

Economic Impact of Tourism in the Poconos, 2018

April 2019



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

1) Key findings

Growth jumped in the middle of decade corresponding with new resort openings

Key facts about the Poconos' tourism sector

2018 visitation reached 27.9 million, increasing by 550,000

Visitor spending rose 3.9% in 2018 to \$3.3 billion

Visitor spending supports 24.5% of all jobs in the Poconos

Tourism in the Poconos generated \$282 million in state and local taxes in 2018

Key indicators in the Poconos 2018

Dollar figures in millions

Visitor spending	\$3,271
Business sales impact	\$4,255
Employment impact	35,201
Personal income impact	\$981
Tax impact	\$519
Federal	\$237
State	\$107
Local	\$175

Source: Tourism Economics

2) Visitation and Spending

2018 Trends

27.9 million visitors traveled to the Poconos in 2018, spending \$3.3 billion in the region.

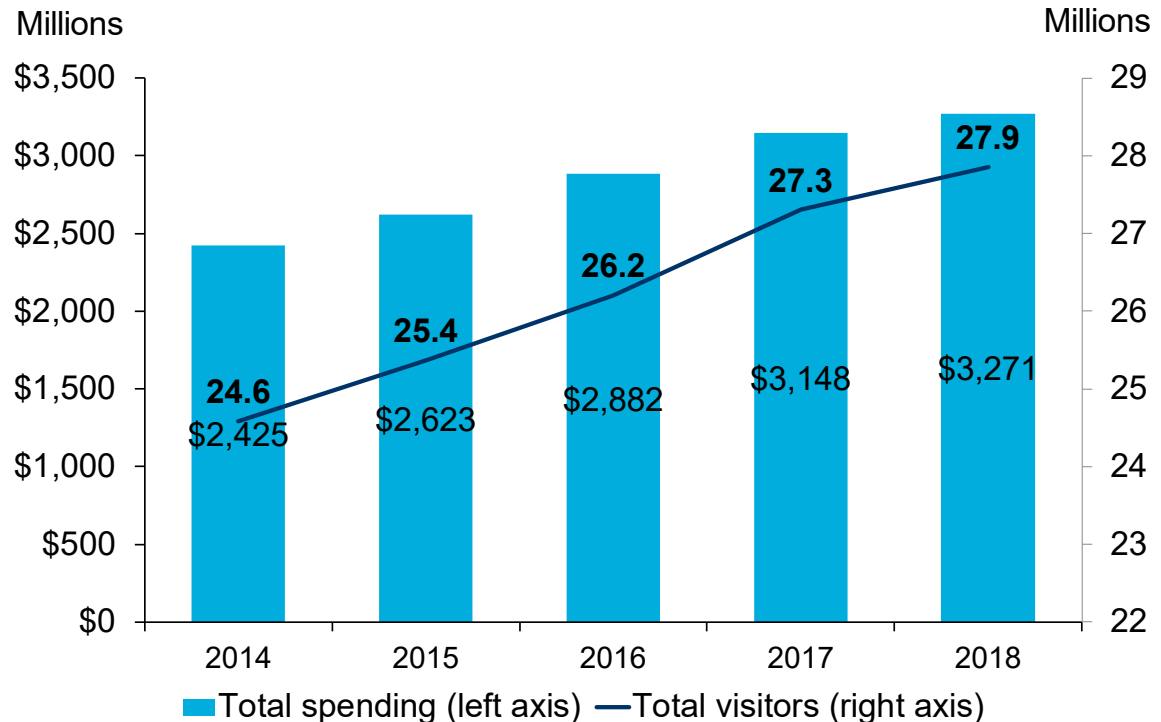
The number of visitors increased by 550,000 to reach 27.9 million in 2018.

Visitation has grown by 3.3 million since 2014, an overall 13% growth in five years.

Visitor spending reached \$3.3 billion, growing \$125 million.

Over the past five years, visitor spending has increased by \$850 million – 35% higher than in 2014.

Visitation and visitor spending in Poconos Region

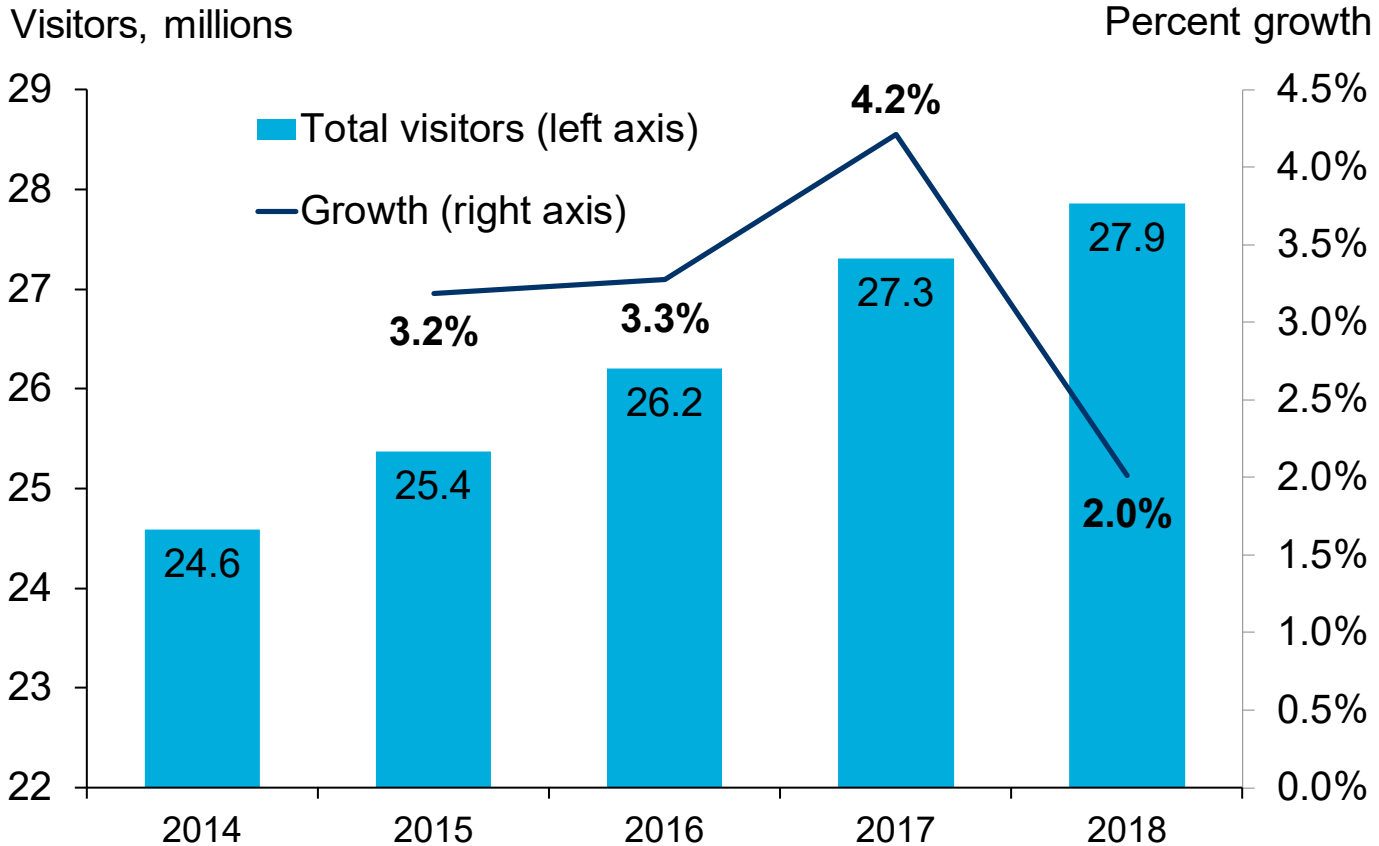


Source: Tourism Economics

Visitation

Visitation growth moderated in 2018, increasing by 550,000 million trips—2.0% growth. Visitation has averaged 2.5% over the past five years.

Poconos visitors

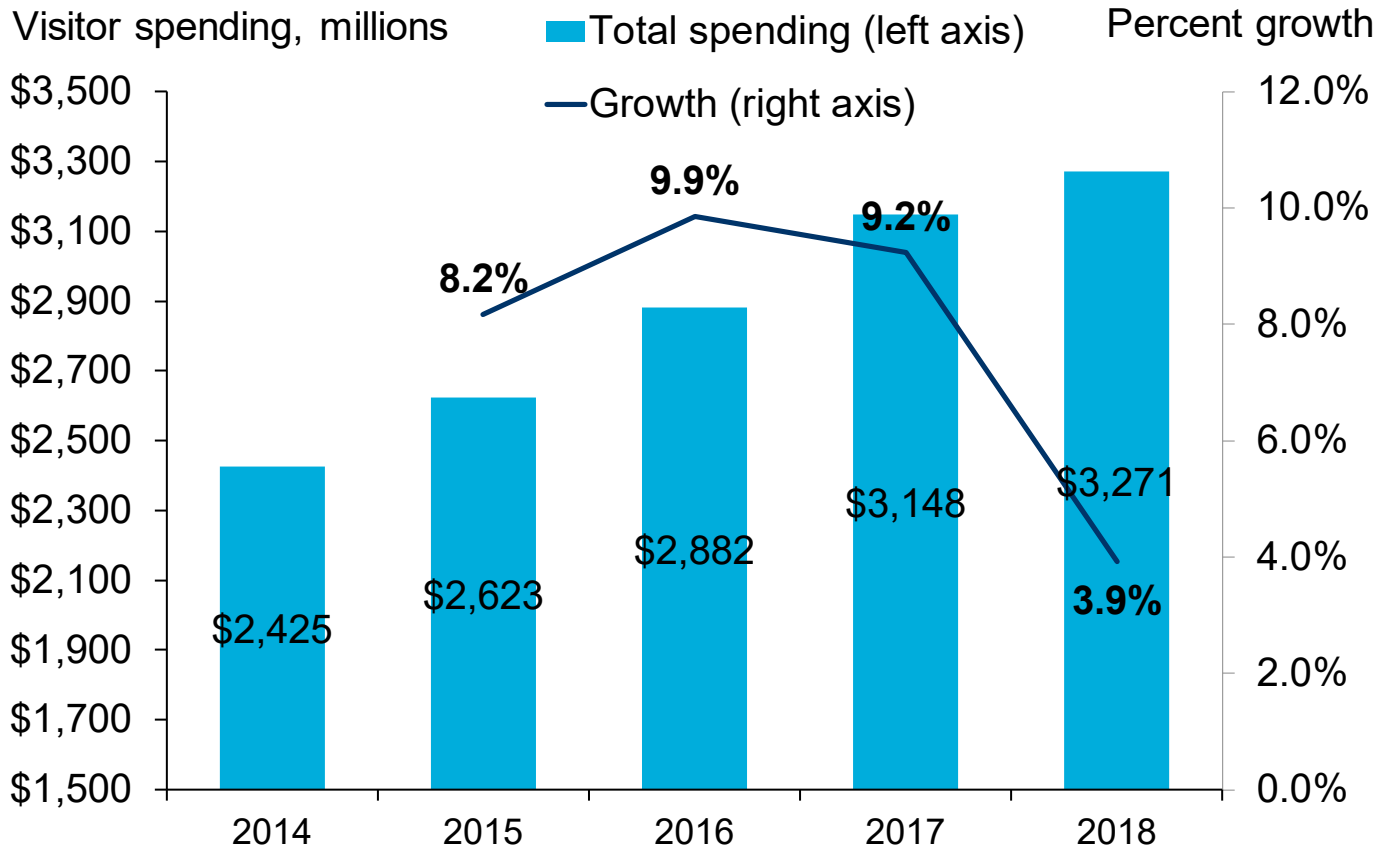


Source: Tourism Economics

Visitor spending

Visitor spending increased \$125 million, growth of 3.9%, to reach \$3.3 billion.

Poconos visitor spending



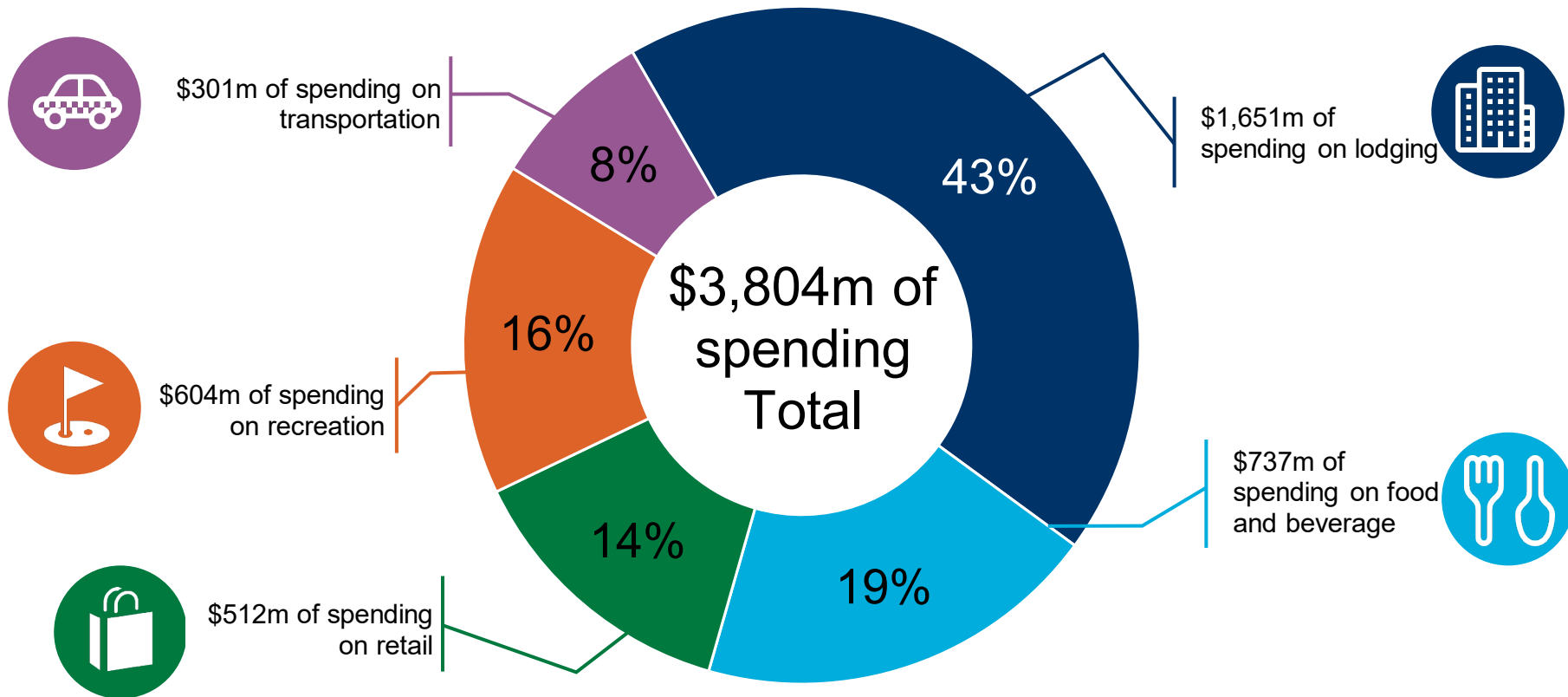
Source: Tourism Economics

Visitor spending in the Poconos

Lodging and food & beverage spending capture 57 cents of each visitor dollar.

Visitor spending in the Poconos, 2018

Dollars, millions and percent of total



Source: Tourism Economics

Visitor spending reached \$3.3 billion in 2018

Visitor spending increased by 3.9% in 2018, supported by growth in spending on local transportation costs and food & beverage spending

Visitor spending on lodging has increased an average of nearly 6.7% over the past five years, increasing by more than \$300 million.

Over the recent five-year period, spending on lodging and food & beverages has grown the fastest.

Spending grew 3.9% in 2018. Spending growth averaged nearly 10% between 2015 and 2017, supported by new resort openings.

Visitor spending in Poconos

Nominal dollars, millions

	2014	2015	2016	2017	2018	2018 Growth	2014-2018 CAGR
Lodging	\$809.0	\$899.8	\$996.5	\$1,101.3	\$1,117.8	1.5%	6.7%
Food & beverages	\$508.5	\$564.3	\$624.9	\$691.3	\$736.8	6.6%	7.7%
Retail	\$394.2	\$424.3	\$456.6	\$490.6	\$511.9	4.3%	5.4%
Recreation	\$460.8	\$481.4	\$532.2	\$585.1	\$603.5	3.2%	5.5%
Local Transportation	\$211.5	\$210.4	\$226.7	\$232.8	\$252.1	8.3%	3.6%
Air Transportation	\$41.1	\$43.0	\$45.0	\$47.0	\$49.2	4.6%	3.7%
Total	\$2,425.0	\$2,623.2	\$2,881.9	\$3,148.1	\$3,271.3	3.9%	6.2%

Source: Tourism Economics

Visitor spending sectors

Visitor spending increased by nearly \$120 million in 2018. All spending categories grew.

Recreational spending reached \$600 million in 2018, increasing by nearly \$20 million.

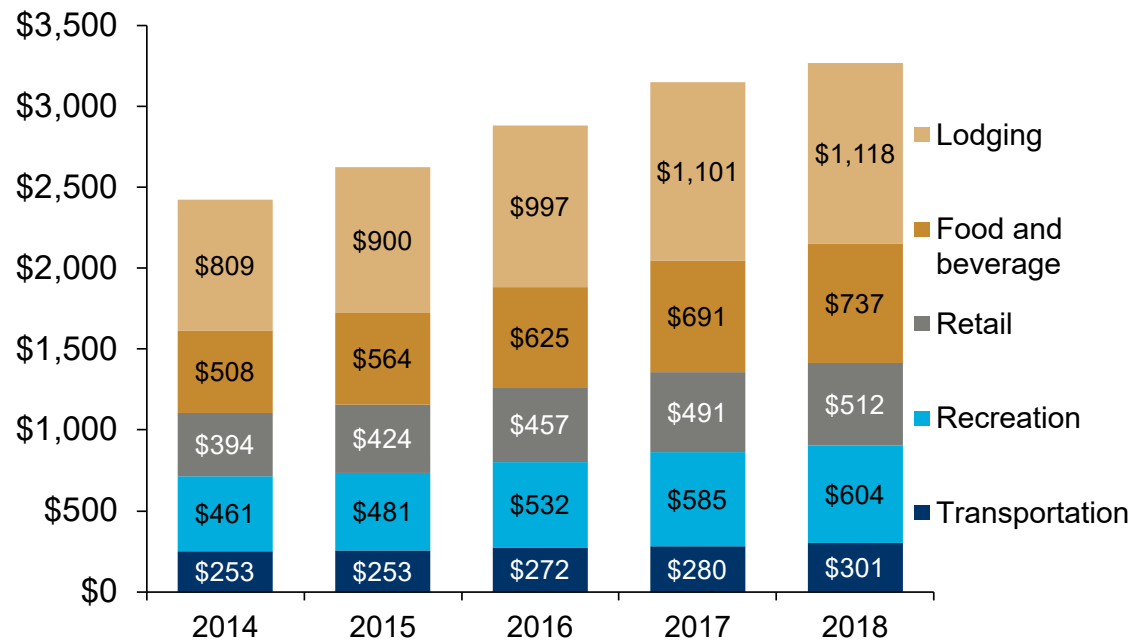
Lodging spending, including spending on 2nd homes, rose to \$1.1 billion in 2018.

Food & beverage spending has increased by nearly \$230 million since 2014.

Gasoline prices rose for the first time in three years in 2018, supporting increases in local transportation spending.

Poconos visitor spending

Millions of \$



Transportation includes both Air and Local Transportation

Source: Tourism Economics

Visitor spending shares

The share of the visitor dollar spent on lodging and food & beverages have grown substantially over the past five years.

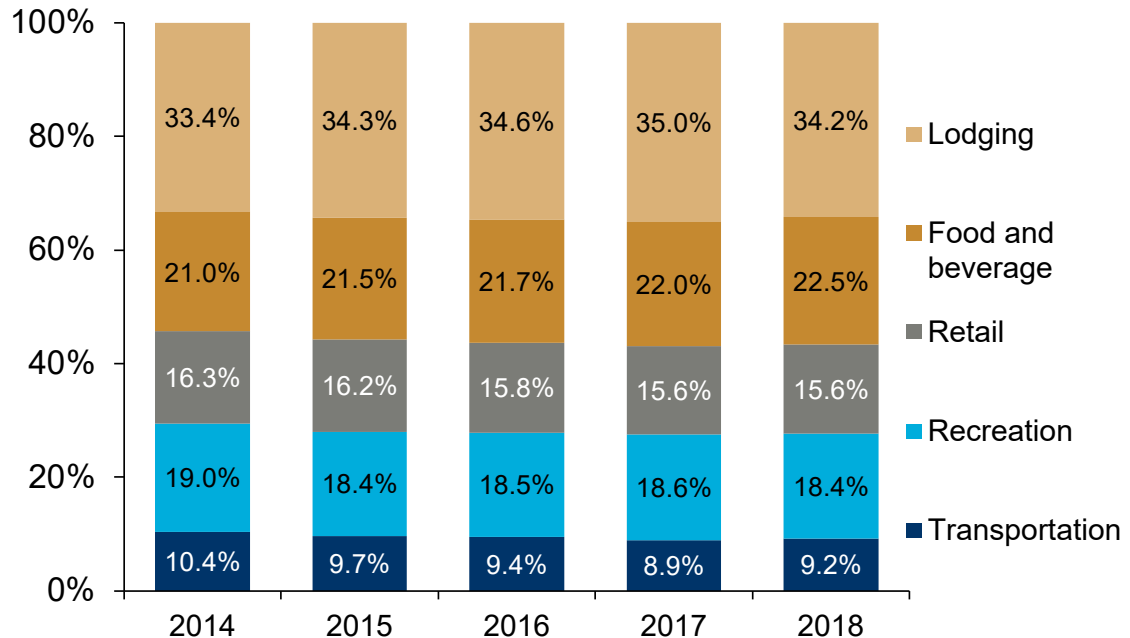
The share of the visitor dollar spent on lodging has jumped from 33.4% in 2014 to 34.2% in 2018.

The share of the visitor dollar spent on food & beverages has increased by one and a half percentage points since 2014 to 22.5% in 2018.

Even with the continued growth in spending on recreational activities in the region, the share of the visitor dollar dedicated to recreational spending has declined more than half a percentage point in the last five years.

Poconos visitor spending

Percent of total



Transportation includes both Air and Local Transportation

Source: Tourism Economics

Travel sectors

Visitor spending in the region is dominated by domestic and leisure sectors.

Leisure visitors spend over \$3 billion in 2018, 92% of all visitor spending in the region.

Overnight visitors comprise 65% of all visitor spending in the Poconos, spending \$2.1 billion.

Domestic visitors dominate the market with 98% of all visitor spending - \$3.2 billion.

Visitor spending in Poconos

Nominal dollars, millions

Purpose		Stay		Market	
Leisure	\$3,019.0	Day	\$1,140.4	Domestic	\$3,212.1
Business	\$252.3	Overnight	\$2,131.0	International	\$59.3
Total	\$3,271.3	Total	\$3,271.3	Total	\$3,271.3
		Share			
Leisure	92.3%	Day	34.9%	Domestic	98.2%
Business	7.7%	Overnight	65.1%	Overseas	1.8%

Source: Tourism Economics

Travel sectors

Visitor spending in the Poconos is led by domestic, leisure, and overnight sectors.

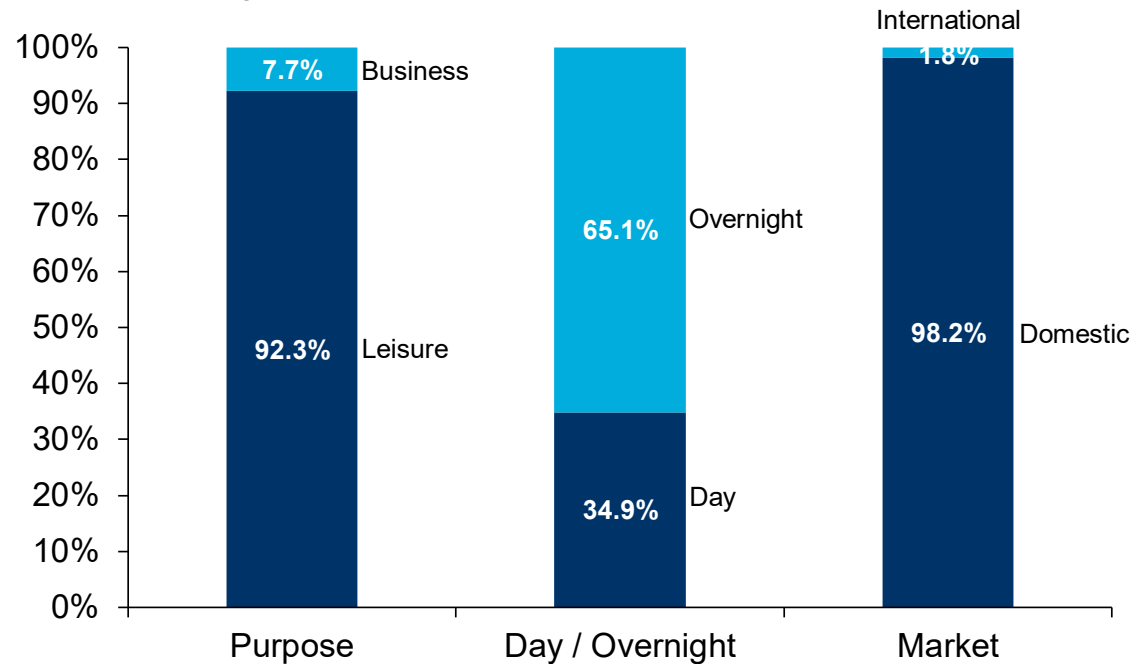
Leisure spending makes up 84% of all visitor spending in the state.

Despite being a smaller portion of overall visitation, overnight visitor spending is nearly 64% of all visitor spending.

International visitor spending comprises about 7% of all visitor spending in the Poconos in 2018.

Poconos market breakouts

Visitor spending shares



Source: Tourism Economics

3) The Economic Impact of Tourism

How tourism generates impact

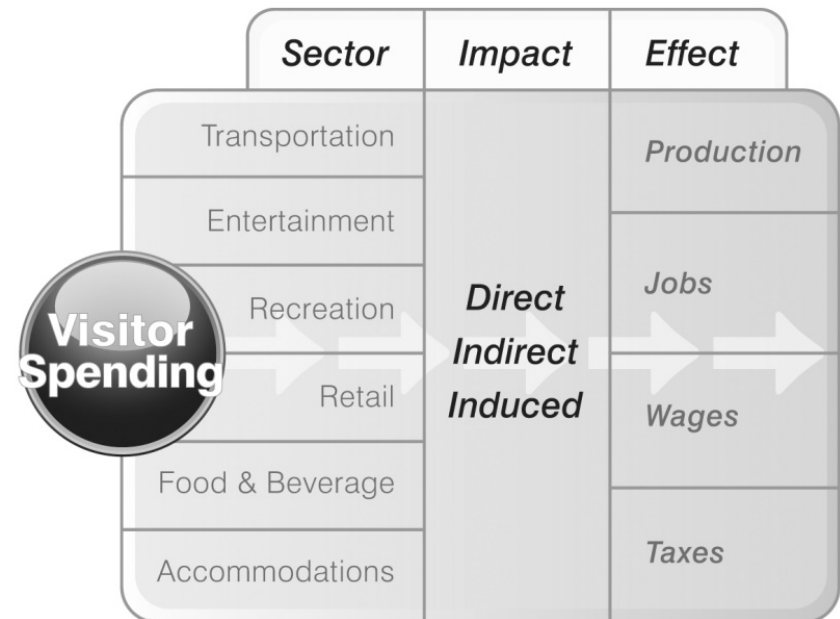
Our analysis of tourism's impact on the Poconos starts with actual spending by tourists, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in the Poconos, we input visitor spending into a model of the Poconos' 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.

Visitor spending flows through the economy and generates economic benefit through multiple channels.

How visitor spending flows through the economy and generates economic benefits



Business sales impacts (1 of 2)

Visitors and tourism businesses spent \$3.3 billion in the Poconos in 2018. This supported a total of \$4.3 billion in business sales when indirect and induced impacts are considered.

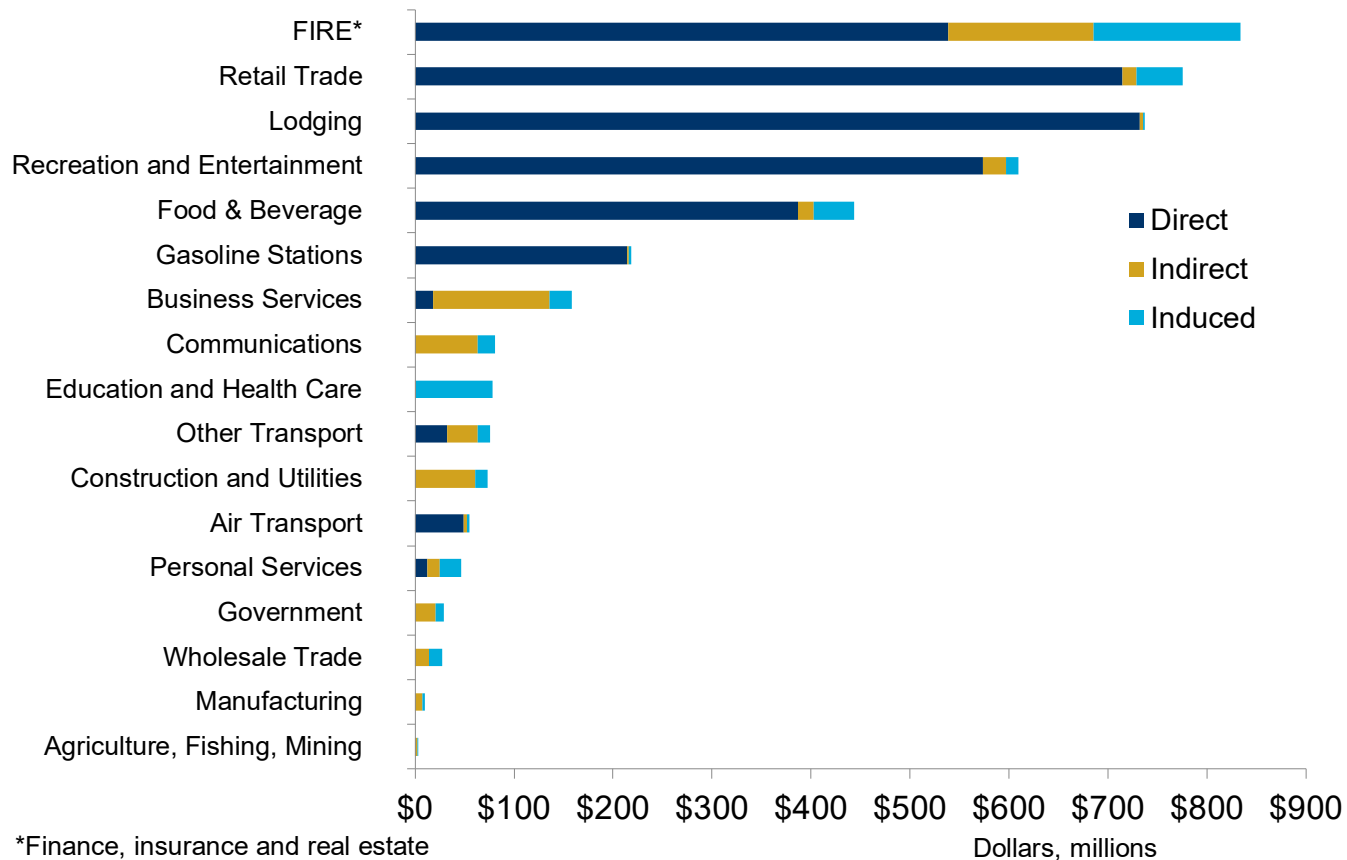
Business sales impacts, 2018 (millions of \$)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	2.2	0.7	2.9
Construction and Utilities	-	61.0	12.0	73.0
Manufacturing	-	7.6	2.7	10.3
Wholesale Trade	-	14.2	12.9	27.2
Air Transport	49.2	3.2	2.8	55.2
Other Transport	32.1	30.8	13.1	76.0
Retail Trade	714.5	14.1	47.0	775.7
Gasoline Stations	214.3	1.3	2.7	218.3
Communications	-	62.9	18.0	80.9
Finance, Insurance and Real Estate	538.7	147.1	147.7	833.5
Business Services	18.1	118.1	22.6	158.7
Education and Health Care	-	1.1	76.9	78.1
Recreation and Entertainment	573.4	23.5	12.3	609.2
Lodging	732.2	3.7	1.0	736.9
Food & Beverage	386.8	16.1	40.6	443.4
Personal Services	12.1	12.9	22.1	47.0
Government	-	21.1	7.9	29.0
TOTAL	3,271.3	540.9	443.0	4,255.3

Source: Tourism Economics

Business sales impacts (2 of 2)

While the majority of sales are in industries directly serving visitors, \$147 million in business sales is happening in finance, insurance and real estate as a result of selling to tourism businesses.

Business sales impacts, 2018



*Finance, insurance and real estate

Source: Tourism Economics

GDP (Value Added) impacts (1 of 2)

Travel generated \$1.8 billion in GDP in 2018. This excludes all import leakages to arrive at the economic value generated by travel.

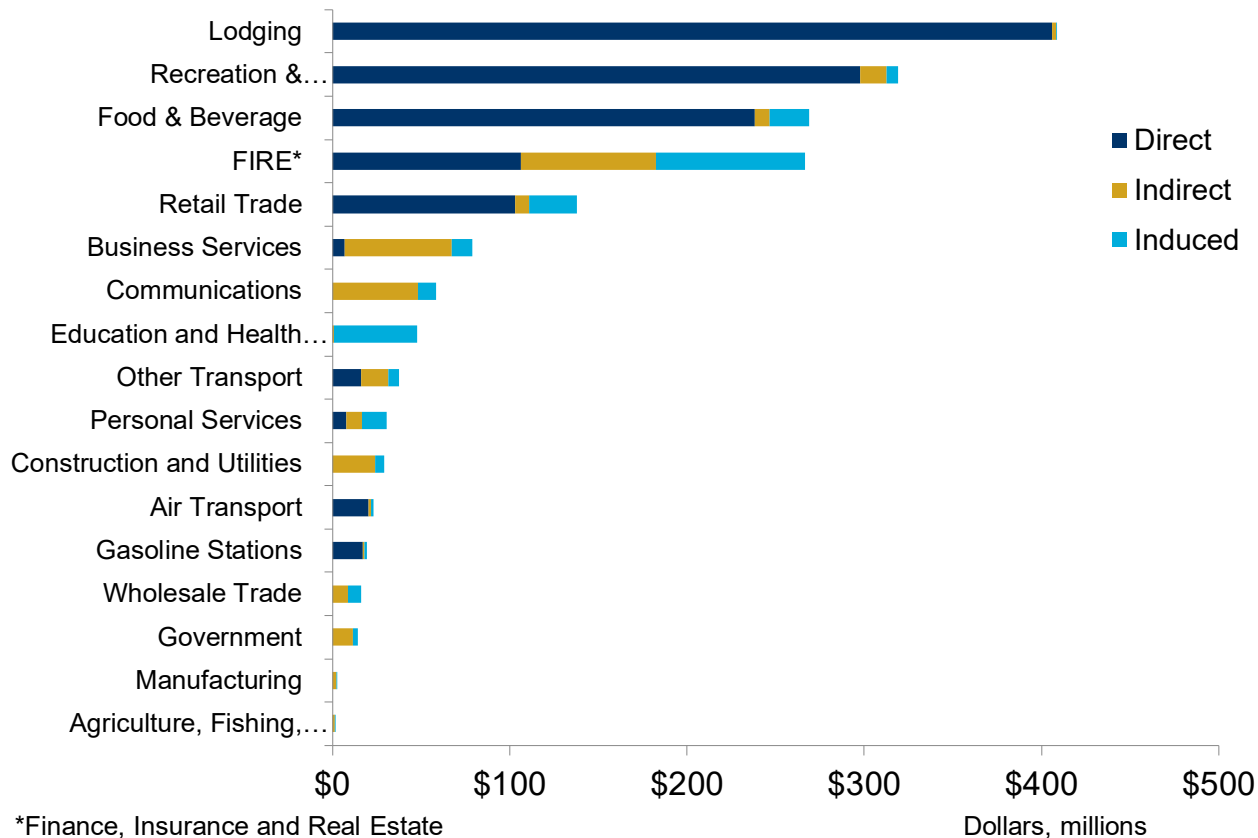
GDP impacts, 2018 (millions of \$)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	1.1	0.4	1.5
Construction and Utilities	-	24.3	4.9	29.2
Manufacturing	-	2.1	0.7	2.8
Wholesale Trade	-	8.6	7.8	16.4
Air Transport	20.6	1.4	1.2	23.1
Other Transport	16.0	15.4	6.2	37.6
Retail Trade	103.1	7.9	26.8	137.8
Gasoline Stations	17.3	0.7	1.5	19.5
Communications	-	48.4	10.1	58.5
Finance, Insurance and Real Estate	106.4	76.2	83.8	266.4
Business Services	6.8	60.6	11.3	78.7
Education and Health Care	-	0.7	47.1	47.8
Recreation & Entertainment	297.7	14.8	6.6	319.0
Lodging	406.2	2.0	0.6	408.8
Food & Beverage	238.0	8.4	22.3	268.7
Personal Services	8.0	8.6	13.9	30.6
Government	-	11.6	2.8	14.4
TOTAL	1,220.1	292.8	248.0	1,760.9

Source: Tourism Economics

GDP (Value Added) impacts (2 of 2)

The lodging industry has the largest economic contribution from visitor spending, followed closely by recreational industry and restaurants.

GDP impacts, 2018



*Finance, Insurance and Real Estate

Source: Tourism Economics

Employment impacts (1 of 2)

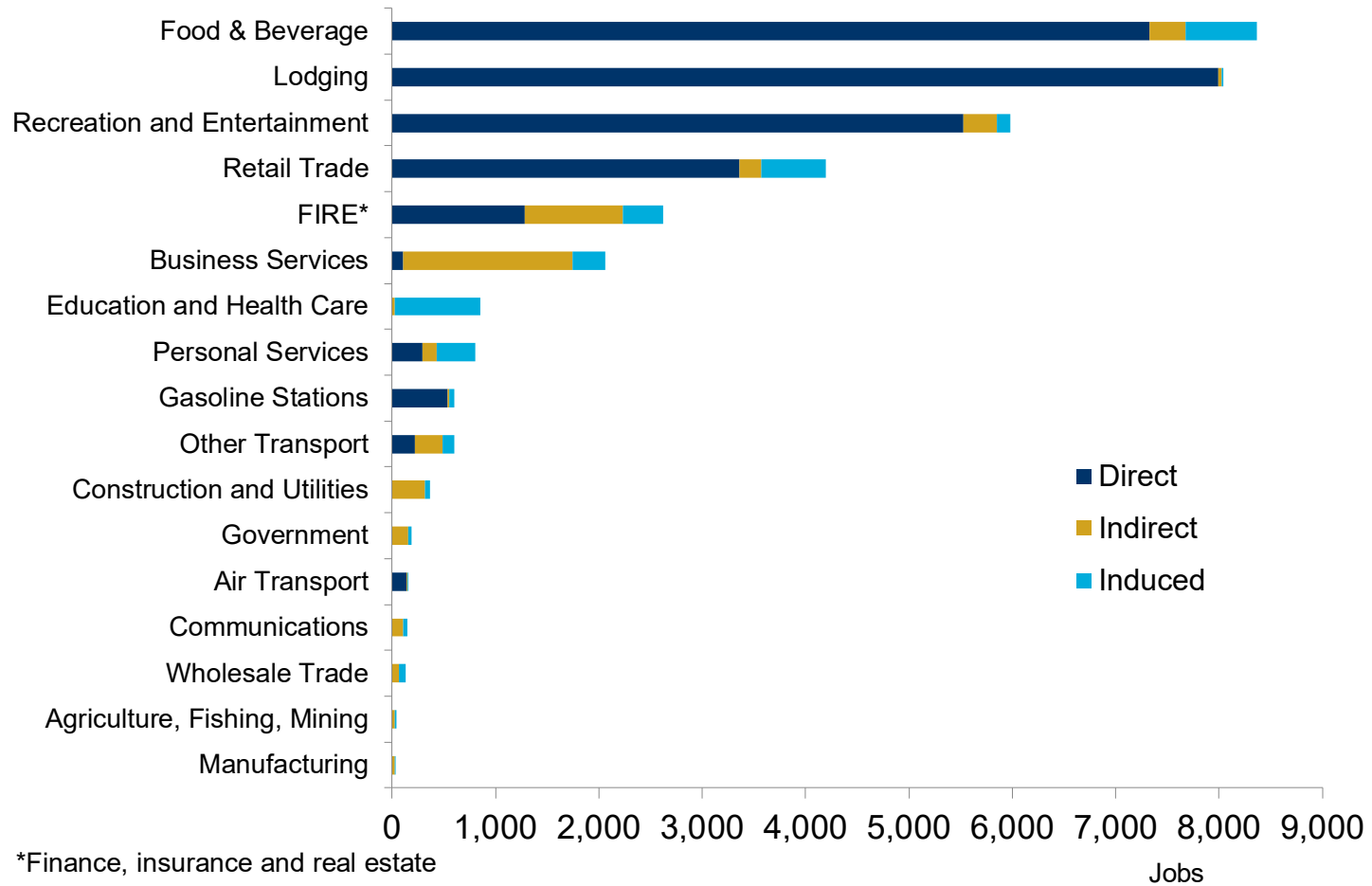
Tourism supported a total of 35,201 jobs when indirect and induced impacts are considered.

Employment impacts, 2018				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	30	13	43
Construction and Utilities	-	314	53	368
Manufacturing	-	24	6	30
Wholesale Trade	-	70	63	133
Air Transport	136	9	8	153
Other Transport	225	262	113	600
Retail Trade	3,357	211	628	4,196
Gasoline Stations	535	22	46	603
Communications	-	107	42	149
Finance, Insurance and Real Estate	1,282	953	389	2,624
Business Services	109	1,641	315	2,065
Education and Health Care	-	29	822	851
Recreation and Entertainment	5,526	323	131	5,980
Lodging	7,991	38	11	8,040
Food & Beverage	7,325	349	691	8,365
Personal Services	297	132	380	809
Government	-	152	41	193
TOTAL	26,783	4,667	3,751	35,201

Source: Tourism Economics

Employment impacts (2 of 2)

Employment impacts, 2018

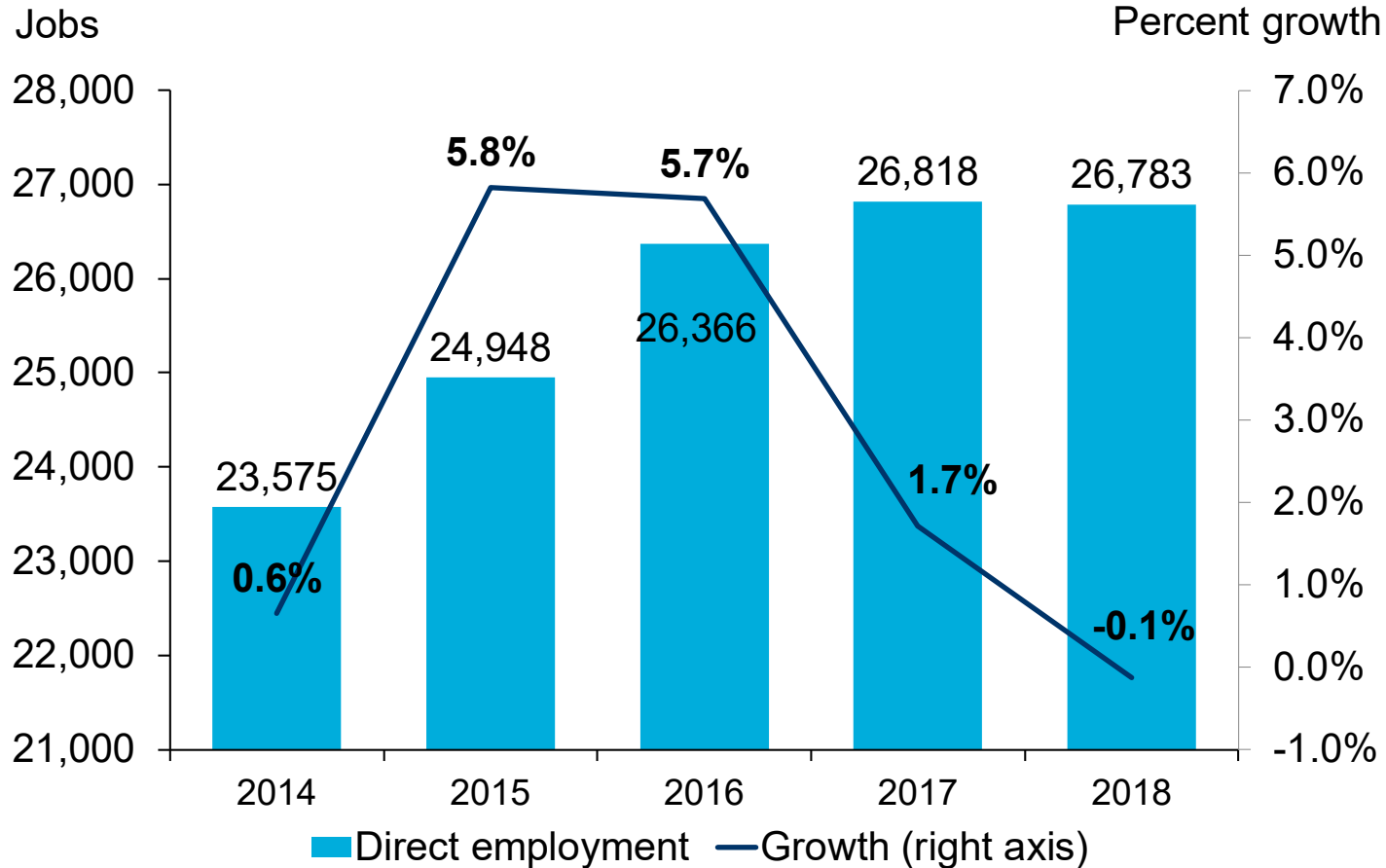


Source: Tourism Economics

Tourism employment growth

With new attractions opening over the past five years, businesses have directly created more than 3,200 new jobs in the Poconos.

Tourism supported employment in Poconos



Source: Tourism Economics

Personal income impacts (1 of 2)

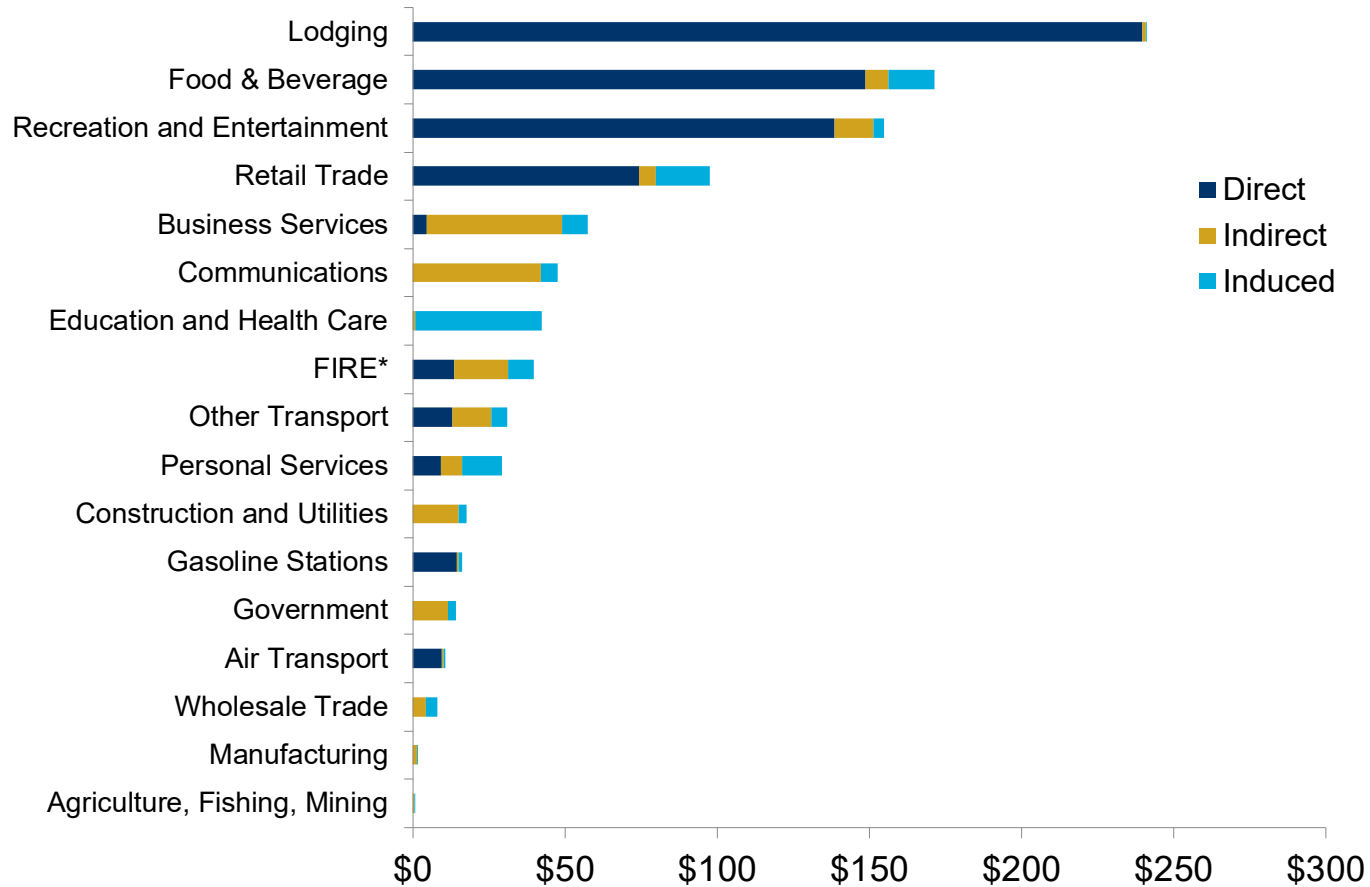
Tourism generated \$665 million in direct income and \$980 million when indirect and induced impacts are considered.

Personal income impacts, 2018 (millions of \$)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	0.4	0.1	0.5
Construction and Utilities	-	15.0	2.7	17.7
Manufacturing	-	1.3	0.4	1.6
Wholesale Trade	-	4.3	3.9	8.1
Air Transport	9.6	0.6	0.5	10.7
Other Transport	13.1	12.8	5.2	31.1
Retail Trade	74.4	5.5	17.5	97.5
Gasoline Stations	14.5	0.6	1.2	16.3
Communications	-	41.9	5.7	47.6
Finance, Insurance and Real Estate	13.6	17.5	8.6	39.8
Business Services	4.6	44.4	8.5	57.5
Education and Health Care	-	0.7	41.7	42.4
Recreation and Entertainment	138.6	12.8	3.4	154.8
Lodging	239.7	1.2	0.3	241.2
Food & Beverage	148.7	7.7	15.0	171.4
Personal Services	9.2	7.0	13.0	29.1
Government	-	11.4	2.8	14.2
TOTAL	665.8	184.9	130.7	981.4

Source: Tourism Economics

Personal income impacts (1 of 2)

Personal income impacts, 2018



*Finance, insurance and real estate

Source: Tourism Economics

Tax impacts

Taxes of nearly \$520 million were directly and indirectly generated by tourism in 2018.

State and local taxes alone tallied \$282 million in 2018.

Each household in the Poconos would need to be taxed an additional \$1,500 per year to replace the traveler taxes received by state and local governments.

Visitor spending, visitor supported jobs, and business sales generated \$520 million in governmental revenues.

Tourism supported tax revenue, millions			
	Direct	Indirect/Induced	Total
Federal	\$166.4	\$70.5	\$236.9
Personal Income	\$46.2	\$22.4	\$68.6
Corporate	\$23.1	\$11.1	\$34.2
Indirect business	\$13.4	\$3.7	\$17.1
Social insurance	\$83.7	\$33.2	\$116.9
State and Local	\$219.6	\$62.1	\$281.6
Sales	\$66.7	\$18.5	\$85.2
Bed Tax	\$9.4	\$0.0	\$9.4
Personal Income	\$11.5	\$5.6	\$17.1
Corporate	\$4.3	\$2.1	\$6.3
Social insurance	\$0.3	\$0.1	\$0.5
Excise and Fees	\$14.3	\$4.6	\$18.9
Property	\$112.9	\$31.3	\$144.2
Total	\$386.0	\$132.6	\$518.6

Source: Tourism Economics

Tax impacts

62% of state and local governmental revenues generated by tourism went to local taxing authorities.

Local governmental taxing authorities received \$175 million from visitor activity in the Poconos, the majority of the revenues from property tax collections.

Local governments also received \$12.2 million from sales tax revenues.

The majority of state collections comes from sales tax revenues.

Tourism supported tax revenues, millions	
Total	
State Revenues	\$106.8
Sales	\$73.0
Bed Tax	-
Personal Income	\$17.1
Corporate	\$6.3
Social insurance	\$0.5
Excise and Fees	\$9.9
Property	-
Local Govt. Revenues	\$174.9
Sales	\$12.2
Bed Tax	\$9.4
Personal Income	-
Corporate	-
Social insurance	-
Excise and Fees	\$9.1
Property	\$144.2
Total	\$281.6

Source: Tourism Economics

6) Economic Impact in Context

Figures in context

Visitor Spending

Stacking \$10 bills high enough to equal \$3.3 billion would reach 22 miles high – higher than the distance from the Delaware Water Gap to Mount Pocono.

Employment

Employment directly supported by tourism reached 26,783 in 2018, enough to employ every resident of East Stroudsburg, Mount Pocono, Stroudsburg and Tobyhanna.

Figures in context

Visitation

The Poconos saw nearly 29 million person-trips in 2018 – more than attended a NHL or NBA game over a full season (around 22 million)

Taxes

To make up for the \$520 million in state and local taxes generated by visitor activity, each household in the state would need to contribute \$1,500 to maintain the current level of government.

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

