

# ECONOMIC IMPACT OF VISITORS IN RALEIGH, N.C., 2021

July 2022

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. How critical? In 2021, tourism-supported jobs accounted for 4.4% of all jobs in Wake 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 Raleigh as it builds upon its tourism economy.

### 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 in overnight accommodations or those who came from a distance greater than 50 miles and deviated from their normal routine.

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

By establishing a baseline of economic impacts, the industry can track its progress over time.

To quantify the significance of the visitor economy in Raleigh/Wake County, 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.

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:

- 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

### DIRECT VISITOR SPENDING IMPACT

In 2021, 15.8 million visitors spent \$2.3 billion across the Raleigh economy. The Raleigh visitor economy spans multiple industries. Visitors spend directly on accommodations, food and beverage, recreation, retail shopping, local transportation, and air travel.

### TOTAL ECONOMIC IMPACT

The direct visitor spending impact of \$2.3 billion generated a total economic impact of \$3.7 billion in Raleigh in 2021 including indirect and induced impacts. This total economic impact sustained almost 31,000 jobs and generated \$243 million in state and local tax revenues in 2021.



**\$3.7 BILLION**

Total Economic Impact of Tourism in Raleigh in 2021



**\$2.3B**

Direct Visitor  
Spending



**\$3.7B**

Total  
Economic  
Impact



**31,000**

Total  
Jobs  
Generated

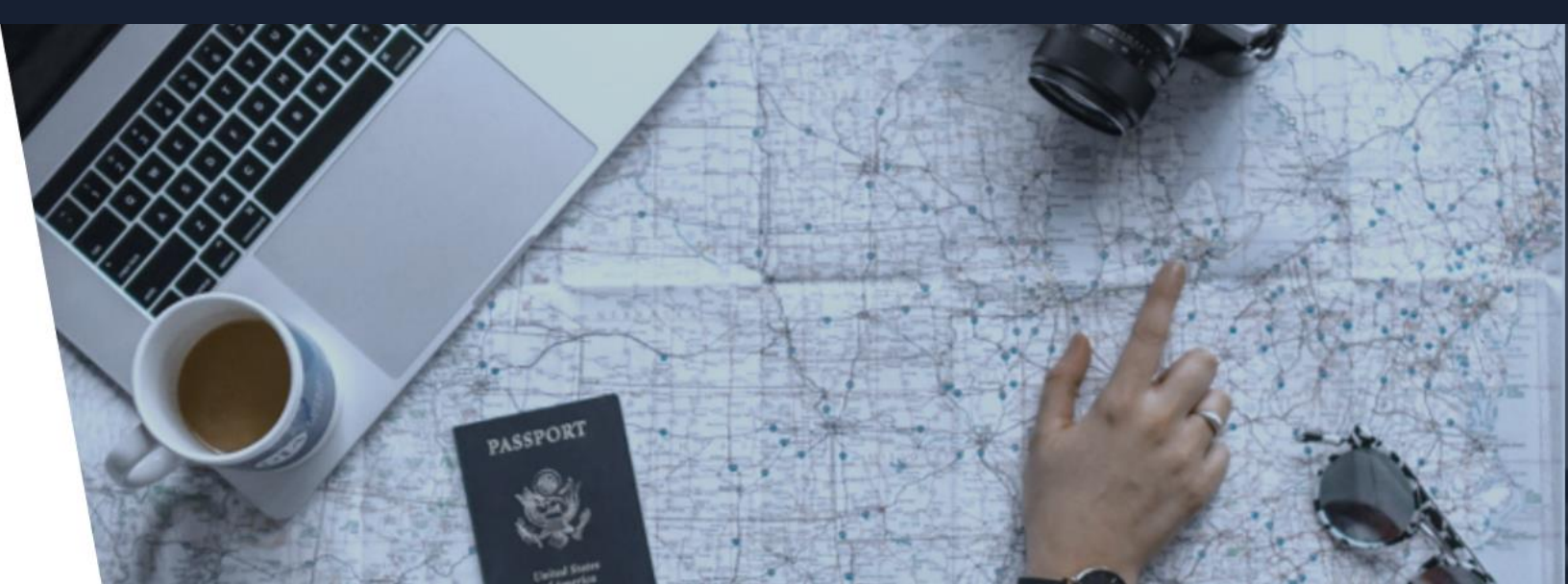


**\$243M**

State & Local  
Taxes  
Generated







## VISITS & VISITOR SPENDING

Raleigh/Wake County hosts millions of visitors each year. Following severe COVID-related declines the prior year, 2021 was a year of recovery and growth in which direct visitor spending reached \$2.3 billion and visitor volume totaled 15.8 million.

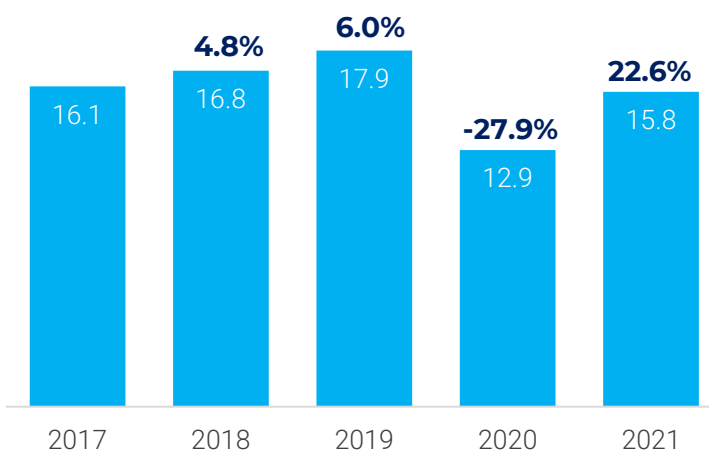
### VISITOR VOLUME

#### Recovery in 2021

Visitor volume was impacted in 2020 by COVID-19 restrictions and closures. In 2021, travel confidence rebounded with easing restrictions and vaccines. With an increase of almost three million visitors over the prior year, total visitation grew 22.6% over its 2020 volume.

#### Raleigh visitor volume

Amounts in millions



Sources: Longwoods Int'l, Tourism Economics

### VISITOR SPENDING

#### Visitors to Raleigh spent \$2.3 billion across a range of sectors in 2021.

Visitor spending expanded 40% in 2021, recovering to 80% of 2019 levels.

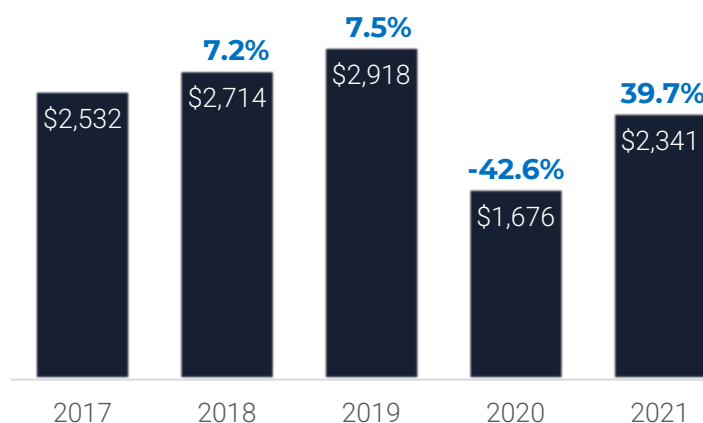
Of the \$2.3 billion spent in Raleigh in 2021 by visitors, food and beverage accounted for \$689 million, 29% of the average visitor dollar. Retail resulted in \$488 million.

Lodging, including the value of second homes, captured 21%, a total of \$487 million.

Recreation comprised 17%, with transportation, including both air and transportation within the destination, registering 12% of each visitor dollar.

#### Raleigh visitor spending

Amounts in \$ millions



Sources: Longwoods Int'l, Tourism Economics

## \$2.3 BILLION

Total Visitor Spending in 2021



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

Visitor spending increased by 40% in 2021, a bounce back after the significant decline in 2020. Spending grew across all sectors, driven by both pent-up demand as well as increases in prices of key commodities, especially in lodging and transportation. Indeed, average room rates at hotels in the city increased 12%.

Strong growth was seen in food and beverage, one of the most resilient categories during the pandemic. Food and beverage spending improved 33% after a fall of 31% in 2020. Despite this rebound, food and beverage spending fell 9% shy of its 2019 levels.

Recreational spending grew 68% in 2021, raising it to 72% of pre-pandemic levels. While air transportation remains at 55% of pre-pandemic levels, transportation within the destination has reached 83% of 2019 spending.

Raleigh visitor spending

Amounts in \$ millions, 2021 percent change and percent recovered relative to 2019

	2017	2018	2019	2020	2021	2021 Growth	% relative to 2019
Total visitor spending	\$2,532	\$2,714	\$2,918	\$1,676	\$2,341	39.7%	80.2%
F&B	\$650	\$695	\$754	\$517	\$689	33.2%	91.4%
Retail	\$505	\$540	\$563	\$356	\$488	36.9%	86.5%
Lodging*	\$565	\$620	\$681	\$413	\$487	18.1%	71.5%
Ent/Rec	\$482	\$506	\$550	\$237	\$397	67.6%	72.2%
Transportation**	\$329	\$353	\$369	\$153	\$280	82.9%	75.8%

Sources: Longwoods Int'l, Tourism Economics

\* Lodging includes second home spending

\*\* Transportation includes both ground and air transportation

Raleigh visitor volume and spending

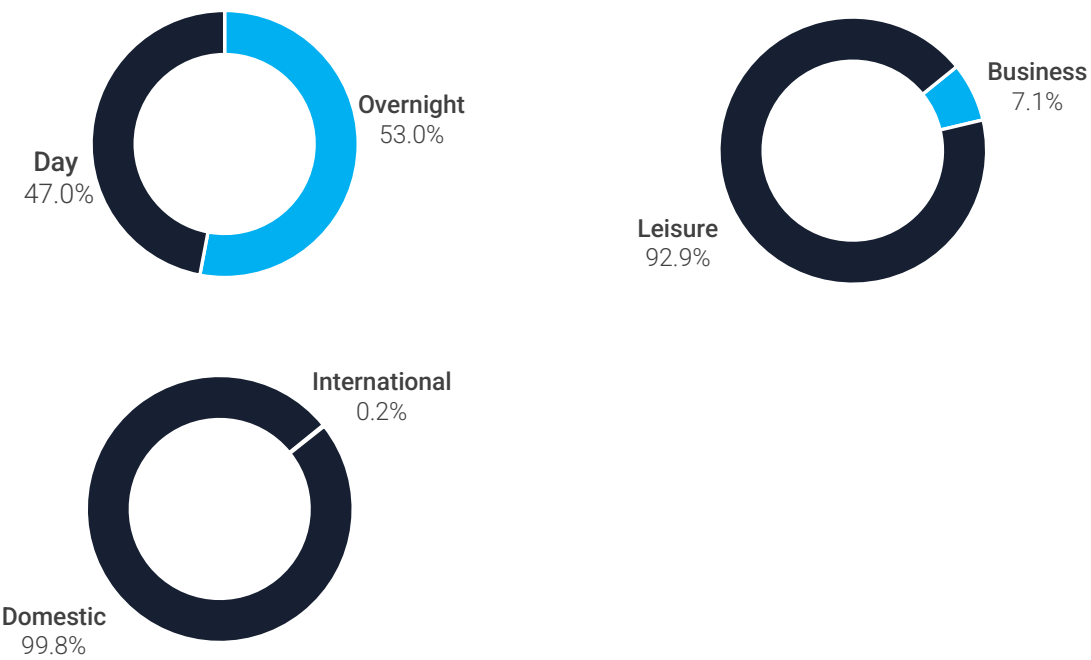
Amounts in millions of visitors, \$ millions, and \$ per person

	2017	2018	2019	2020	2021
Total visitors	16.1	16.8	17.9	12.9	15.8
Total visitor spending	\$2,532	\$2,714	\$2,918	\$1,676	\$2,341
Per traveler spending	\$158	\$161	\$163	\$130	\$148

Sources: Longwoods Int'l, Tourism Economics

Raleigh visitation share by segment

Expressed as percentage of total visitation by market



Sources: Longwoods Int'l, Tourism Economics

# VISITOR ECONOMY TRENDS

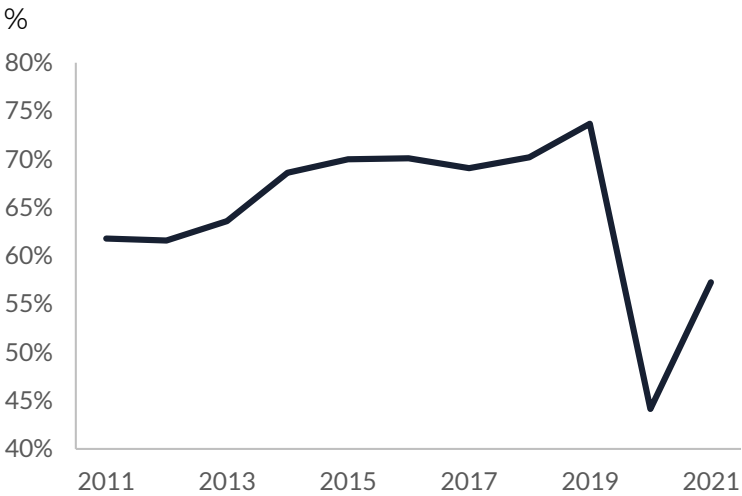
## Hotel Sector

Hotel room demand grew by 34.7% in 2021 over the previous year, after declining 40.2% in 2020. The rise in room demand led to the occupancy rate increasing to 57.2% from 44.1% in 2020.

Pricing power did not experience as strong of a rebound in 2021 as room demand. ADR rose 11.9% relative to 2020, remaining 11.1% below its 2019 level.

ADR and demand rose considerably in the latter parts of 2021, with hotel room demand improving to within one percent of its 2019 level in December, while ADR rose 1.6% above its 2019 level. The recovery in room demand and room rates led to hotel room revenue exceeding its 2019 level by 0.5% in December 2021.

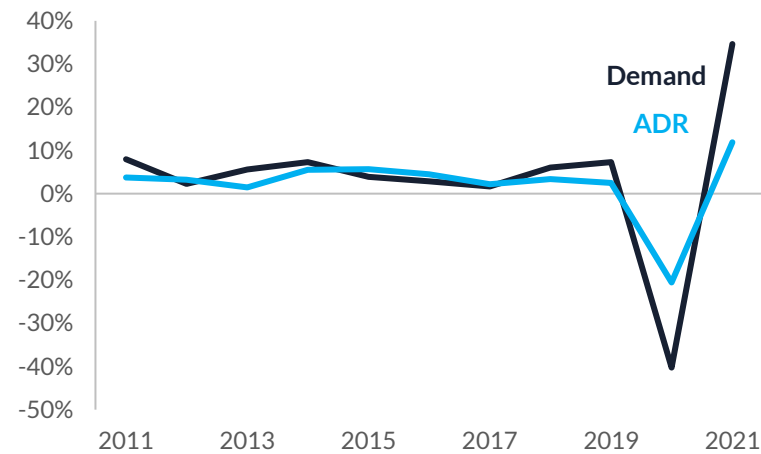
Raleigh hotel occupancy rate



Source: STR

Raleigh hotel revenue contributors

Year-over-year percent change



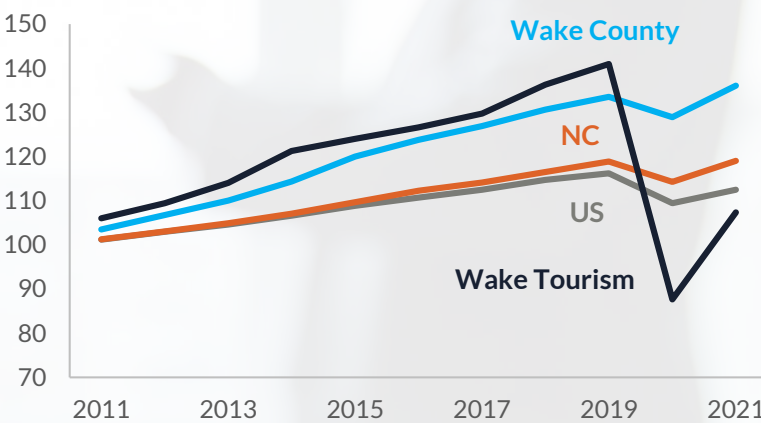
Source: STR

## Labor Market

Within Wake County, tourism employment had consistently outpaced overall county employment, increasing 41.0% between 2010 and 2019 compared to overall county employment growth of 33.5%.

However, nearly two-in-five (38%) of Wake County tourism jobs were lost in 2020. The travel recovery in 2021 welcomed a return of tourism jobs, which rose to 76% of its 2019 level.

Tourism employment in Wake County  
Index (2010=100)



Sources: BEA, BLS, Tourism Economics

## Fuel Prices

After dipping 16% in 2020, fuel prices rose significantly in 2021, rising to 17% above their average 2019 price level.

Fuel prices in South Atlantic

South Atlantic Region average gasoline price, dollars per gallon



Source: Energy Information Administration





## ECONOMIC IMPACT METHODOLOGY

Our analysis of the Raleigh/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 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

Tourism's contribution measured visitor spending



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

### INDIRECT IMPACTS

Purchases of inputs from suppliers  
Suppliers' own supply chains



SUPPLY CHAIN EFFECTS



B2B GOODS & SERVICES PURCHASED

### INDUCED IMPACTS

Consumer spending out of employees' wages:



INCOME EFFECT



HOUSEHOLD CONSUMPTION

### TOTAL IMPACTS

Direct, indirect, and induced impacts



SALES



GDP



JOBS



INCOME



TAXES



# ECONOMIC IMPACT FINDINGS

## DIRECT IMPACTS

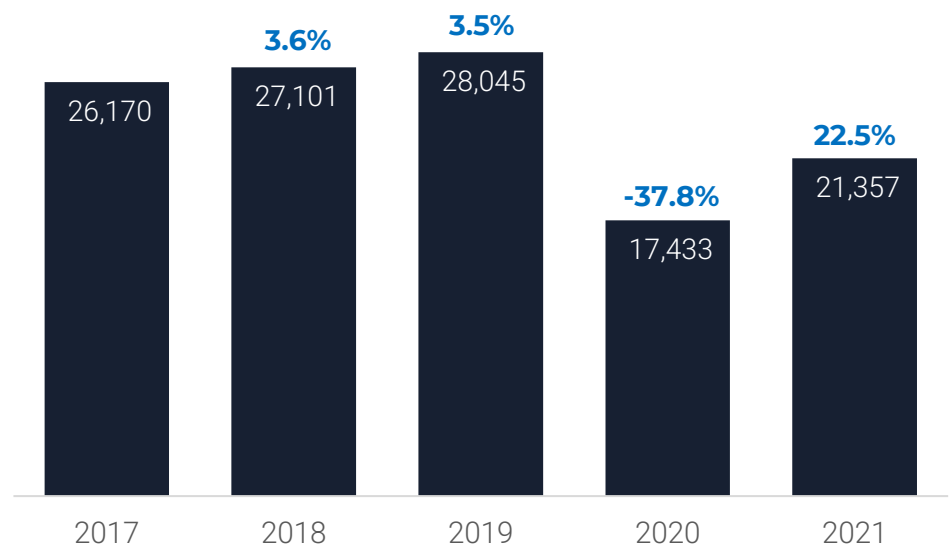
Employment supported by visitor activity rose 22.5% in 2021, rebounding to nearly 21,400 jobs. The number of jobs jumped by almost 4,000 in 2021. Despite the increase, the number of jobs directly supported by visitors remains more than 6,000 jobs below pre-pandemic levels.

The job recovery in key industries in 2021 was strong, reaching 81% of pre-pandemic in the restaurant industry, 77% in lodging, and 64% in recreational businesses.

Recovery in visitor-supported jobs has been slower than spending, with visitor-supported employment levels at 76% of pre-pandemic levels compared to 80% of spending.

### 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 \$2.3 billion in 2021. This direct impact of \$2.3 billion generated \$1.4 billion in indirect and induced impacts, resulting in a total economic impact of \$3.7 billion in the Raleigh economy, 17% below 2019.

The indirect and induced effects add a total of \$1.4 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 (2021)

Amounts in \$ millions



Source: Tourism Economics

Business sales impacts by industry (2021)

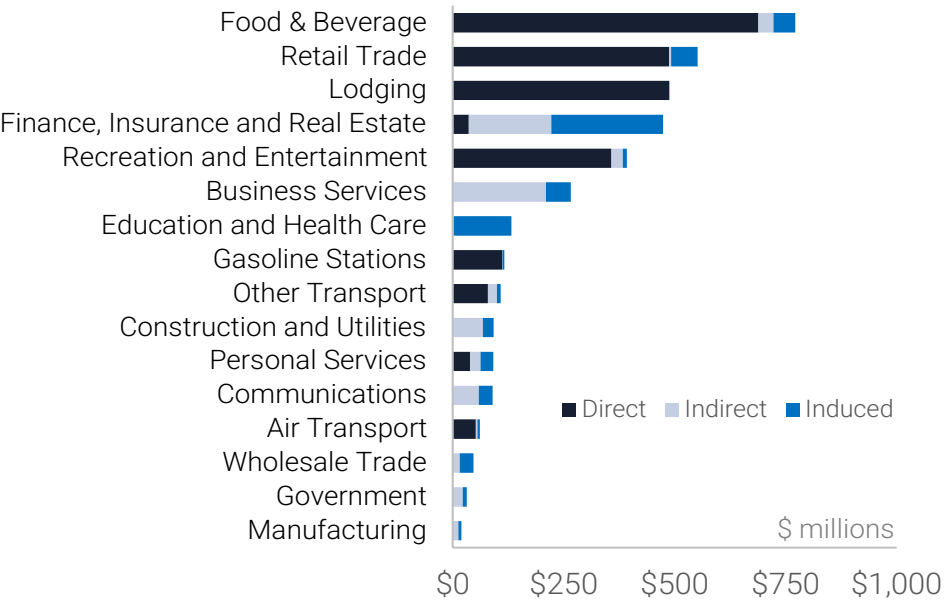
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$2,341	\$693	\$707	\$3,741
Food & Beverage	\$689	\$34	\$49	\$772
Retail Trade	\$488	\$5	\$59	\$552
Lodging	\$487	\$0	\$0	\$488
Finance, Insurance and Real Estate	\$36	\$186	\$251	\$474
Recreation and Entertainment	\$357	\$26	\$9	\$393
Business Services		\$211	\$56	\$266
Education and Health Care		\$2	\$130	\$132
Gasoline Stations	\$111	\$0	\$5	\$116
Other Transport	\$80	\$20	\$8	\$108
Construction and Utilities		\$68	\$24	\$92
Personal Services	\$40	\$23	\$29	\$92
Communications		\$59	\$31	\$90
Air Transport	\$52	\$3	\$6	\$62
Wholesale Trade		\$16	\$31	\$47
Government		\$23	\$9	\$32
Manufacturing		\$13	\$6	\$19
Agriculture, Fishing, Mining		\$4	\$1	\$5

Source: Tourism Economics

Visitor economy business sales impacts by industry (2021)

Amounts in \$ millions



Source: Tourism Economics

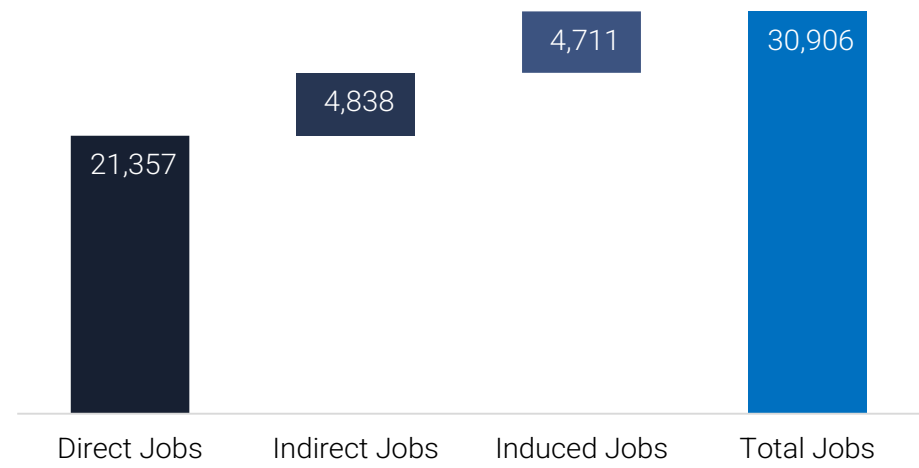


EMPLOYMENT IMPACTS

Visitor activity sustained 21,357 direct jobs in 2021, with an additional 9,549 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact recovered to 30,906 in 2021, one of every 23 jobs in the county.

Summary employment impacts (2021)

Amounts in number of jobs



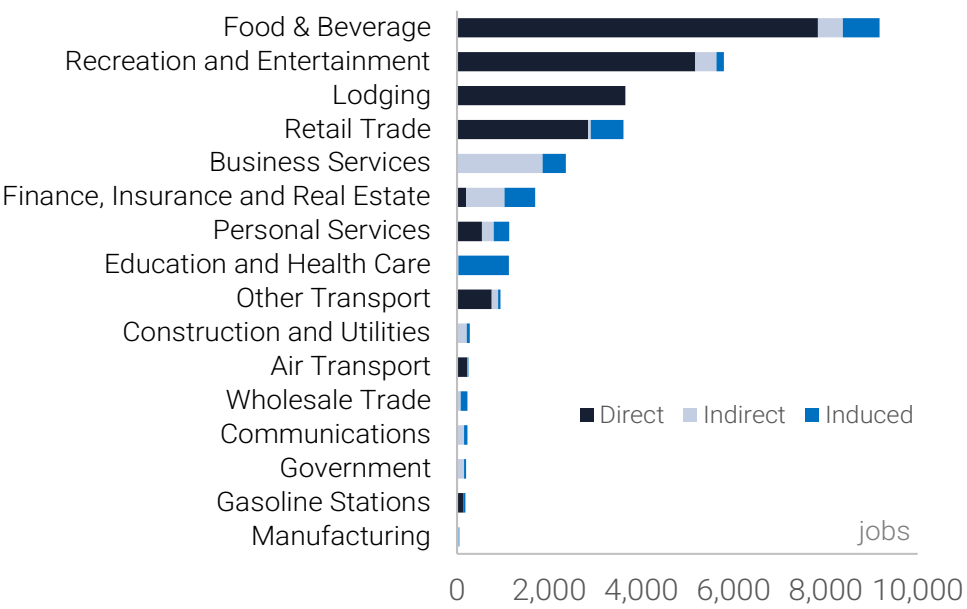
Source: Tourism Economics

Visitor spending supports the largest number of jobs in the food & beverage industry (9,170).

Spending by businesses directly impacted by visitor spending supports 1,858 jobs in the business services industry – in areas like accounting, advertising, and building services.

Tourism job impacts by industry (2021)

Amounts in number of jobs



Source: Tourism Economics



Employment impacts by industry (2021)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	21,357	4,838	4,711	30,906
Food & Beverage	7,832	544	794	9,170
Recreation and Entertainment	5,172	459	158	5,789
Lodging	3,652	4	2	3,658
Retail Trade	2,845	59	707	3,611
Business Services		1,858	506	2,364
Finance, Insurance and Real Estate	195	838	660	1,693
Personal Services	538	257	339	1,134
Education and Health Care		25	1,101	1,126
Other Transport	754	136	55	944
Construction and Utilities		213	61	274
Air Transport	224	8	14	246
Wholesale Trade		76	148	224
Communications		155	67	222
Government		153	46	198
Gasoline Stations	146	2	37	185
Manufacturing		39	11	50
Agriculture, Fishing, Mining		13	6	18

Source: Tourism Economics

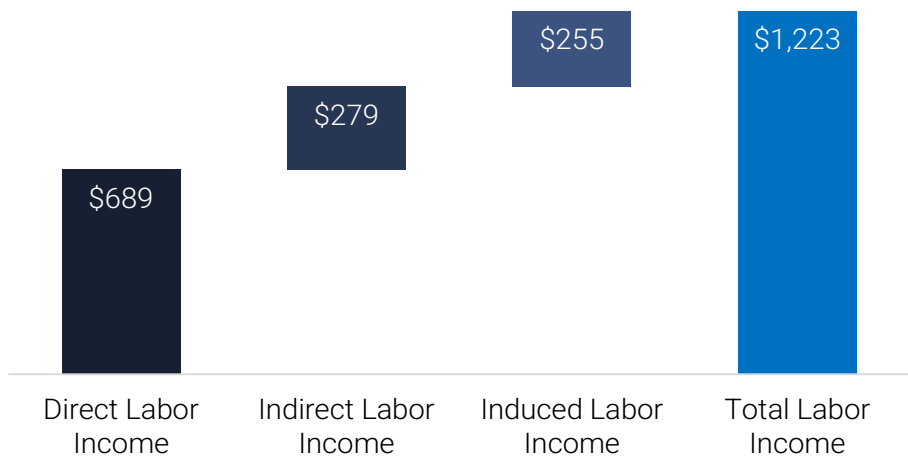


# LABOR INCOME IMPACTS

Visitor activity generated \$689 million in direct labor income and a total of \$1.2 billion when including indirect and induced impacts. Total tourism-generated income in Raleigh in 2021 rose to 88% of its 2019 level.

## Summary labor income impacts (2021)

Amounts in \$ millions

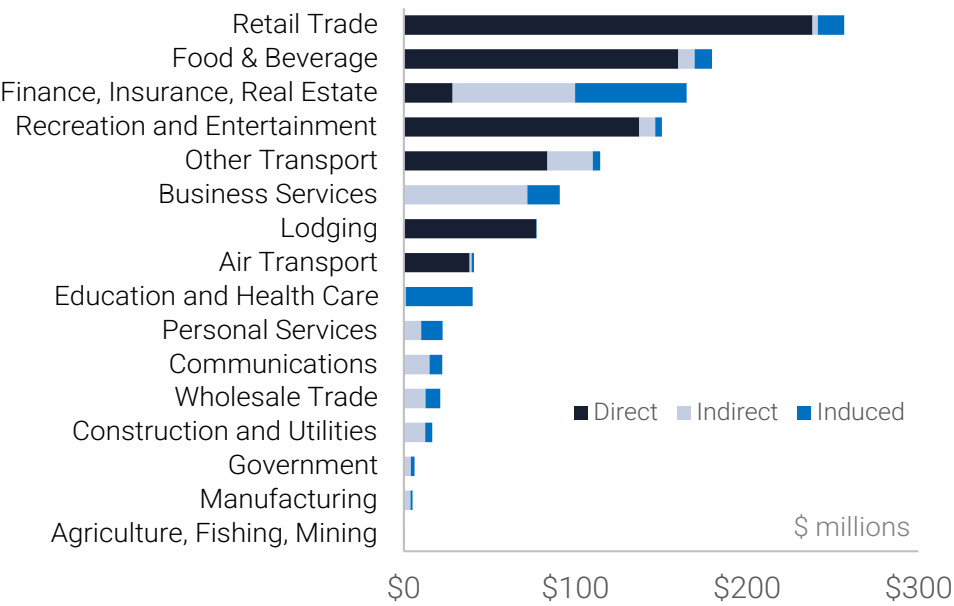


Source: Tourism Economics

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 (2021)

Amounts in \$ millions



Source: Tourism Economics



## Labor income impacts by industry (2021)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$689	\$279	\$255	\$1,223
Food & Beverage	\$208	\$13	\$20	\$240
Lodging	\$155	\$0	\$0	\$155
Business Services		\$121	\$32	\$153
Recreation and Entertainment	\$132	\$12	\$4	\$147
Retail Trade	\$89	\$2	\$30	\$121
Finance, Insurance and Real Estate	\$9	\$40	\$35	\$84
Education and Health Care		\$1	\$74	\$75
Personal Services	\$28	\$16	\$19	\$63
Other Transport	\$49	\$9	\$4	\$61
Construction and Utilities		\$22	\$7	\$29
Wholesale Trade		\$9	\$17	\$26
Communications		\$15	\$7	\$22
Government		\$15	\$3	\$18
Air Transport	\$12	\$1	\$1	\$14
Gasoline Stations	\$7	\$0	\$2	\$9
Manufacturing		\$4	\$1	\$4
Agriculture, Fishing, Mining		\$0	\$0	\$0

Source: Tourism Economics



ECONOMIC IMPACT FINDINGS

**FISCAL (TAX) IMPACTS**

Visitor spending, visitor supported jobs, and business sales generated \$475 million in government revenues.

State and local taxes alone tallied \$243 million in 2021.

Each household in Wake County would need to be taxed an additional \$592 to replace the visitor-generated taxes received by state and local governments in 2021.

**Fiscal (tax) impacts**

Amounts in \$ millions

	Tax Revenue
<b>Total Tax Revenues</b>	<b>\$475</b>
<b>Federal Taxes</b>	<b>\$232</b>
Personal Income	\$70
Corporate	\$28
Indirect Business	\$20
Social Insurance	\$114
<b>State Taxes</b>	<b>\$118</b>
Sales	\$63
Personal Income	\$30
Corporate	\$3
Social Insurance	\$2
Excise and Fees	\$20
<b>Local Taxes</b>	<b>\$125</b>
Sales	\$27
Lodging	\$23
Property	\$71
Excise and Fees	\$4

Source: Tourism Economics





# ECONOMIC IMPACTS

## JOB & LABOR INCOME IMPACTS

Direct visitor spending of \$2.3 billion generated tourism's total economic impact of \$3.7 billion, including almost 31,000 total jobs (including full-time and part-time jobs) with associated labor income of \$1.2 billion in 2021.



 **\$3.7B**  
Total Economic Impact

 **\$2.3B**  
Direct Visitor Spending

 **\$1.2B**  
Total Labor Income Impact

 **31,000**  
Total Jobs Impact

# FISCAL IMPACTS

## TAX REVENUES

The economic impacts attributable to visitors generate significant fiscal (tax) impacts as they ripple through the regional economy. Visitor activity generated \$243 million in state and local tax revenues in 2021.

 **\$243M**  
Total State & Local Tax Revenues

 **\$125M**  
Local Tax Revenues

 **\$90M**  
State & Local Sales Tax Revenues

 **\$71M**  
Property Tax Revenues



# ECONOMIC IMPACTS IN CONTEXT



**\$2.3B**  
visitor  
spending

The \$2.3 billion in visitor spending means that nearly \$6.4 million was spent EVERY DAY by visitors in Raleigh and Wake County.



**\$1.2B**  
labor  
income

The \$1.2 billion in total income generated by tourism is the equivalent of \$2,980 for every household in Wake County.



**31,000**  
total  
jobs

The number of jobs sustained by tourism (31,000) supports 4.4% of all jobs in Raleigh/Wake County.



**\$243M**  
state & local  
taxes

Each household in Raleigh/Wake County would need to be taxed an additional \$592 to replace the visitor taxes received by the state and local governments in 2021.



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.

For more information:

[admin@tourismeconomics.com](mailto:admin@tourismeconomics.com)