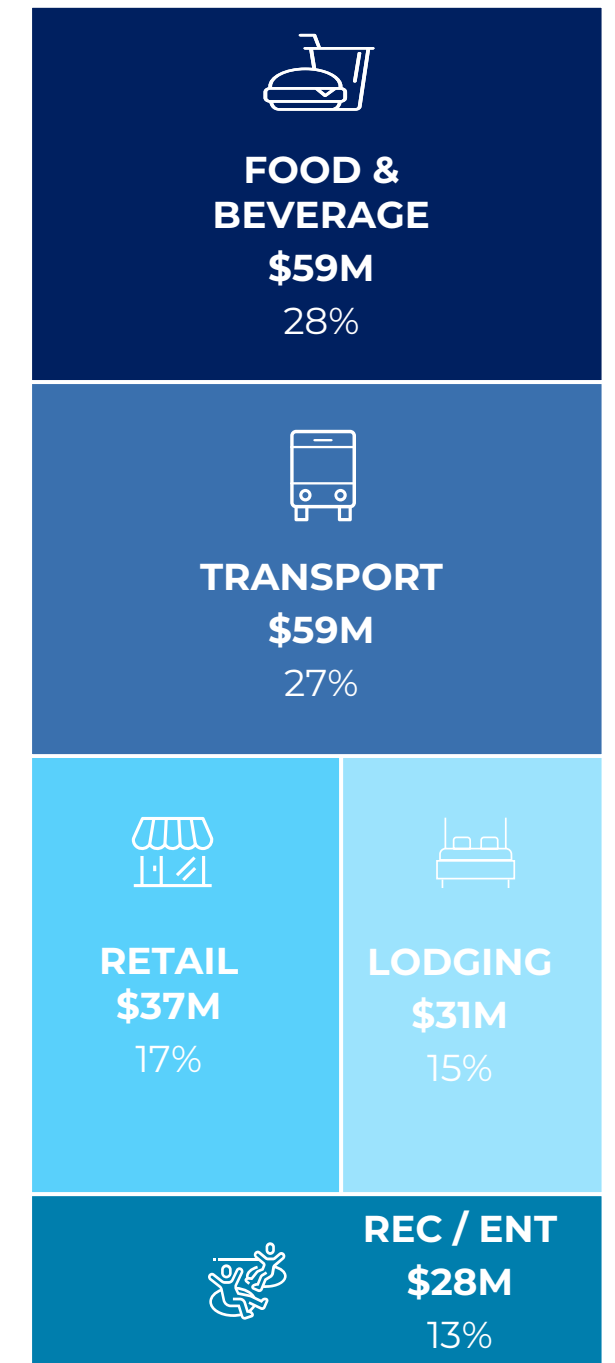
Transportation spending came in at 27% of overall spending, also totaling \$59 million.

Spending on retail comprised 17% of visitor spending and reached \$37 million, while lodging spending, including the value of second homes and spending on short-term rentals, captured \$31 million, 15%.

Visitor spending on recreation and entertainment accounted for \$28 million, 13% of visitor spending.

\$214.3 MILLION

Visitor Spending in 2022



Source: Tourism Economics
 Note: Lodging spending is calculated as an industry. Spending also includes dollars spent on second homes and short-term rentals.

VISITOR SPENDING TRENDS

Visitor spending in Manhattan expanded 11% in 2022 to come within striking distance (97%) of a full recovery to pre-pandemic levels. Spending on recreation and entertainment, lodging, and transportation all saw double-digit growth in 2022.

Manhattan visitor spending and annual growth

Amounts in \$ millions, 2022 % change, and % recovered relative to 2019

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2022 Growth | % relative to 2019 |
|-------------------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------------|
| Visitor spending | \$225.2 | \$219.8 | \$159.5 | \$193.5 | \$214.3 | 10.8% | 97.5% |
| Food & beverage | \$59.4 | \$59.1 | \$44.7 | \$54.8 | \$59.1 | 7.8% | 100.1% |
| Transportation | \$55.9 | \$53.9 | \$45.5 | \$52.3 | \$58.7 | 12.3% | 108.9% |
| Retail | \$36.4 | \$35.9 | \$30.3 | \$35.8 | \$37.3 | 4.4% | 104.0% |
| Lodging* | \$40.8 | \$40.2 | \$21.0 | \$27.3 | \$31.5 | 15.2% | 78.4% |
| Recreation | \$32.7 | \$30.8 | \$18.0 | \$23.2 | \$27.6 | 19.1% | 89.8% |

Source: Tourism Economics

*Lodging includes dollars spent on second homes and short-term rentals

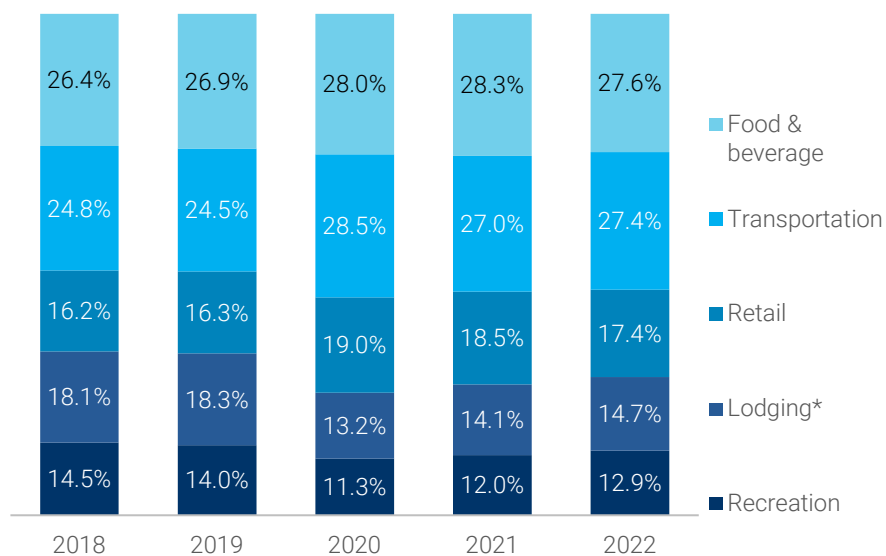
SPENDING SHARES

Shares in 2022

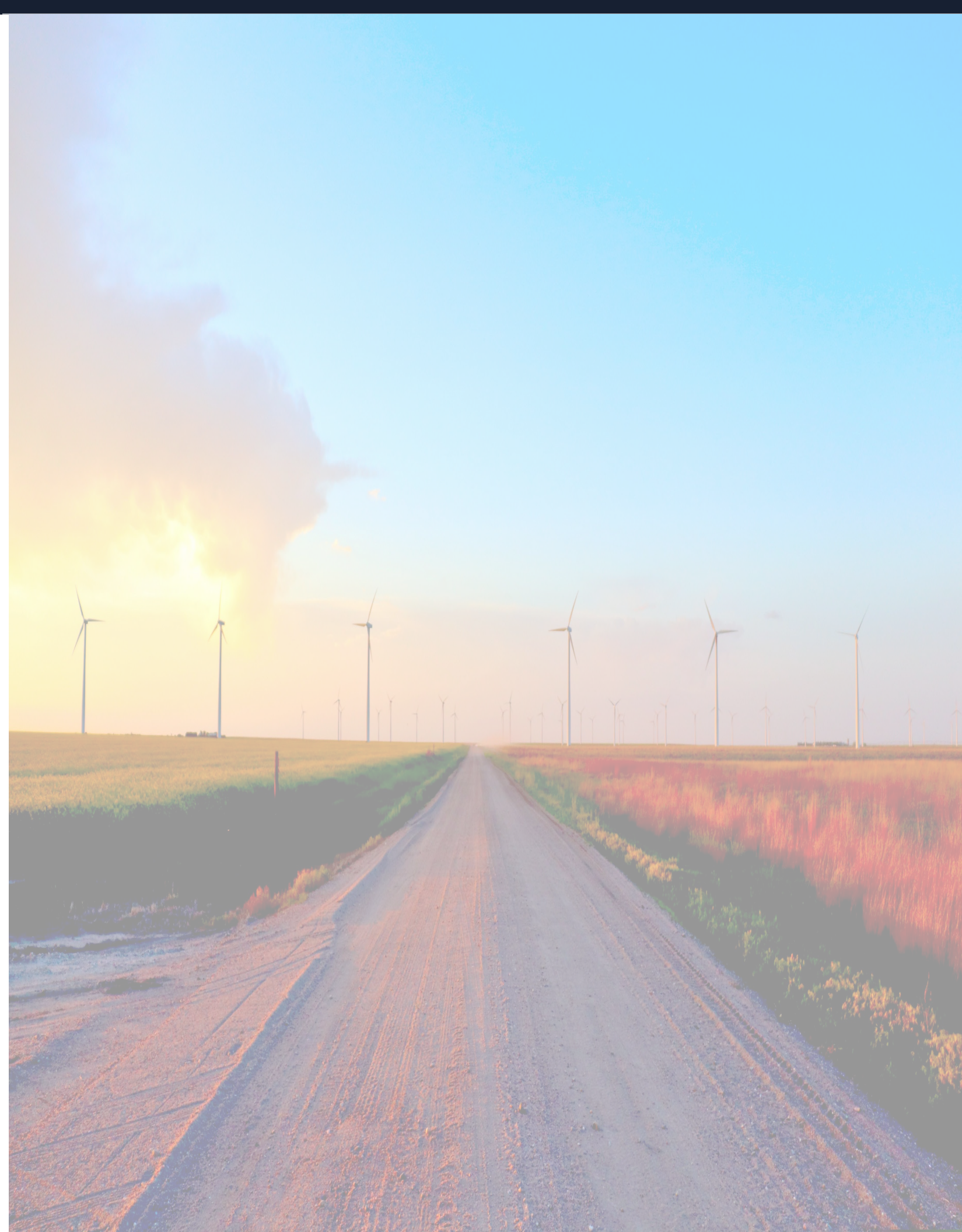
The categories of food & beverage and transportation continued to hold the two largest shares of visitors spending in 2022. Lodging gained 0.6 percentage points in 2022 over the prior year to bring lodging to a spending share of 14.7%. Recreation activity spending in 2022 registered 0.9 percentage points above 2021, giving it a spending share of 12.9%.

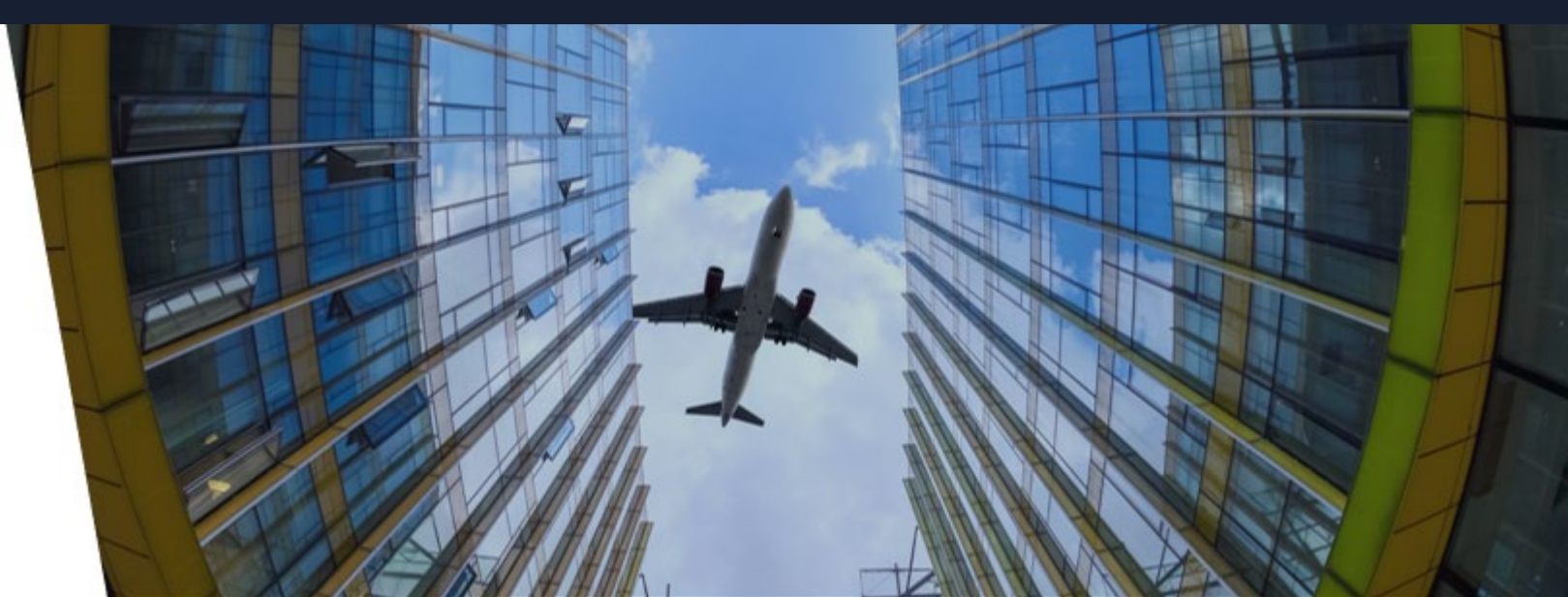
Manhattan Spending Shares, 2018-2022

By category, %



Source: Tourism Economics





ECONOMIC IMPACT METHODOLOGY

Our analysis of the Manhattan, Kansas visitor economy begins with direct visitor spending and analyzes the downstream effects of this spending on the broader economy. To determine total economic impact, we input direct spending into a model of the Manhattan, Kansas economy, constructed using an IMPLAN input-output (I-O) model. The model traces the full extent of industry impacts as dollars flow through the local economy.

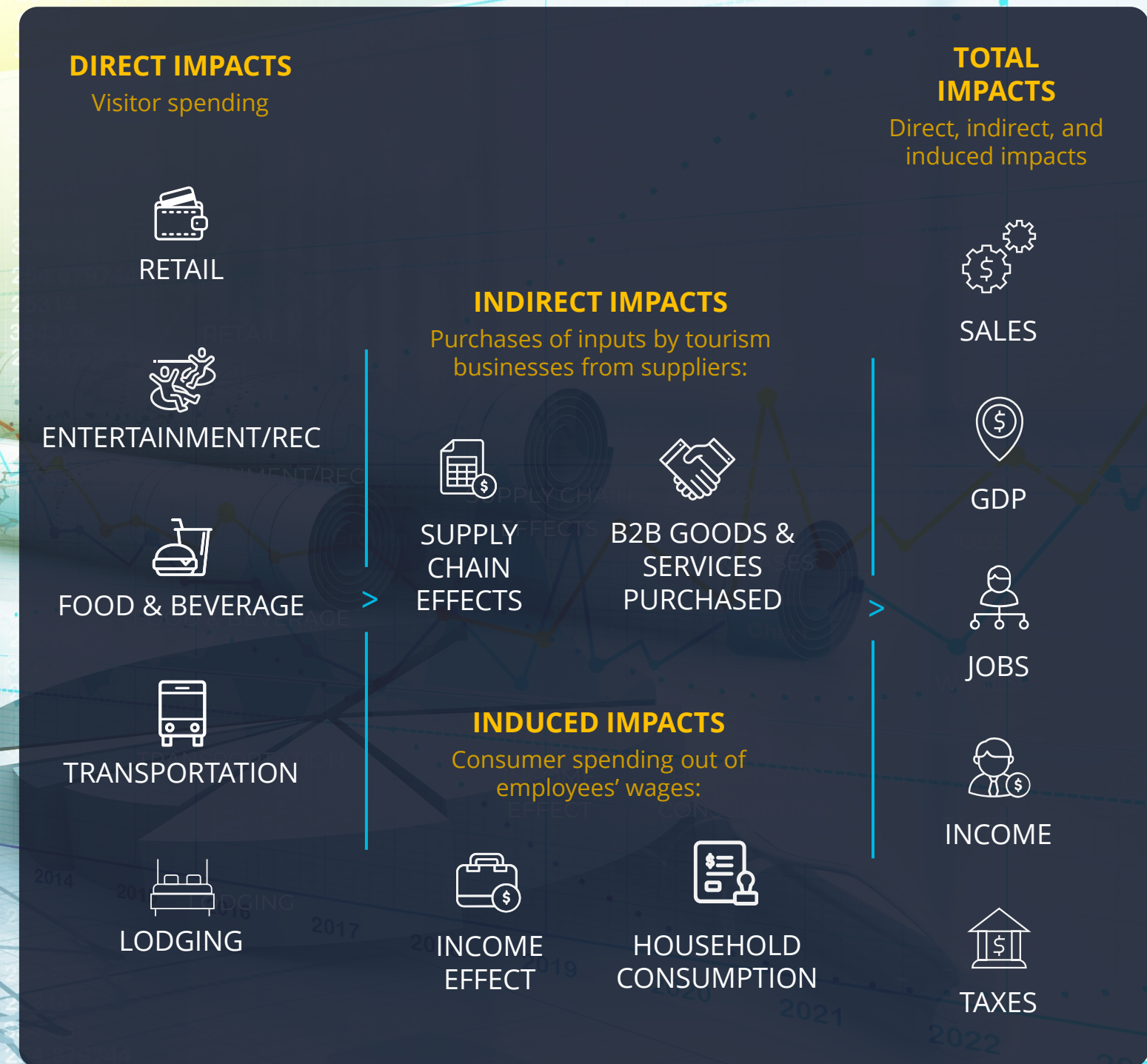
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

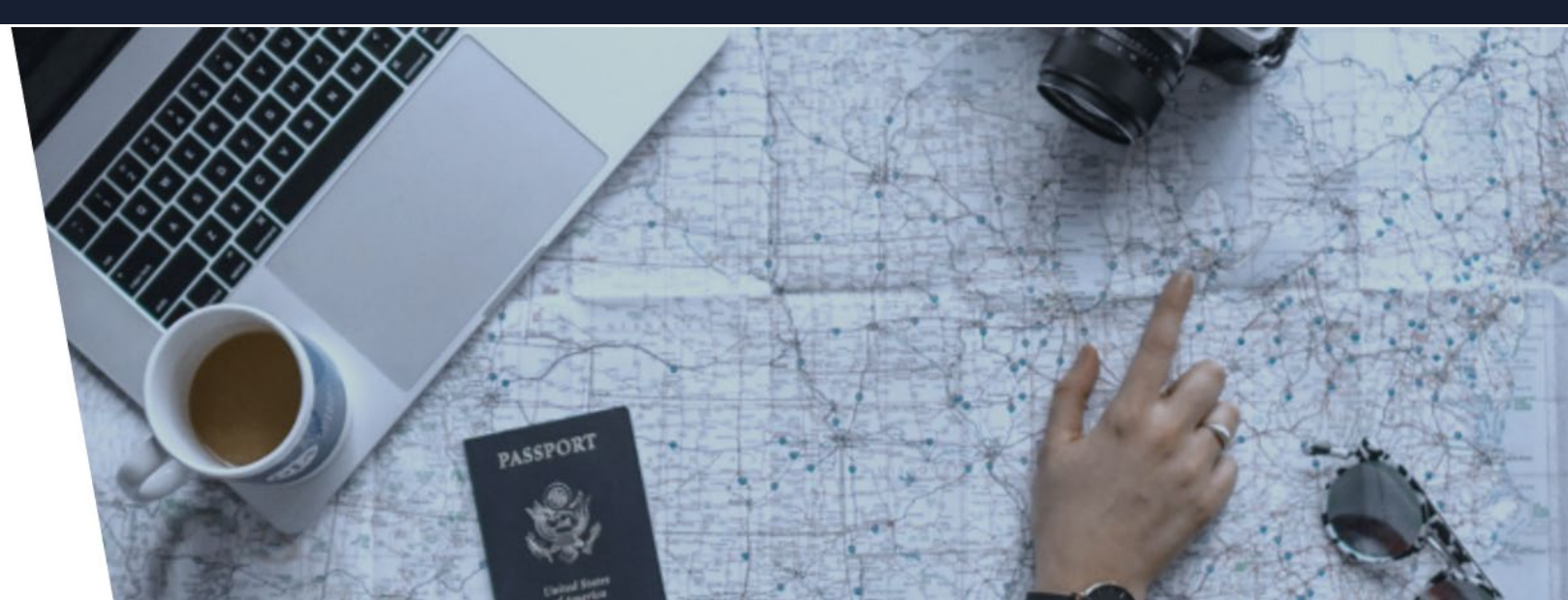
- 1. Direct impacts:** Visitor spending creates direct economic value within a discrete group of sectors (such as recreation and transportation). This supports a relative proportion of spending, jobs, wages, and taxes within each sector.
- 2. Indirect impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts or supply-chain effects.
- 3. Induced impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitor spending spend those wages in the local economy. This is called the induced impact or income effect.

The Tourism Economics model calculates these three levels of impact - direct, indirect and induced - for a broad set of indicators, including:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

ECONOMIC IMPACT FRAMEWORK





ECONOMIC IMPACT FINDINGS

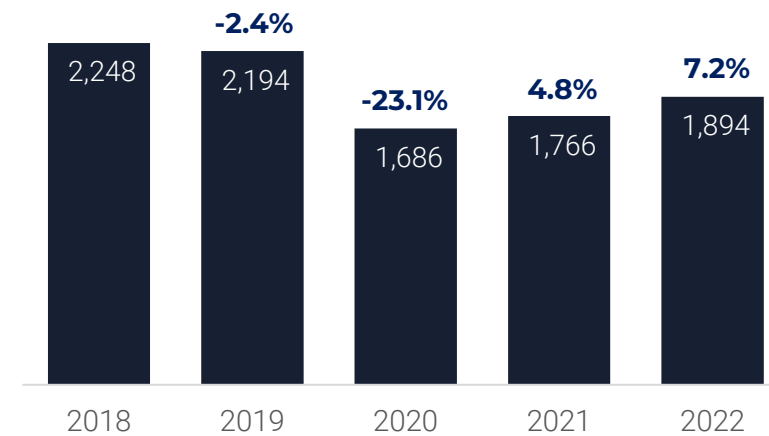
DIRECT IMPACTS

Employment supported directly by visitor activity increased by 128 jobs (7%) in 2022, reaching 1,894 jobs in Riley County. The rebound of visitor-supported jobs lagged spending, with visitor-supported employment levels at 86% of pre-pandemic levels compared to 97% of spending in 2022.

The evaluation of the direct impact of visitor activity allows for comparisons and rankings against other industries. Based on employment levels, direct visitor-associated (tourism) employment in Riley County would rank 6th in Riley County against other industries.

Direct employment in Manhattan

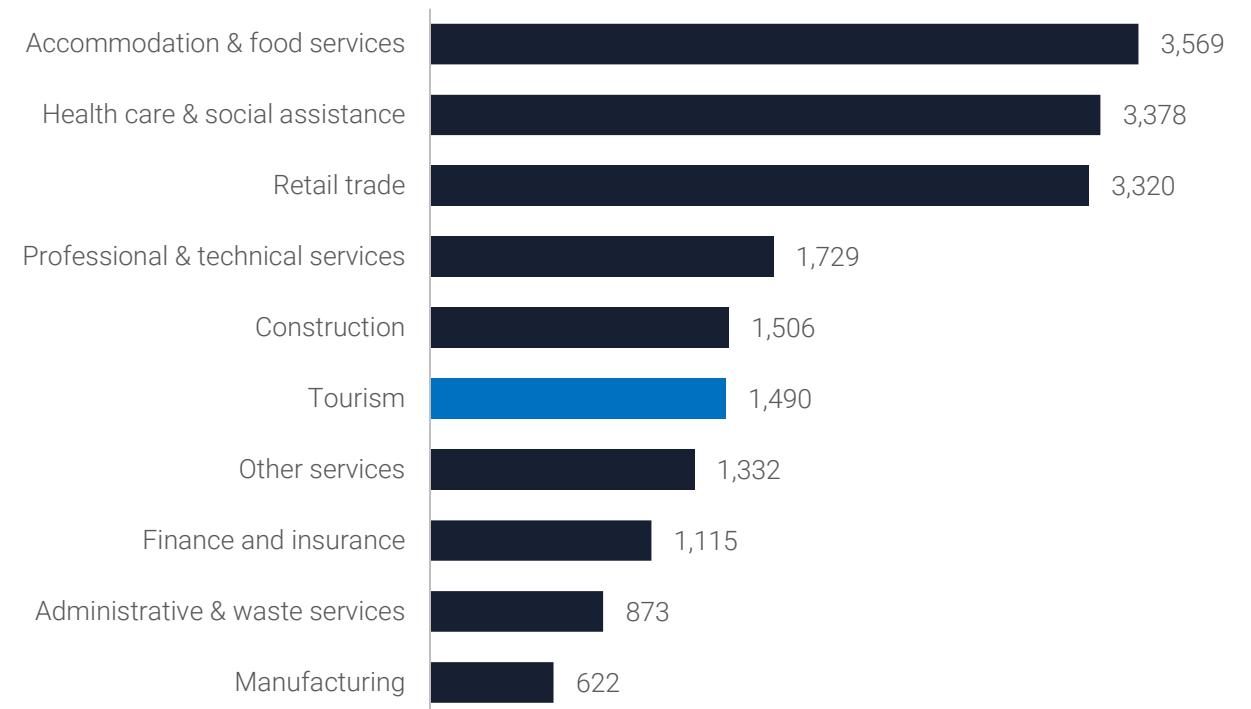
Amounts in number of jobs



Source: Tourism Economics

Direct employment in Riley County, by major industry

Amounts in number of jobs



Source: BEA, BLS, Tourism Economics



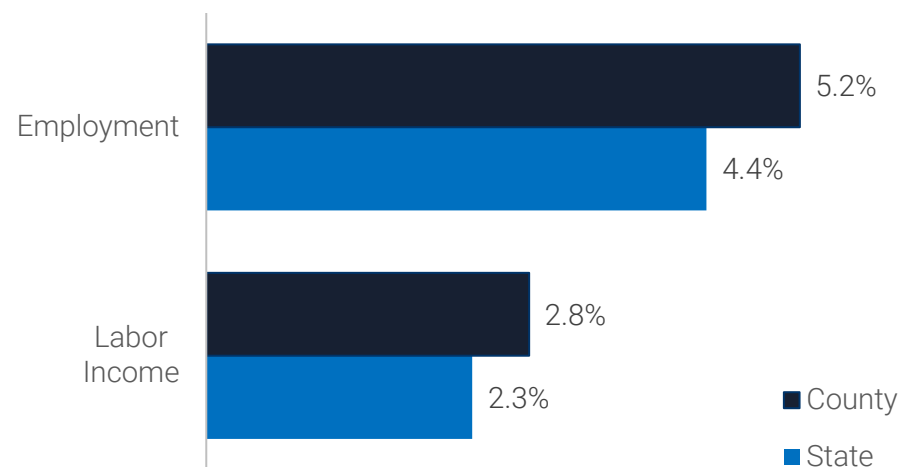
ECONOMIC IMPACT FINDINGS

IMPACTS

Visitor activity in Manhattan directly supported 1,894 jobs (9%) within Riley County. When including indirect and induced impacts, total employment registered 2,654 jobs, 7% of all Riley County jobs. Total labor income associated with this level of employment reached \$78 million in 2022.

Share of county

Direct tourism share of county employment and wages

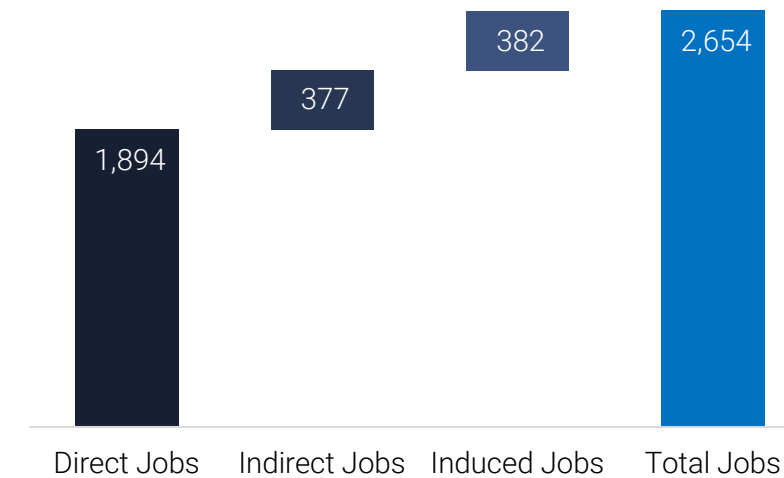


Source: BLS, Tourism Economics

Visitor activity supports a larger share of direct jobs and labor income in Riley County than the statewide share. The Riley County economy's reliance on tourism exceeds the statewide average but is still comparable.

Summary employment impacts (2022)

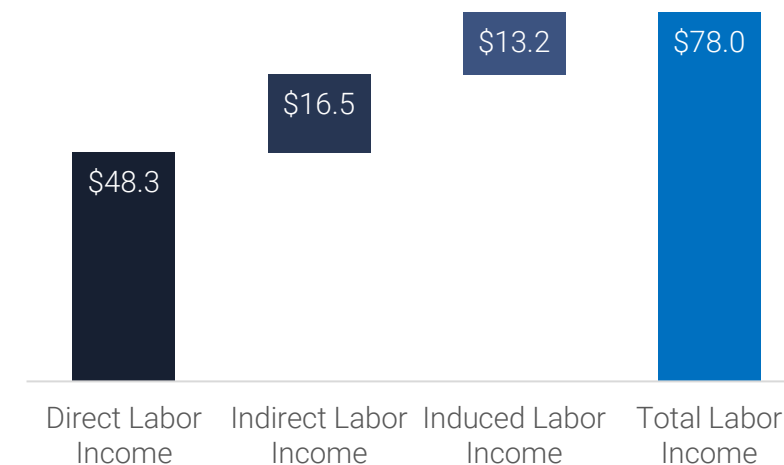
Amounts in number of jobs



Source: Tourism Economics

Summary labor income impacts (2022)

Amounts in \$ millions



Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

DIRECT IMPACTS

Manhattan’s \$214.3 million in visitor spending represented 2.8% of all visitor spending in Kansas. Manhattan’s share of visitor spending rose slightly in 2022, as visitor spending growth in the county outpaced that of the state.

Of all jobs directly supporting visitor activity in Kansas, 3.1% were located in Manhattan. Local employees that directly support visitor activity earned \$48.3 million in wages and other income.

Direct impacts

Employment in jobs, spending and income in \$ millions

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2022 % relative Growth | 2022 % relative to 2019 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|------------------------|-------------------------|
| Visitor Spending | | | | | | | |
| Manhattan | \$225.2 | \$219.8 | \$159.5 | \$193.5 | \$214.3 | 10.8% | 97.5% |
| Kansas | \$7,106.6 | \$7,326.6 | \$5,445.7 | \$6,960.3 | \$7,676.8 | 10.3% | 104.8% |
| Share | 3.17% | 3.00% | 2.93% | 2.78% | 2.79% | | |
| Employment | | | | | | | |
| Manhattan | 2,248 | 2,194 | 1,686 | 1,766 | 1,894 | 7.2% | 86.4% |
| Kansas | 65,352 | 66,007 | 53,084 | 57,051 | 60,655 | 6.3% | 91.9% |
| Share | 3.44% | 3.32% | 3.18% | 3.10% | 3.12% | | |
| Labor Income | | | | | | | |
| Manhattan | \$50.9 | \$50.1 | \$41.4 | \$45.9 | \$48.3 | 5.1% | 96.4% |
| Kansas | \$1,745.7 | \$1,801.4 | \$1,516.6 | \$1,721.5 | \$1,904.6 | 10.6% | 105.7% |
| Share | 2.92% | 2.78% | 2.73% | 2.67% | 2.54% | | |

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

TOTAL IMPACTS

Tourism supported 2,654 jobs in Manhattan – 1-in-11 jobs.

Manhattan jobholders supported by visitor activity earned \$78 million in wages and benefits from their jobs.

Visitor activity supported \$23.1 million in state and local governmental revenues in 2022.

Total impacts

Employment in jobs, income and taxes in \$ millions

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2022 % relative Growth | 2022 % relative to 2019 |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|------------------------|-------------------------|
| Employment | | | | | | | |
| Manhattan | 2,987 | 2,925 | 2,363 | 2,484 | 2,654 | 6.8% | 90.7% |
| Kansas | 96,590 | 97,234 | 80,152 | 84,431 | 88,509 | 4.8% | 91.0% |
| Share | 3.09% | 3.01% | 2.95% | 2.94% | 3.00% | | |
| Labor Income | | | | | | | |
| Manhattan | \$79.1 | \$78.1 | \$66.4 | \$72.1 | \$78.0 | 8.2% | 99.9% |
| Kansas | \$3,182.2 | \$3,263.8 | \$2,821.7 | \$3,112.2 | \$3,388.0 | 8.9% | 103.8% |
| Share | 2.48% | 2.39% | 2.35% | 2.32% | 2.30% | | |
| State & Local Taxes | | | | | | | |
| Manhattan | \$20.2 | \$21.0 | \$17.8 | \$20.3 | \$23.1 | 13.5% | 109.7% |
| Kansas | \$617.9 | \$673.7 | \$589.3 | \$700.5 | \$759.6 | 8.4% | 112.7% |
| Share | 3.26% | 3.12% | 3.01% | 2.90% | 3.04% | | |

Source: Tourism Economics

APPENDIX

Glossary – Spending Definitions

| Term | Description |
|--------------------------|---|
| Lodging | Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels, rentals and similar establishments. |
| Food and beverage | Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores and other food providers. |
| Recreation | Includes visitor spending within the arts, entertainment and recreation sub-sector. |
| Shopping | Includes visitor spending in all retail sub-sectors within the local economy. |
| Local transport | Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, buses, and the local share of air transportation spending. |
| Service stations | Visitor spending on gasoline. |
| Second homes | Where applicable, spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Bureau. |

Glossary – Economic Impact Definitions

| Term | Description |
|--------------------------|---|
| Direct Impact | Impacts (business sales, jobs, income, and taxes) created directly from spending by visitors to a destination within a discreet group of tourism-related sectors (e.g. recreation, transportation, lodging). |
| Indirect Impact | Impacts created from purchase of goods and services used as inputs (e.g. food wholesalers, utilities, business services) into production by the directly affected tourism-related sectors (i.e. economic effects stemming from business-to-business purchases in the supply chain). |
| Induced Impact | Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending. |
| Employment | Jobs directly and indirectly supported by visitor activity (includes part-time and seasonal work). One job is defined as one person working at least one hour per week for fifty weeks during the calendar year. |
| Labor income | Income (wages, salaries, proprietor income and benefits) supported by visitor spending. |
| Value Added (GDP) | The economic enhancement a company gives its products or services before offering them to customers. |
| Local Taxes | City and County taxes generated by visitor spending. This includes any local sales, income, bed, usage fees, licenses and other revenues streams of local governmental authorities – from transportation to sanitation to general government. |
| State Taxes | State tax revenues generated by visitor spending. This will include sales, income, corporate, usage fees and other assessments of state governments. |

ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, state, and city coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, London, Frankfurt, Ontario, and Sydney.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 600 full-time staff, including 300 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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