

2016

REPORT ON THE ECONOMIC IMPACT OF TOURISM

Raleigh, North Carolina



Table of Contents

2 OVERVIEW

3 HEADLINE RESULTS

5 KEY TRENDS

8 VISITORS & SPENDING

Visitor details in 2016

Composition of tourism spending

Fuel prices stabilize at a low level

Visitor spending trends

13 ECONOMIC IMPACTS

How visitors spending generates impact

Tourism sales

Tourism share of key industry employment

Tourism employment details & summary

Tourism personal income

Tourism tax generation

Wake County tourism in context

21 2016 EVENTS & TOURISM ASSETS

26 METHODOLOGY & BACKGROUND

Why quantify the tourism economy?

Why is this a challenge?

Methods and data sources

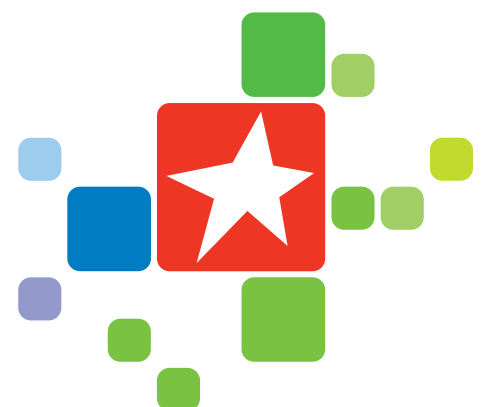
Description of spending categories



JACK HOLLINGSWORTH



CHRIS RICHMAN



Overview

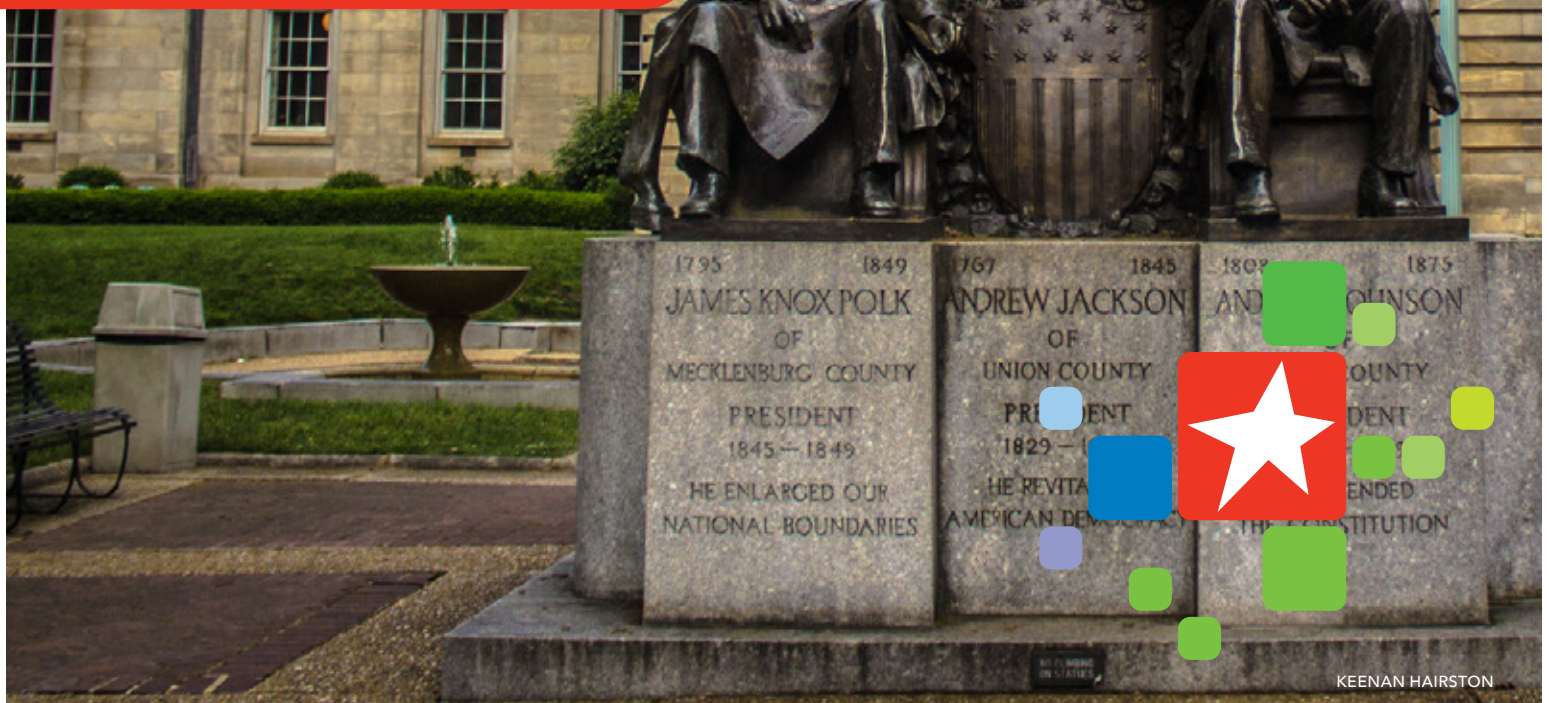
To gain insight into the overall economic impact of tourism in Raleigh, N.C., the CVB contracted with Tourism Economics – An Oxford Economics Company to undergo an in-depth analysis of visitor spending and its impact on Wake County.

This study measures the economic impact of tourism in the Raleigh, N.C., area, defined as Wake County.

Visitors included those who stayed in overnight accommodations or travelers who came from a distance greater than 50 miles.

The impact of tourism includes direct spending, the indirect (supply-chain) effects and induced (income) effects.

Impacts were measured in terms of employment, income, business sales and tax revenues.



KEENAN HAIRSTON

Headline Results





Headline Results

Tourism is an integral part of the Raleigh area economy, and the industry is making significant contributions to economic growth, generating business sales, employment and tax revenues.

Visitors to Raleigh spent **\$2.4 billion** in 2016, which generated **\$3.8 billion** in total business sales, including indirect and induced impacts.

Tourism in Raleigh generated **\$473 million** in tax revenues in 2016, including **\$242 million** in state and local revenues.

Including direct, indirect and induced impacts, **35,668** jobs were sustained by visitors to Raleigh in 2016 with total income of **\$1.2 billion**.

Approximately **5.0% (1 in 20)** of all jobs in Wake County were sustained by tourism.

An estimated **29%** of tourism-supported jobs were in the food and beverage industry, **22%** in recreation, **12%** in lodging and **11%** in retail.



Key Trends



Key Trends

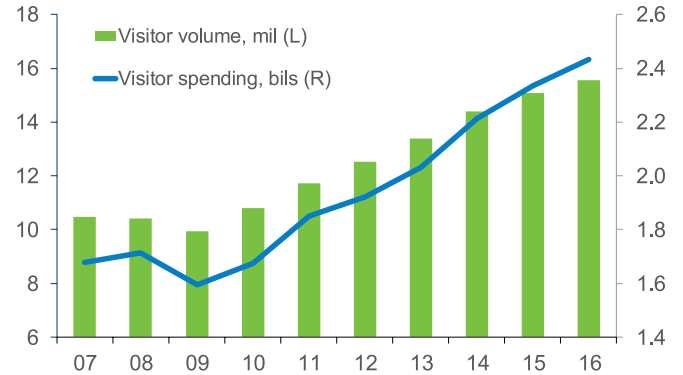


Visitor volume and spending in the Raleigh area grew in 2016, driven by job and income growth in the broader North Carolina and regional economy.

An estimated **15.6 million** visitors (including day and overnight) spent a total of **\$2.4 billion** in 2016, increases of **3.1%** and **4.2%**, respectively, from 2015.

Visitor Volume and Spending

Wake County



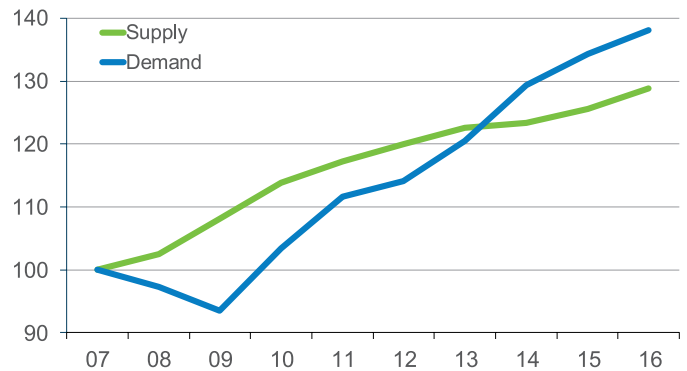
Sources: DKS, Tourism Economics

Raleigh room demand has outpaced growth in supply in recent years.

Room demand rose **2.8%**, compared with a **2.7%** increase in supply.

Lodging Demand Is Outpacing Supply Growth

Wake County room supply and demand, index 2007 = 100



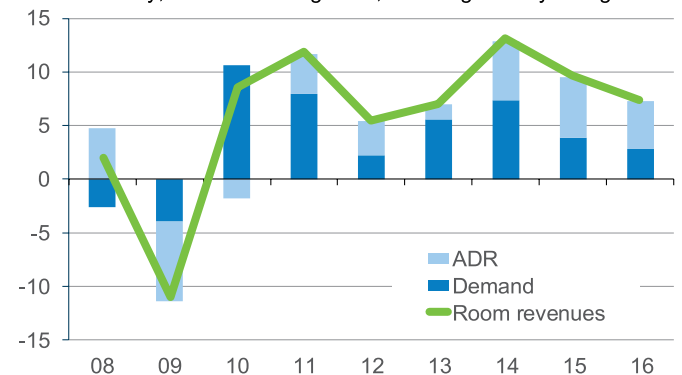
Sources: STR, Tourism Economics

Occupancy ticked up to **70.1%** in 2016 from **70.0%** in 2015, and the average daily rate rose to **\$101**, **4.5%** above that of 2015.

Overall revenue grew **7.4%** in 2016. In recent years revenue growth has been driven by both demand and price growth.

Both Demand and Price Drive Revenue Growth

Wake County, contribution to growth, % change from year ago



Sources: STR, Tourism Economics

Key Trends



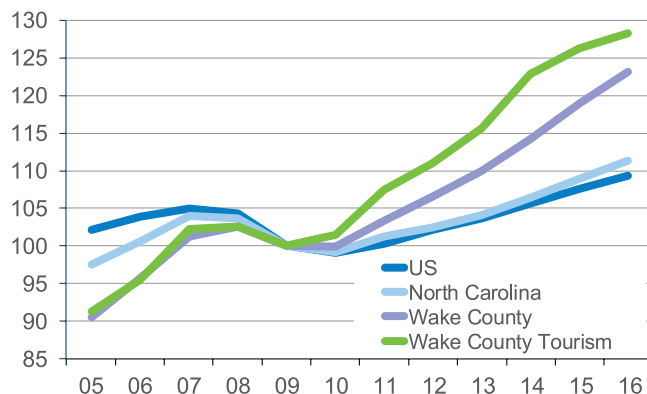
Employment growth in Wake County is outpacing that of the state and nation.

Within the county, tourism employment is expanding faster than overall job growth. Tourism employment is **28.4%** higher than in 2009, versus **23.3%** for the county overall.

Tourism has added more than **800** jobs per year since 2009, average annual growth of **3.6%**.

Tourism Jobs Outpace the Broader Recovery

Employment indexes, 2009=100



Sources: BEA, BLS, Tourism Economics



Visitors & Spending





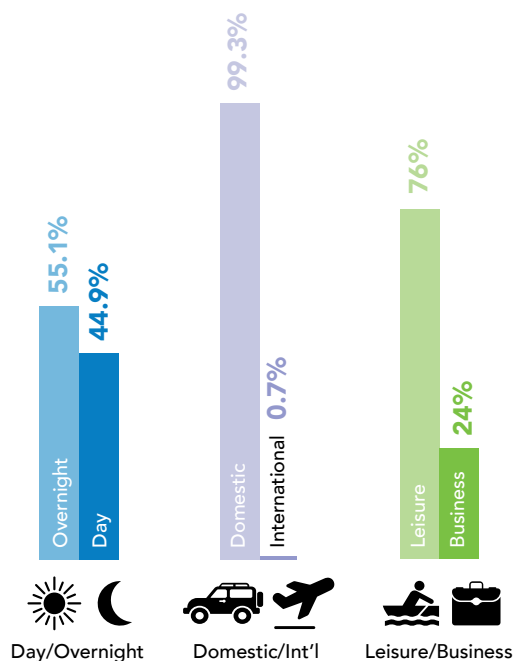
Raleigh hosted a total of **15.6 million visitors** in 2016.

Visitor Characteristics

55.1% | Overnight vs. Day

99.3% | Domestic vs. International

76% | Leisure vs. Business



\$82 | Average per visitor per day
(1.7% higher than in 2015)

Sources: DKS, Tourism Economics

Note: Day/Overnight and Bus./Leisure segments are domestic only



Composition of Tourism Spending



Visitor Spending Profile for 2016: Top Categories

26.2% | Food and beverage

23.2% | Lodging

21% | Retail

19.7% | Recreation

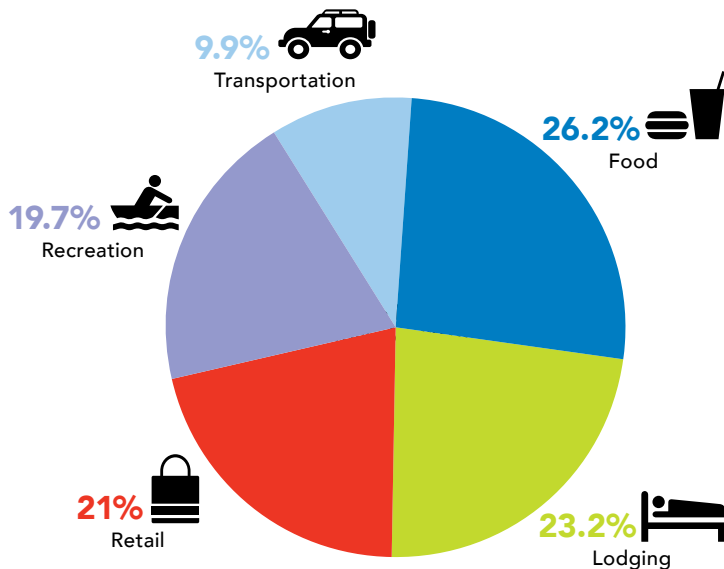
Visitor Spending by Category: Top Categories

\$617.1 million | Food and beverage

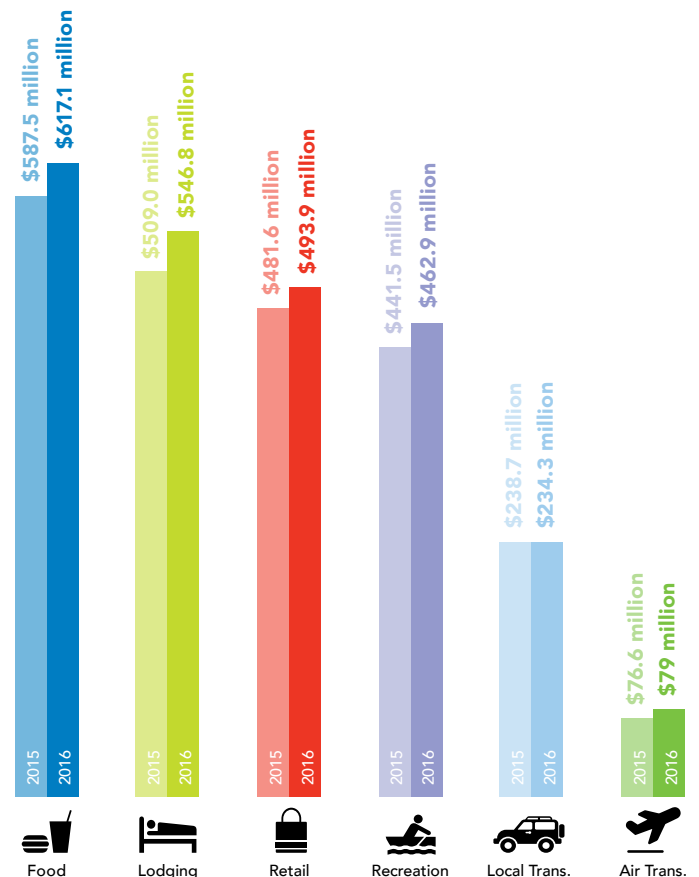
\$546.8 million | Lodging

\$493.9 million | Retail

\$462.9 million | Recreation



Source: Tourism Economics



Source: Tourism Economics

Fuel Prices Stabilize at a Low Level



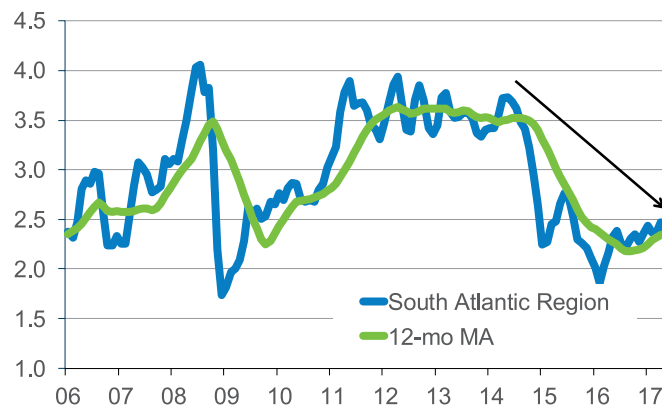
Fuel prices have leveled off at **six-year** lows and continue to make possible more spending in other categories.

Low gas prices also boost consumer confidence and encourage more visitor spending that otherwise might not occur.

Oxford Economics forecasts oil prices to remain **under \$60** per barrel through 2019, implying an average price in Raleigh well **under \$3.00** per gallon for an extended period.

Fuel Prices Are Stabilizing After a Long Fall

South Atlantic Region average gasoline price, dollars per gallon



Source: Energy Information Administration



Visitor Spending Trends



Visitor spending increased **4.2%** in 2016, with the lodging and food and beverage industries leading. Lodging spending grew **7.4%** as both prices and room-night demand rose.

Visitor spending on food and beverage and retail increased **5.0%** and **2.6%**, respectively, while falling gas prices weighed on transportation spending.

Visitor Spending By Category							
(US\$ Million)							
	2011	2012	2013	2014	2015	2016	2015-16 % change
Food and Beverage	437.5	466.6	493.2	543.9	587.5	617.1	5.0%
Retail	405.8	419.8	434.5	467.2	481.6	493.9	2.6%
Lodging	369.0	387.1	410.4	464.0	509.0	546.8	7.4%
Transportation (local)	218.7	224.5	237.0	244.2	238.7	234.3	-1.9%
Recreation	353.5	357.6	390.5	421.1	441.5	462.9	4.8%
Air	64.3	65.8	66.8	73.3	76.6	79.0	3.1%
Total	1,848.9	1,921.3	2,032.3	2,213.7	2,335.0	2,434.0	
% change	10.4%	3.9%	5.8%	8.9%	5.5%	4.2%	



MARK PETKO

Economic Impacts





How Visitor Spending Generates Impact

Direct

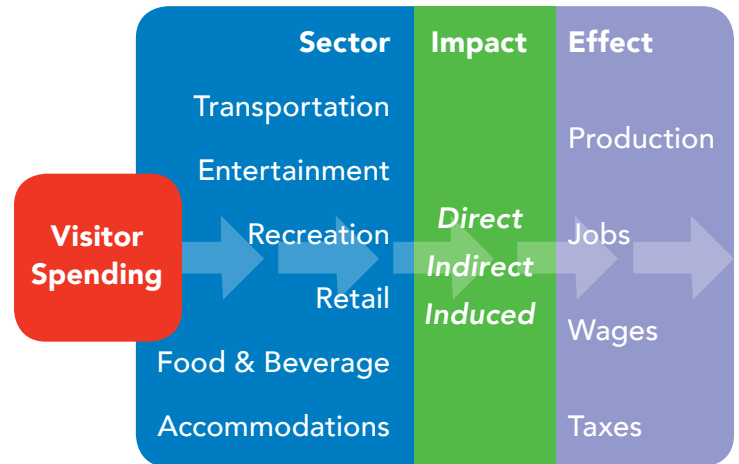
Travelers create direct economic value within a discreet group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes and GDP within each sector.

Indirect

Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.

Induced

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.



KEENAN HAIRSTON



Including indirect and induced business sales, tourism generated more than **\$3.8 billion** in revenue in 2016.

Tourism Sales				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	–	3.5	1.4	5.0
Construction and Utilities	–	68.1	23.9	92.0
Manufacturing	–	13.9	6.5	20.4
Wholesale Trade	–	16.2	31.9	48.1
Air Transportation	79.0	3.3	5.6	87.9
Other Transportation	88.2	19.6	8.0	115.8
Retail Trade	493.9	4.8	59.1	557.8
Gasoline Stations	108.3	0.2	4.3	112.8
Communications	–	60.1	31.7	91.8
Finance, Insurance and Real Estate	37.8	177.5	237.3	452.5
Business Services	–	210.8	55.3	266.1
Education and Health Care	–	1.9	123.6	125.5
Recreation and Entertainment	416.6	25.5	9.1	451.2
Lodging	546.8	0.5	0.3	547.6
Food & Beverage	617.1	33.6	49.4	700.1
Personal Services	46.3	22.1	27.9	96.3
Government	–	23.5	8.9	32.4
Total	2,434.0	685.2	684.0	3,803.2

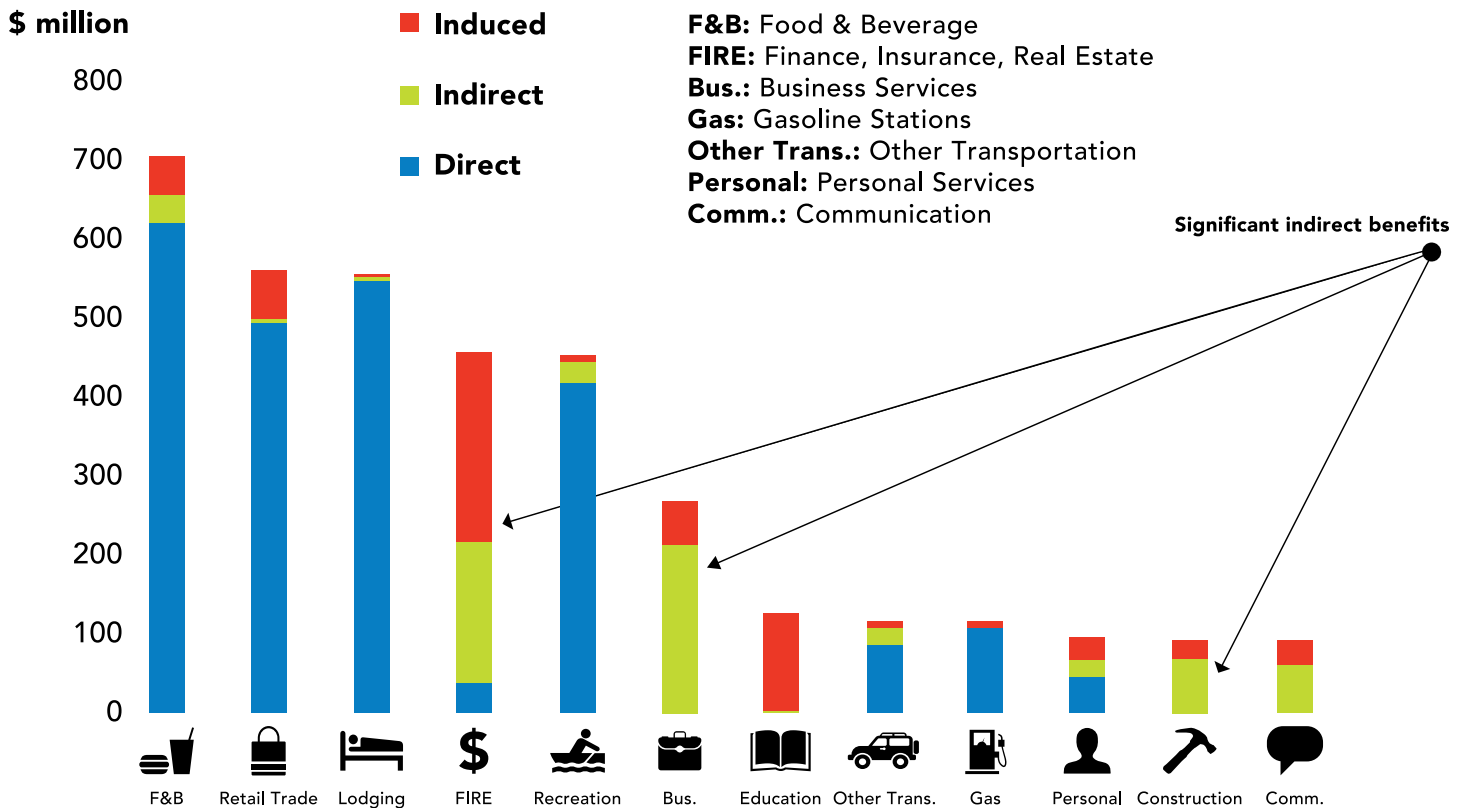


CHRIS RICHMAN

Tourism Sales by Industry



Including indirect and induced business sales, tourism generated more than **\$3.8 billion** in revenue in 2016.



Note: Direct sales include retail cost of goods sold



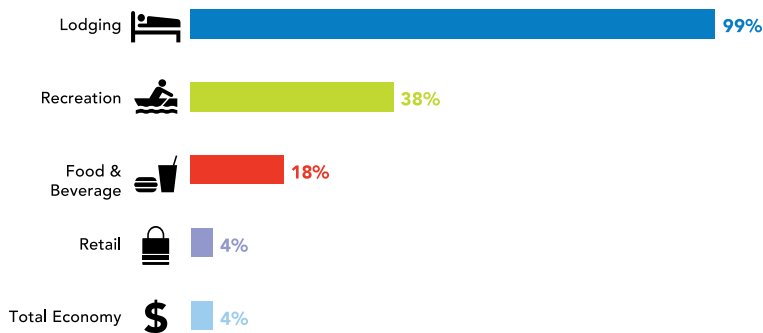
Tourism Share of Key Industry Employment



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

Tourism Employment Intensity by Industry

Direct only



Source: Tourism Economics

Tourism Employment Details

The tourism industry supported **35,668** jobs or **5.0%** of employment (**1 in 20** jobs) in the Raleigh area in 2016, including indirect and induced impacts.

Tourism Employment				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	–	14	6	20
Construction and Utilities	–	240	70	309
Manufacturing	–	49	15	64
Wholesale Trade	–	84	164	248
Air Transportation	255	11	18	284
Other Transportation	839	149	62	1,050
Retail Trade	2,985	67	806	3,858
Gasoline Stations	139	2	38	179
Communications	–	178	77	256
Finance, Insurance and Real Estate	201	923	719	1,843
Business Services	–	1,915	517	2,431
Education and Health Care	–	27	1,166	1,193
Recreation and Entertainment	7,326	438	156	7,920
Lodging	4,321	4	2	4,327
Food & Beverage	8,820	549	831	10,200
Personal Services	647	263	350	1,261
Government	–	170	52	222
Total	25,535	5,083	5,050	35,668

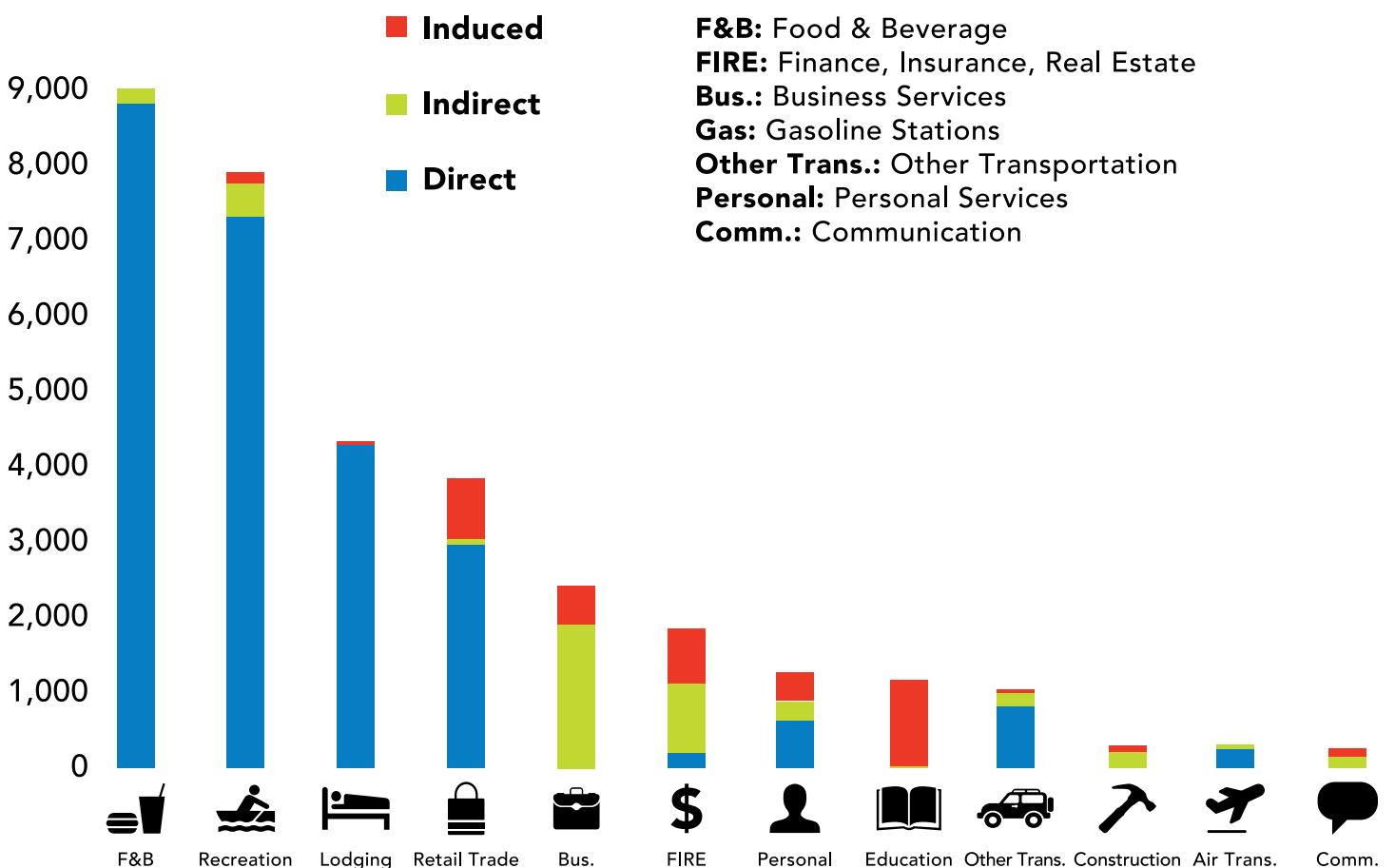
Tourism Employment Summary



As a labor intensive collection of services, tourism-related industries are significant Raleigh area employers.

The most significant indirect impacts are in business services and finance, real estate and insurance.

The nearly **36,000** jobs supported by Raleigh area tourism span every sector of the economy, either directly or indirectly.



Tourism Personal Income



Employees in the Raleigh area earned **\$1.2 billion** as a result of visitor activity in 2016.

Tourism Labor Income (Compensation)				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	–	0.1	0.1	0.2
Construction and Utilities	–	20.8	6.2	27.0
Manufacturing	–	3.7	1.0	4.7
Wholesale Trade	–	8.0	15.6	23.5
Air Transportation	14.1	0.6	1.0	15.7
Other Transportation	51.1	8.1	3.3	62.5
Retail Trade	87.3	2.3	27.9	117.5
Gasoline Stations	6.3	0.1	1.7	8.0
Communications	–	14.1	6.1	20.3
Finance, Insurance and Real Estate	8.0	34.9	30.6	73.6
Business Services	–	109.8	29.3	139.1
Education and Health Care	–	1.0	67.2	68.1
Recreation and Entertainment	162.7	11.6	3.6	177.9
Lodging	157.1	0.1	0.1	157.3
Food & Beverage	198.8	12.3	19.4	230.5
Personal Services	30.0	14.5	17.3	61.8
Government	–	14.2	3.4	17.6
Total	715.3	256.2	233.9	1,205.3



BRIAN MAGEE

Tourism Tax Generation



Tourism generated **\$473 million** in taxes in 2016.

Tourism-driven state and local tax proceeds of **\$242 million** helped offset the average household tax burden by **\$663** per household.

Local taxes generated by tourism included property, sales and lodging tax revenues and amounted to **\$123 million** in 2016.

Tourism-Generated Tax Revenues	
(US\$ Million)	
	Amount
Federal	231.5
Personal Income	69.1
Corporate	29.0
Indirect Business	21.3
Social Security	112.1
State	119.0
Personal Income	29.2
Corporate	3.5
Sales	65.0
Social Security	1.7
Other Taxes and Fees	19.7
Local	122.9
Sales	27.3
Lodging	24.3
Property	66.9
Other Taxes and Fees	4.4
Total	473.4

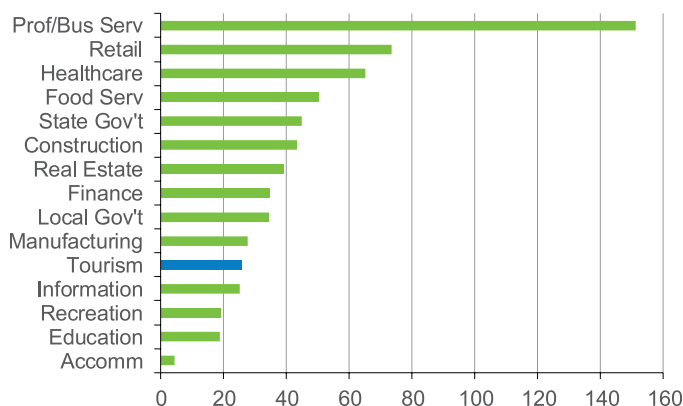
Wake County Tourism in Context

The Raleigh area has a large and diverse economy, with research, business services, healthcare, finance and real estate as key drivers.

Taken as an industry, with more than **25,000** direct jobs, tourism is a key employer in the Raleigh area, on par with manufacturing, and larger than information and private education.

Wake County Jobs by Industry

Thousands, 2016



Sources: BEA, BLS, Tourism Economics

2016 Events & Tourism Assets



2016 Events & Tourism Assets



Marketing our tourism assets and events grows visitation, visitor spending and tourism tax receipts.



In 2016, **PNC Arena** greeted more than **1.17 million guests** – many of them visitors – at sports events, concerts, comedy and family shows.



North Carolina State University was the official host institution for the **NCAA Men's Basketball Championship First and Second Rounds**; attendance at the March 2016 men's basketball tourney in Raleigh was 53,447, a figure that included **19,600+ visitors**.



ALL THINGS OPEN/JONATHAN CORBETT

In 2016, the **Raleigh Convention Center (RCC)** hosted **360,000 guests**, who attended meetings and events such as Big Rock East, the Lenovo North American Sales Kickoff, N.C. All-State Choral Festival, Animazement and the Ray Price Motorsports Expo.



The **2016 Deep South Classic**, played on 20 basketball courts at RCC and nearby, brought together 488 teams and generated **9,013 total hotel room-nights** in more than 60 Wake County hotels.



The **Mid-Atlantic Power League (MAPL) volleyball tournament** returned to RCC with record participation; played on 25 courts, the 2016 event included **192 visiting teams** that traveled to Raleigh from up and down the East Coast.



GRSA nurtures strong relationships with both **USA Baseball (USAB)** and **North Carolina FC Youth (NCFC Youth, formerly CASL)**. USAB has tracked more than **21,700 hotel room-nights** from events held at its National Training Complex; NCFC Youth's National Soccer Series draws more than 1,320 teams consuming **30,000+ hotel room-nights** annually.



GRCVB hosted the **Society of American Travel Writers Eastern Chapter Conference** in April 2016, bringing **100 journalists** to experience Raleigh, N.C., for five days. Resulting stories are generating even more travel here.



Among N.C.'s top attractions, **downtown Raleigh's three largest museums** (two state museums and Marbles Kids Museum) welcomed a combined **1.99 million guests** in 2016.



BRIAN MAGEE

The **North Carolina State Fair** in Oct. 2016 drew crowds totaling **1,028,364 attendees**, many of whom traveled to the capital city from across the state.



GARRETT POULOS

The **International Bluegrass Music Association's World of Bluegrass**, Sept. 27–Oct. 1, 2016, drew **217,225 musicians and fans**, and visitors spent an estimated \$11.5 million that week at its events in Raleigh.



GARY CRAIG

State parks enjoyed record visitation in their 2016 centennial year. **William B. Umstead State Park** welcomed **1.84 million** and **Falls Lake State Recreation Area** welcomed **1.1 million guests** here.

Methodology & Background





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?

Most economic sectors such as financial services, insurance or construction are easily defined within a region's economic statistics.

Tourism is not so easily measured because it is not a single industry. It is a demand-side activity which affects multiple sectors to various degrees.

Tourism spans nearly a dozen sectors including lodging, recreation, retail, real estate, air passenger transport, food and 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:

Smith Travel Research (STR) data on hotel room demand, supply and revenues.

County and City level tax data on sales and hotel occupancy receipts.

Visitor profile and volume and spending estimates from DK Shifflet, 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.

All images were provided by GRCVB/visitRaleigh.com.

Description of spending categories

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 visitor spending on 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

Where applicable, spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Bureau.

Food and Beverage

Includes all visitor spending at restaurants and bars.

