

THE RALEIGH, N.C., VISITOR ECONOMY, 2022

July 2023

Prepared for: Greater Raleigh Convention and Visitors Bureau



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INTRODUCTION PROJECT BACKGROUND

The travel sector is an integral part of the Raleigh/Wake County economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the county's future. In 2022, visitors spent \$3.0 billion at Raleigh businesses.

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. By establishing a timeline of economic impacts, the industry can track its progress.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Wake County. The model traces the flow of visitor-related expenditures through the county'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 overnight 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.

To quantify the economic significance of the visitor economy in Raleigh, Tourism Economics has prepared a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the travel sector in terms of direct visitor spending, as well as the total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

The analysis draws on the following data sources:

- Longwoods International: survey data, including visitor profile characteristics for visitors to Raleigh
- 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, for hotels
- Tax collections: Lodging and restaurant tax receipts
- U.S. Energy Information Administration: gasoline price data
- US Census: business sales by industry and seasonal second homes inventory
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Raleigh based on aviation, survey, and credit card information

ECONOMIC IMPACTS

KEY FINDINGS

VISITOR TRENDS

Visitors to Raleigh spent \$3.0 billion in 2022, an increase of 26.1% over the prior year. Visitor spending exceeded its 2019 level by 1.2%, while visitor volume fell just shy of the pre-pandemic benchmark at 99.8% of 2019 levels.

TOTAL ECONOMIC IMPACT

The direct visitor spending impact of \$3.0 billion generated a total economic impact of \$4.5 billion in Wake County in 2022 including indirect and induced impacts. This total economic impact sustained more than 34,600 jobs, and \$287 million in state and local tax revenues.



\$4.5 BILLION

Total Economic Impact of Tourism in Raleigh in 2022



\$3.0B

Direct Visitor
Spending



\$4.5B

Total
Economic
Impact



34,600

Total
Jobs
Generated



\$287M

State & Local
Taxes
Generated





VISITS & VISITOR SPENDING

Every year, Raleigh draws millions of visitors from N.C. residents, other U.S. states, and abroad. In 2022, the county continued its recovery following the COVID-19 pandemic. Direct visitor spending amounted to \$3.0 billion with visitor volume totaling nearly 18 million.

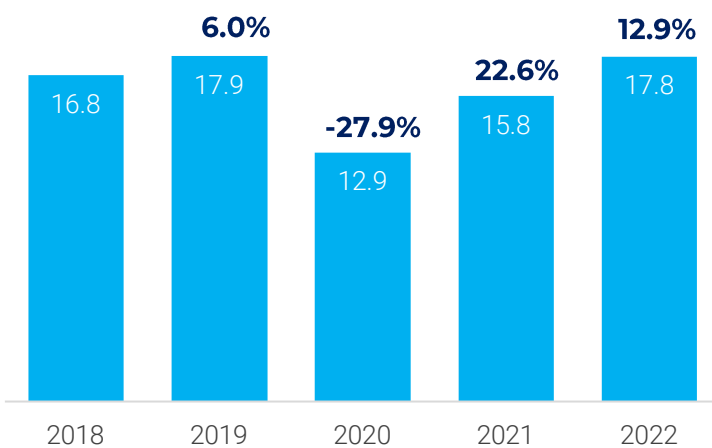
VISITOR VOLUME

Recovery in 2022

Visitor volume continued to build on its post-pandemic growth in 2022 falling shy of 2019 visitor volumes by just .2%.

Raleigh visitor volume

Amounts in millions



Sources: Longwoods International, Tourism Economics

VISITOR SPENDING

Visitors to Raleigh spent \$3.0 billion across a range of sectors in 2022.

Visitor spending expanded 26.1% in 2022, exceeding 2019 levels by 1.2%.

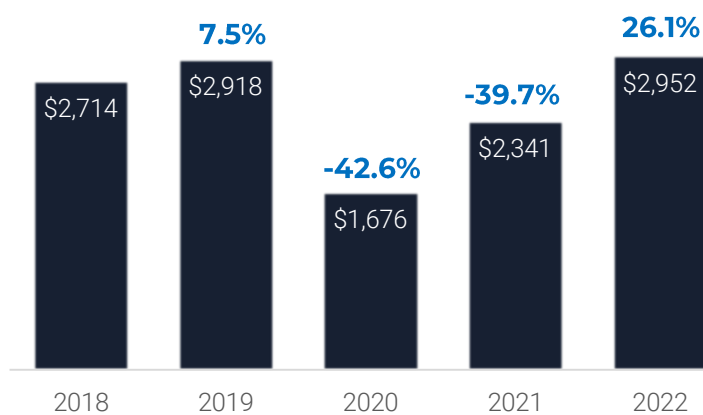
Of the \$3.0 billion spent in Raleigh, visitors spent \$837 million on food and beverage, 28% of all visitor spending. Visitor spending on lodging, including second homes, accounted for \$705 million, 24% of each visitor's budget.

At \$528 million, recreation & entertainment accounted for 18% of visitor spending. Retail spending came in just below recreation & entertainment accounting for 18% of visitor spending or \$524 million.

Transportation, including both air and transportation with the destination, added up to \$287 million, 10% of visitor spending.

Raleigh visitor spending

Amounts in \$ millions



Sources: Longwoods International, Tourism Economics

\$3.0 BILLION

Total Visitor Spending in 2022



Source: Tourism Economics

Note: Lodging spending is calculated as an industry. Spending also includes dollars spent on second homes. Transport includes both air and local transportation.

VISITATION & SPENDING TRENDS

Lodging led all categories in year-over-year growth, expanding 44.6% from the prior year and surpassing the 2019 benchmark by 3.5%. Spending on recreation & entertainment reached \$528 million, 32.9% ahead of 2021. Despite strong growth, spending on recreation & entertainment came in at just 96.0% of pre-pandemic levels,

Spending on transportation, including both ground and air transportation, increased 28.0%, while food & beverage spending grew 21.4%. Retail demonstrated more tepid growth at 7.5% and remains 7.0% below pre-pandemic levels.

Overnight volume growth (+16.7%) outpaced day travel (+8.4%), resulting in its market share expanding to 54.9% of total visitation.

Raleigh visitor spending

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

	2018	2019	2020	2021	2022	2022 Growth	% relative to 2019
Total visitor spending	\$2,714	\$2,918	\$1,676	\$2,341	\$2,952	26.1%	101.2%
F&B	\$695	\$754	\$517	\$689	\$837	21.4%	111.0%
Lodging*	\$620	\$681	\$413	\$487	\$705	44.6%	103.5%
Ent/Rec	\$506	\$550	\$237	\$397	\$528	32.9%	96.0%
Retail	\$540	\$563	\$356	\$488	\$524	7.5%	93.0%
Transportation**	\$353	\$369	\$153	\$280	\$358	28.0%	97.1%

Sources: Longwoods International, Tourism Economics

* Lodging includes second home spending

** Transportation includes both ground and air transportation

Raleigh visitor volume and spending

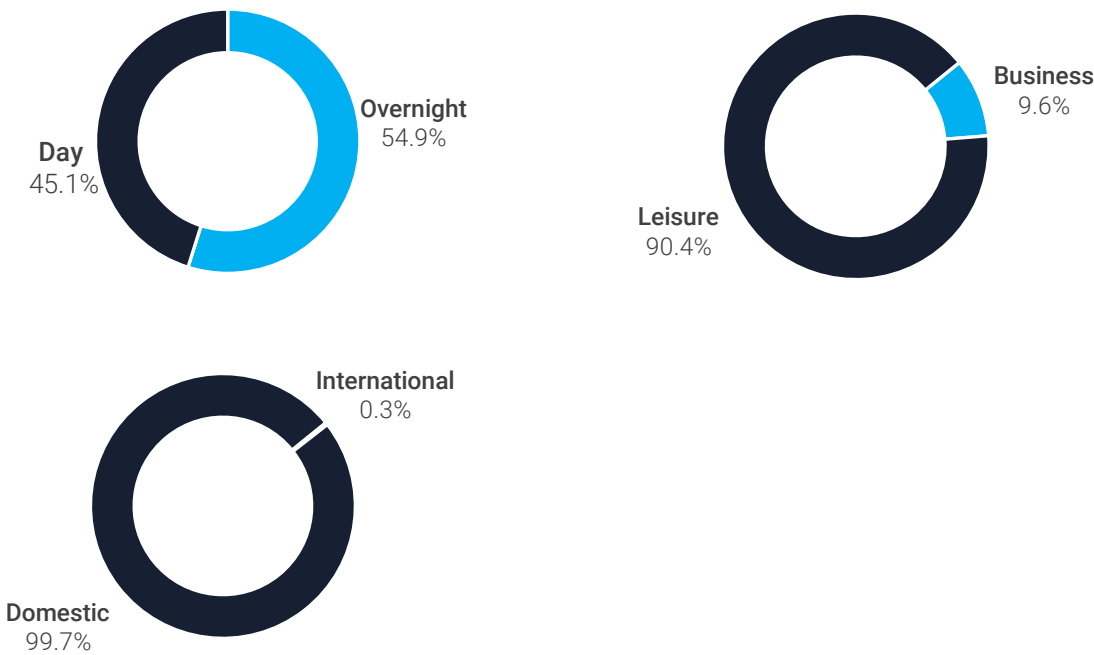
Amounts in millions of visitors, \$ millions, and \$ per person

	2018	2019	2020	2021	2022
Total visitors	16.8	17.9	12.9	15.8	17.8
Total visitor spending	\$2,714	\$2,918	\$1,676	\$2,341	\$2,952
Per traveler spending	\$161	\$163	\$130	\$148	\$166

Sources: Longwoods International, Tourism Economics

Raleigh visitation share by segment

Expressed as percentage of total visitation by market



Sources: Longwoods International, Tourism Economics

*Day vs. Overnight and Business vs. Leisure comparisons based on domestic visitor volumes and are not inclusive of international visitor trends.



ECONOMIC IMPACT METHODOLOGY

Our analysis of the Wake County 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 Wake County 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

DIRECT IMPACTS

Visitor spending



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

INDIRECT IMPACTS

Purchases of inputs from suppliers



SUPPLY
CHAIN
EFFECTS



B2B GOODS &
SERVICES
PURCHASED

INDUCED IMPACTS

New consumption generated by household income impacts



INCOME
EFFECT



HOUSEHOLD
CONSUMPTION

TOTAL IMPACTS

Direct, indirect, and induced impacts



SALES



GDP



JOBS



INCOME



TAXES

ECONOMIC IMPACT FINDINGS

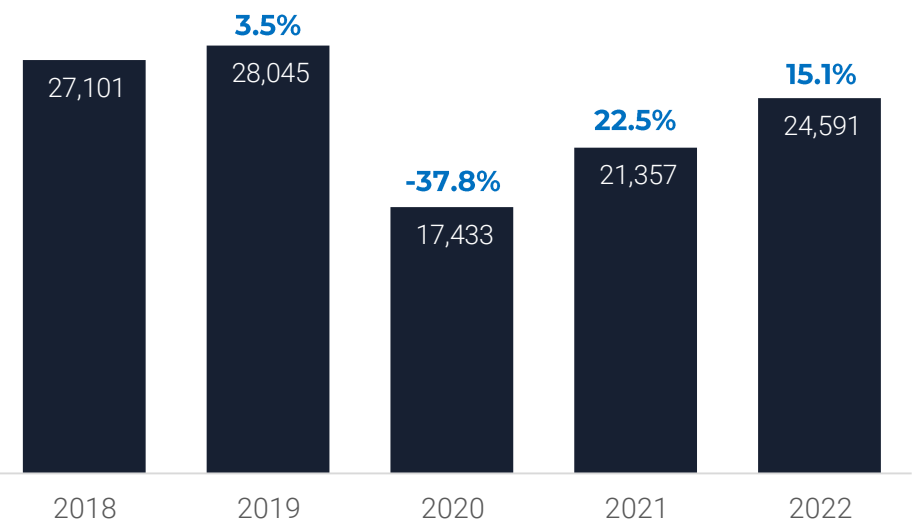
DIRECT IMPACTS

Employment supported by visitor activity rose 15% in 2022, rebounding to 24,591 jobs. This represents an increase of 3,234 in 2022. Despite the increase, the number of jobs directly supported by visitors remains 11% below pre-pandemic levels.

In 2022, the job recovery in key industries was strong, reaching 92% of pre-pandemic levels in the restaurant industry, 92% in lodging, and 79% in recreational businesses.

Recovery in visitor-supported jobs has been slower to recover than spending, with visitor-supported employment levels at 88% compared to the 2019 benchmark while spending came in 101%.

Visitor supported employment in Wake County
Amounts in number of jobs



Source: Tourism Economics





ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

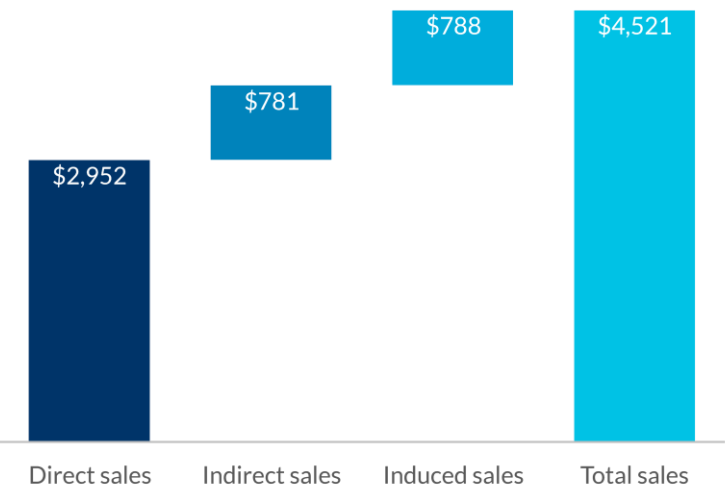
Visitors contributed a direct impact of \$3.0 billion in 2022. This direct impact generated an additional \$1.5 billion in indirect and induced impacts, resulting in a total economic impact of \$4.5 billion in the Raleigh economy, 1% above 2019.

The indirect and induced effects add a total of \$1.5 billion in sales for businesses located in Raleigh.

Outside of direct impacts, significant benefits accrue in sectors like finance, insurance, and real estate, and business services.

Summary economic impacts (2022)

Amounts in \$ millions



Source: Tourism Economics

Business sales impacts by industry (2022)

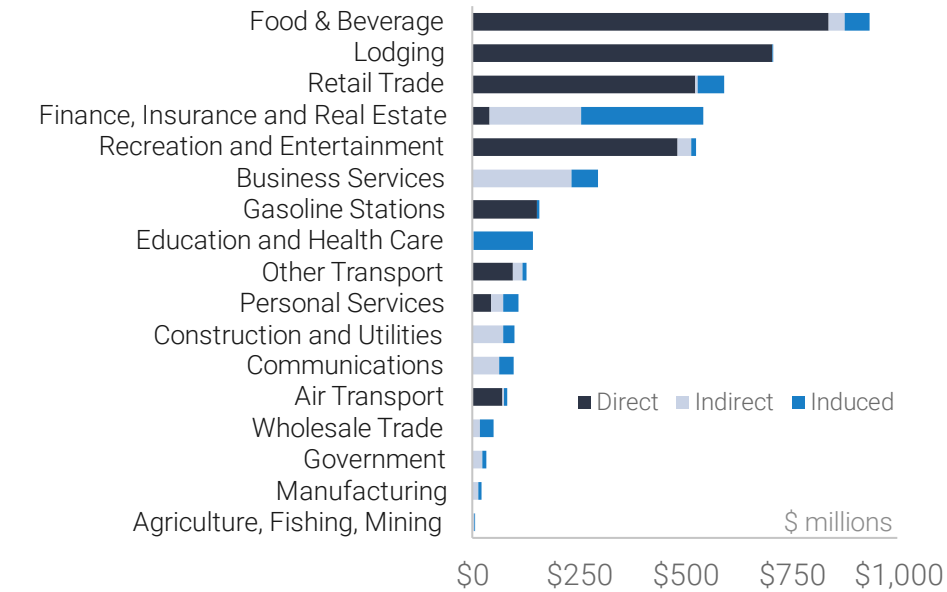
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$2,952	\$781	\$788	\$4,521
Food & Beverage	\$837	\$39	\$57	\$933
Lodging	\$705	\$1	\$0	\$706
Retail Trade	\$524	\$5	\$63	\$592
Finance, Insurance and Real Estate	\$40	\$215	\$288	\$543
Recreation and Entertainment	\$483	\$32	\$12	\$527
Business Services		\$234	\$61	\$295
Gasoline Stations	\$152	\$0	\$6	\$158
Education and Health Care		\$2	\$141	\$143
Other Transport	\$95	\$23	\$9	\$127
Personal Services	\$45	\$29	\$35	\$109
Construction and Utilities		\$73	\$26	\$99
Communications		\$64	\$34	\$98
Air Transport	\$71	\$4	\$7	\$83
Wholesale Trade		\$17	\$32	\$49
Government		\$24	\$9	\$33
Manufacturing		\$14	\$7	\$21
Agriculture, Fishing, Mining		\$4	\$2	\$6

Source: Tourism Economics

Visitor economy business sales impacts by industry (2022)

Amounts in \$ millions



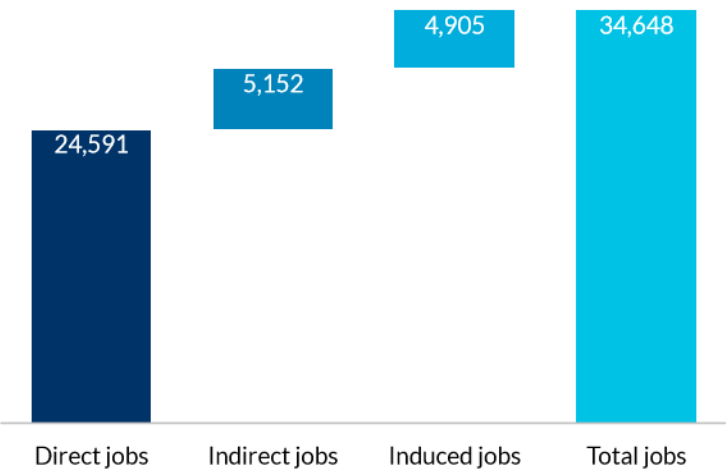
Source: Tourism Economics

JOB IMPACTS

Visitor activity sustained 24,591 direct jobs in 2022, with an additional 10,057 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact recovered to 34,648 in 2022, one of every 21 jobs in the county.

Summary employment impacts (2022)

Amounts in number of jobs



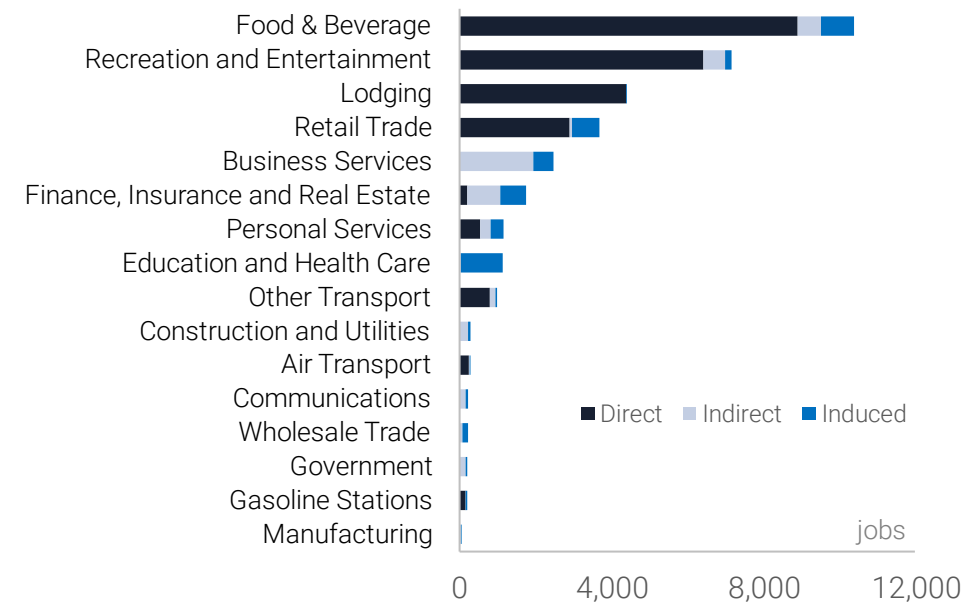
Source: Tourism Economics

Visitor spending supports the largest number of jobs in the food & beverage industry (10,396).

Spending by businesses directly impacted by visitor spending supports 1,951 jobs in the business services industry – in areas like accounting, advertising, and building services.

Tourism job impacts by industry (2022)

Amounts in number of jobs



Source: Tourism Economics



Employment impacts by industry (2022)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	24,591	5,152	4,905	34,648
Food & Beverage	8,908	607	881	10,396
Recreation and Entertainment	6,430	555	185	7,170
Lodging	4,388	4	3	4,395
Retail Trade	2,905	59	714	3,677
Business Services		1,951	523	2,474
Finance, Insurance and Real Estate	204	872	683	1,758
Personal Services	552	265	348	1,165
Education and Health Care		26	1,118	1,144
Other Transport	796	143	57	997
Construction and Utilities		217	62	279
Air Transport	253	9	15	277
Communications		158	68	226
Wholesale Trade		76	148	224
Government		154	46	200
Gasoline Stations	156	2	38	197
Manufacturing		39	11	50
Agriculture, Fishing, Mining		13	6	19

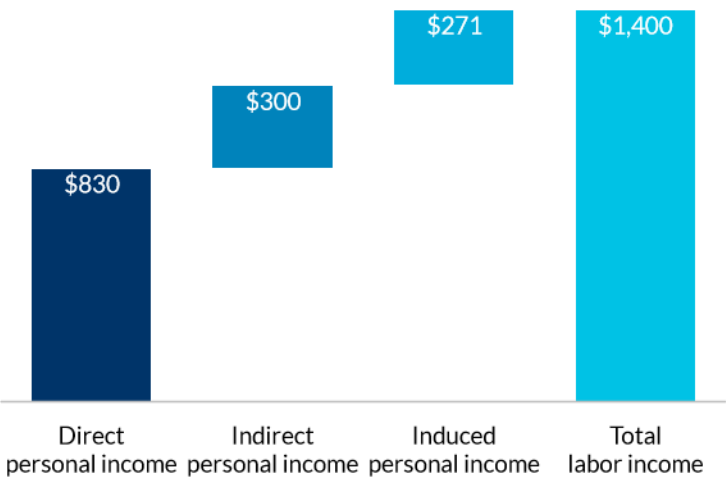
Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$830 million in direct labor income and a total of \$1.4 billion when including indirect and induced impacts. Total tourism-generated income in Raleigh in 2022 rose to 100.4% of its 2019 level.

Summary labor income impacts (2022)

Amounts in \$ millions

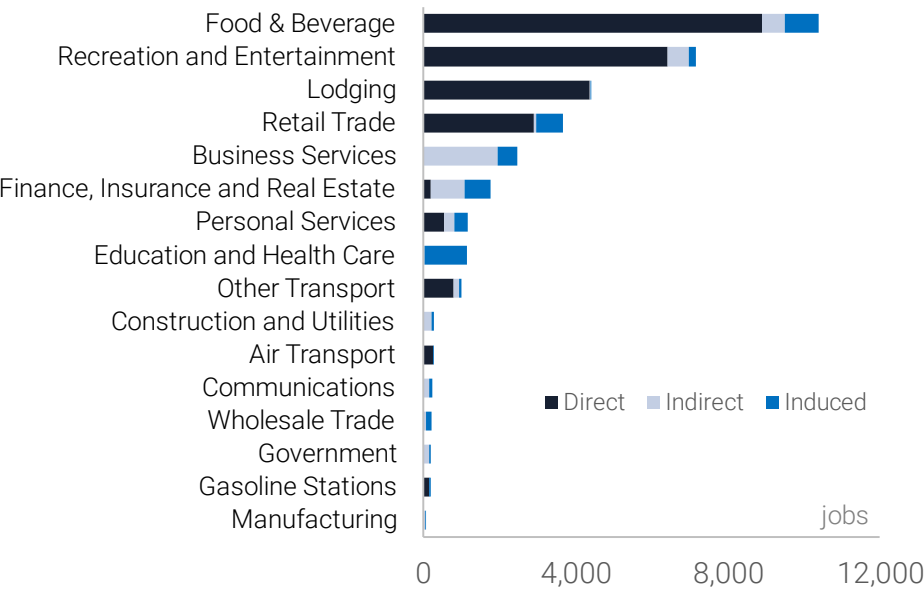


Source: Tourism Economics

There are nine industries in which visitor activity supports more than \$50 million in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services and education & healthcare.

Tourism labor income Impacts by industry (2022)

Amounts in \$ millions



Source: Tourism Economics



Labor income impacts by industry (2022)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$830	\$299	\$271	\$1,400
Food & Beverage	\$254	\$15	\$23	\$293
Lodging	\$201	\$0	\$0	\$201
Recreation and Entertainment	\$160	\$14	\$4	\$179
Business Services		\$130	\$35	\$164
Retail Trade	\$94	\$3	\$31	\$128
Finance, Insurance and Real Estate	\$9	\$42	\$38	\$89
Education and Health Care		\$1	\$77	\$78
Other Transport	\$57	\$10	\$4	\$71
Personal Services	\$30	\$17	\$20	\$66
Construction and Utilities		\$23	\$7	\$30
Wholesale Trade		\$9	\$17	\$26
Communications		\$16	\$7	\$23
Government		\$15	\$3	\$18
Air Transport	\$15	\$1	\$1	\$18
Gasoline Stations	\$9	\$0	\$2	\$11
Manufacturing		\$4	\$1	\$5
Agriculture, Fishing, Mining		\$0	\$0	\$0

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$558 million in government revenues.

State and local taxes alone tallied \$287 million in 2022.

Each household in Wake County would need to be taxed an additional \$601 to replace the visitor-generated taxes received by state and local governments in 2022.

Fiscal (tax) impacts

Amounts in \$ millions

	2022 Tax Revenue
Total Tax Revenues	\$558
Federal Taxes	\$271
Personal Income	\$82
Corporate	\$34
Indirect Business	\$23
Social Insurance	\$132
State Taxes	\$140
Sales	\$76
Personal Income	\$35
Corporate	\$4
Social Insurance	\$2
Excise and Fees	\$23
Local Taxes	\$146
Sales	\$32
Lodging	\$33
Property	\$76
Excise and Fees	\$5

Source: Tourism Economics



ECONOMIC IMPACTS IN CONTEXT



\$3.0B VISITOR SPENDING

The \$3.0 billion in visitor spending means that nearly \$8.2 million was spent EVERY DAY by visitors in Wake County.



\$1.4B LABOR INCOME

The \$1.4 billion in total income generated by tourism is the equivalent of \$2,988 for every household in Wake County.



34,648 TOTAL JOBS

The number of jobs sustained by tourism (34,648) supports 4.6% of all jobs in Wake County.



\$287M STATE & LOCAL TAXES

The \$287 million in state and local tax revenue generated in 2022 is enough to pay the salaries of more than 4,600 Wake County elementary school teachers.

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 discrete 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 destinations 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, city, and state 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 400 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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