

2019 Economic Impact of Visitors in Raleigh, N.C.

Prepared for:
Greater Raleigh Convention and Visitors Bureau



INTRODUCTION

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 Raleigh's future. Gross output (total business sales) attributable to visitor spending in Raleigh totaled \$2.9 billion in 2019.

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 continues to expand upon its visitor economy, and by establishing a baseline of economic impacts, the industry can track its progress over time.

To quantify the economic significance of the tourism sector in Raleigh/Wake County, 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.

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 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.

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), 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.

The analysis draws on the following data sources:

- Spending and visitor profile characteristics for visitors to Wake County based on historical DK Shifflet survey data
- 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
- Tax collections: Lodging and restaurant tax receipts
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Raleigh based on aviation, survey, and credit card information

KEY FINDINGS

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The visitor economy is an engine for economic growth

Growth in visitation, spending, and employment

Tourism is an integral part of the Raleigh area economy and continues to be a key driver of business sales, employment, and tax revenue.

Approximately 5.0% (1 in 20) of all jobs in the county were sustained by tourism.



Visitor Spending

Visitors to Raleigh/Wake County spent \$2.9 billion in 2019, which generated \$4.5 billion in total business sales, including indirect and induced impacts.



Continued Growth

Tourism-sustained jobs generated total income of \$836 million in 2019, up from \$785 million in 2018.



Employment Generator

A total of 39,031 jobs were sustained by visitors to Raleigh in 2019. This included 28,045 direct and 10,986 indirect and induced jobs.



Fiscal Contributions

Tourism in Raleigh/Wake County generated \$552 million in tax revenues in 2019, with \$284 million accruing to state and local governments.

KEY FINDINGS

The visitor economy is an engine for economic growth

Visitor Spending

Visitor spending increased 7.5% between 2018 and 2019 to more than \$2.9 billion. Over the past five years, spending has cumulatively increased 25%.

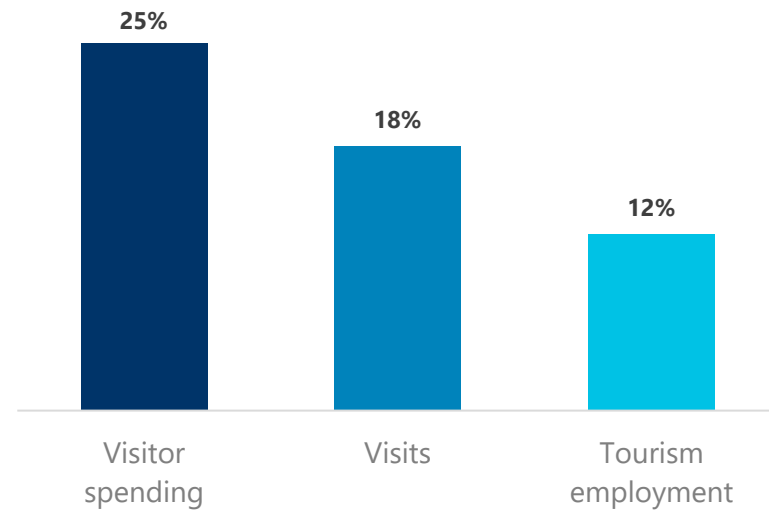
Visits

The number of visits to Raleigh/Wake County increased from 15.1 million visits in 2015 to just under 17.9 million visits in 2019, resulting in cumulative growth of 18%.

Tourism Employment

Direct employment generated by visitors has expanded 12% since 2015, exceeding 28,000 in 2019.

Cumulative Growth in Key Indicators, 2015-2019



Source: Tourism Economics

VISITOR ECONOMY TRENDS

VISITOR ECONOMY TRENDS

Visitor spending

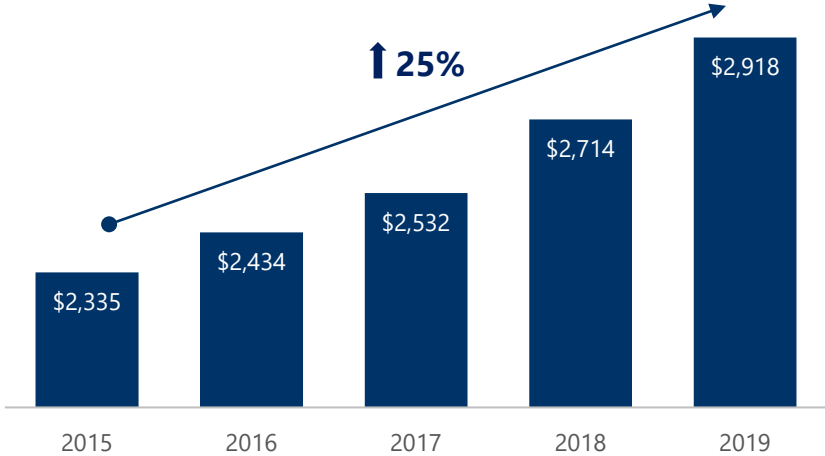
Visitor spending has steadily increased for five straight years.

Visitor spending in 2019 reached \$2.9 billion, nearly \$600 million higher than in 2015.

Over the five-year period, visitor spending has cumulatively increased 25%: an annualized growth rate of 5.7%.

Raleigh Total Visitor Spending

Amounts in millions of nominal dollars



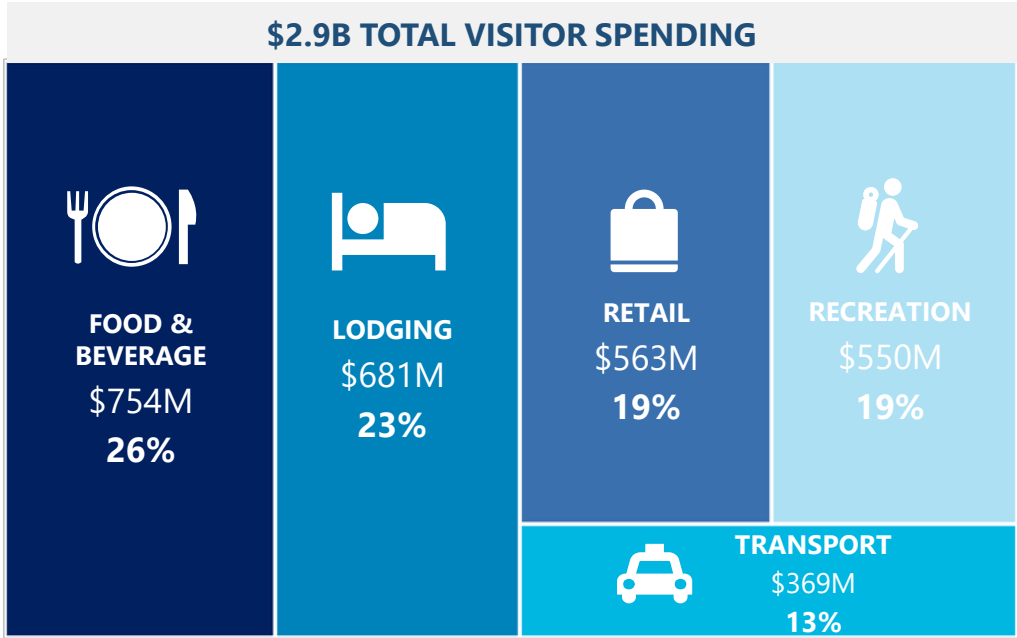
Source: Tourism Economics

VISITOR ECONOMY TRENDS

Visitor spending by industry

Visitors to Raleigh spent \$2.9 billion across a wide range of sectors.

In 2019, visitors spent \$2.9 billion, including \$754 million on food and beverages, \$681 million on lodging, \$563 million on retail shopping, \$550 million on recreational activities, and about \$369 million combined on air and local transportation within the destination.



Note: Lodging spending is calculated as an industry, including meetings, catering, etc. Transportation includes both air and local transportation.

Source: Tourism Economics

VISITOR ECONOMY TRENDS

Visitor spending by industry

Visitor spending increased by more than \$200 million between 2018 and 2019, with spending on lodging and food & beverage alone contributing over half of the total increase.

Visitor spending grew 7.5% year-over-year in 2019 and has averaged 5.7% per annum since 2015.

Notably every industry outpaced its five-year average.

Visitor Spending in Raleigh

Amounts in millions of nominal dollars and growth rates

	2015	2016	2017	2018	2019	2019 Growth	CAGR 2015-2019
Total visitor spending	\$2,335	\$2,434	\$2,532	\$2,714	\$2,918	7.5%	5.7%
Lodging	\$509	\$547	\$565	\$620	\$681	10.0%	7.6%
Food & beverages	\$587	\$617	\$650	\$695	\$754	8.4%	6.4%
Retail	\$482	\$494	\$505	\$540	\$563	4.4%	4.0%
Recreation	\$442	\$463	\$482	\$506	\$550	8.7%	5.6%
Transportation*	\$315	\$313	\$329	\$353	\$369	4.4%	4.0%

* Transportation includes both ground and air transportation

Source: Tourism Economics

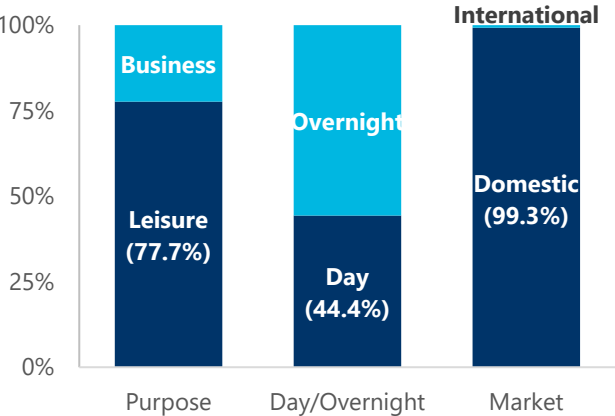
VISITOR ECONOMY TRENDS

Visitation segments

Visitation increased 6.0% in 2019, led by overnight visitors (an increase of 7.2% compared to 4.5% for day visitors). Raleigh consistently sees over half of visitation from overnight visitors, and 2019 saw the share of overnight visitors increase from 54.7% to 55.6%.

Raleigh Visitation Share by Segment

Expressed as percentage of total visitation by market



Source: DKS; Tourism Economics

Visitor Volume and Spending

Amounts in millions of visitors, millions of nominal dollars, and dollars per person

	2015	2016	2017	2018	2019
Total visitors	15.1	15.6	16.1	16.8	17.9
Total traveler spending	\$2,335	\$2,434	\$2,532	\$2,714	\$2,918
Per traveler spending	\$155	\$157	\$158	\$161	\$163

Source: DKS; STR; Tourism Economics

VISITOR ECONOMY TRENDS

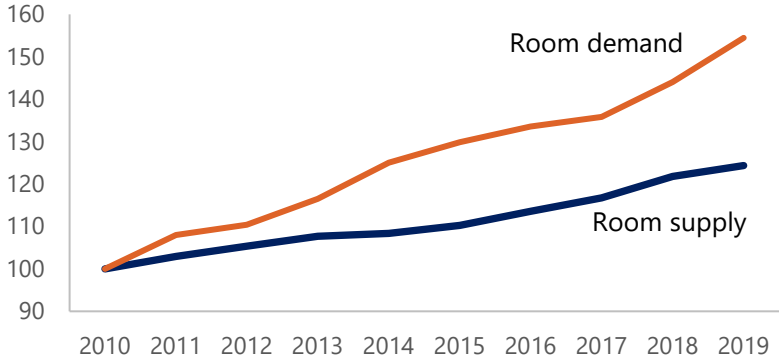
Hotel sector

Raleigh/Wake County’s hotel room demand growth (7.3%) outpaced supply growth (2.1%) in 2019. With demand expanding at a faster pace than supply, the occupancy rate has risen slightly from 70.2% to 73.8%.

Pricing power contributed less towards hotel revenue growth than the rise in demand. Average daily rates were up 2.5% in 2019 and total room revenues rose 10.0% over the prior year.

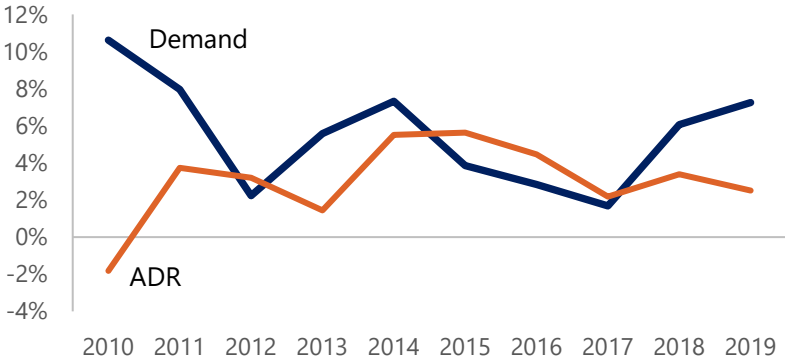
Raleigh Room Supply and Demand

Index (Jan 2015=100)



Raleigh Hotel Revenue Contributors

Year-on-year percentage growth



Source: STR

VISITOR ECONOMY TRENDS

Labor market

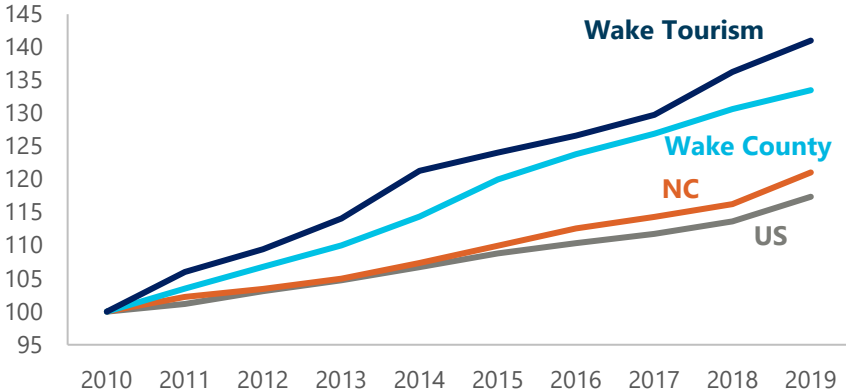
Tourism job growth outpaced overall job growth in the county, and nation in 2019.

Within Wake County, tourism employment has consistently outpaced overall county employment. Since 2010, overall employment in Wake County has registered 33.5% growth while tourism employment has grown 41.0%.

The tourism industry has added more than 870 jobs per year on average, since 2010, expansion of 3.7% per year.

Tourism Employment in Wake County

Index (2010=100)



Source: BEA; BLS; Tourism Economics

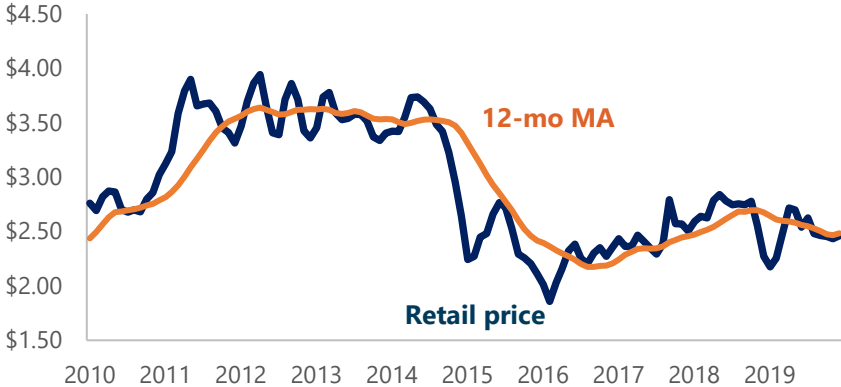
VISITOR ECONOMY TRENDS

Falling fuel prices

While fuel prices crept up through 2018, there was a trend reversal in 2019. Relatively low fuel prices tend to encourage trips that otherwise would not occur, but it also limits growth in local transportation spending.

Fuel Prices in North Carolina

North Carolina average gasoline price, dollars per gallon



Source: Energy Information Administration

ECONOMIC IMPACTS



ECONOMIC IMPACTS

How visitor spending generates employment and income

Our analysis of tourism's impact on Raleigh/Wake County begins with actual spending by visitors, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in Raleigh, we input visitor spending into a model of the Raleigh economy created in IMPLAN. This move calculates three distinct types of impact: direct, indirect, and induced.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

- 1. Direct Impacts:** Visitors create direct economic value within a discrete group of sectors (e.g., recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP 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.
- 3. Induced Impacts:** Lastly, the induced impact is generated when employees whose wages are generated, either directly or indirectly by visitors, spend those wages in the local economy.

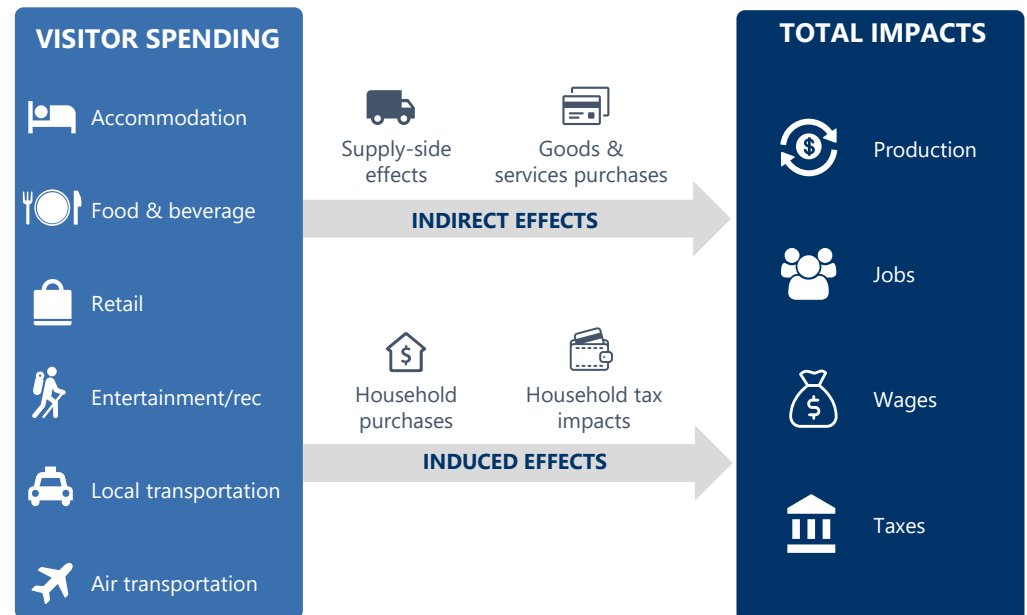
ECONOMIC IMPACTS

How visitor spending generates employment and income

Economic impact flowchart

IMPLAN is particularly effective because it calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators. These include the following:

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

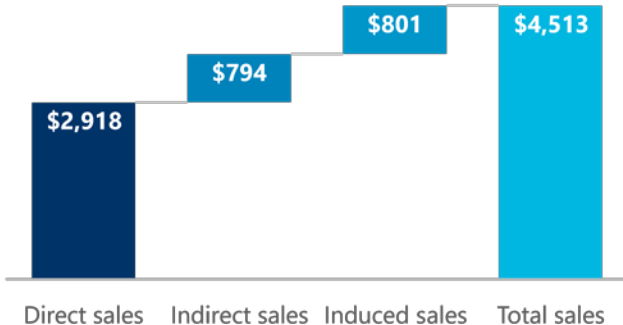


ECONOMIC IMPACTS

Business sales impacts by industry

Visitors and tourism businesses spent **\$2.9 billion in Raleigh/Wake County in 2019. This supported a total of \$4.5 billion in business sales when indirect and induced impacts are considered.**

Summary Economic Impacts (\$ millions)



Business Sales Impacts by Industry

Amounts in millions of current dollars	Direct sales	Indirect sales	Induced sales	Total sales
Total, all industries	\$2,918	\$794	\$801	\$4,513
By industry				
Food & Beverage	\$754	\$40	\$58	\$852
Lodging	\$681	\$1	\$0	\$682
Retail Trade	\$563	\$5	\$67	\$636
Finance, Insurance and Real Estate	\$45	\$212	\$284	\$541
Recreation and Entertainment	\$495	\$31	\$11	\$537
Business Services		\$237	\$62	\$299
Education and Health Care		\$2	\$148	\$150
Other Transport	\$103	\$23	\$9	\$135
Gasoline Stations	\$126	\$0	\$5	\$132
Personal Services	\$54	\$27	\$33	\$113
Air Transport (local)	\$96	\$4	\$7	\$107
Construction and Utilities		\$78	\$27	\$105
Communications		\$68	\$36	\$104
Wholesale Trade		\$18	\$35	\$53
Government		\$27	\$10	\$37
Manufacturing		\$16	\$7	\$23
Agriculture, Fishing, Mining		\$4	\$2	\$6

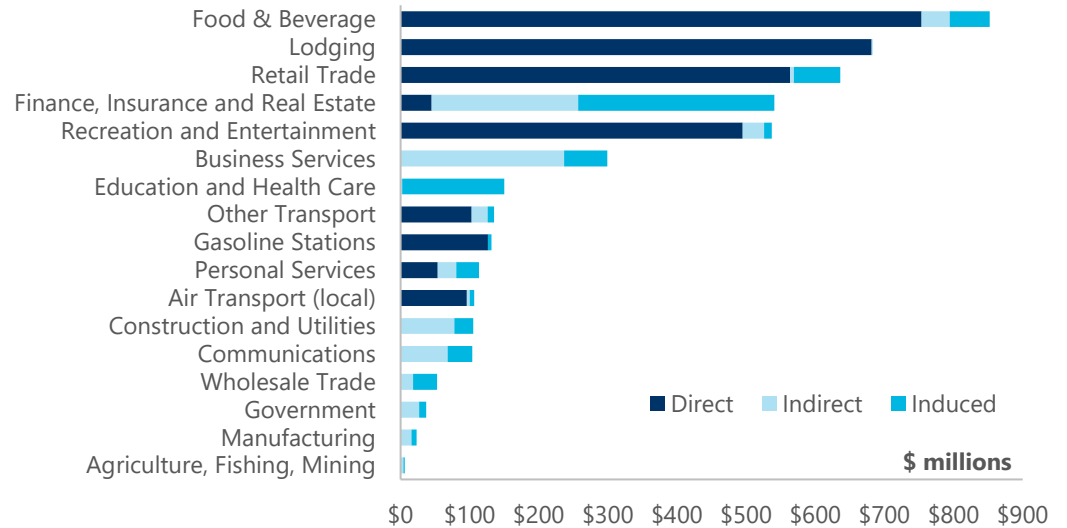
Source: Tourism Economics

ECONOMIC IMPACTS

Business sales impacts by industry

While the majority of sales are in industries directly serving visitors, \$212 million in business sales is happening in finance, insurance, and real estate as a result of selling to tourism businesses.

Business Sales Impacts by Industry



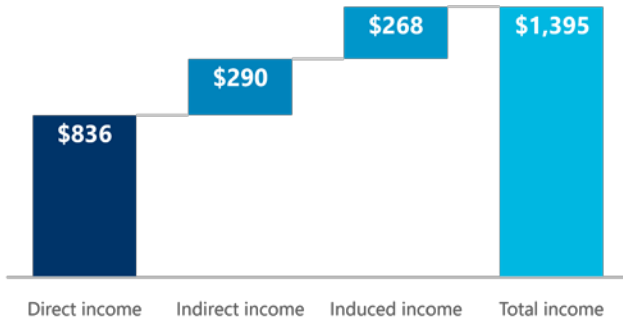
Source: Tourism Economics

ECONOMIC IMPACTS

Personal income impacts by industry

Tourism generated \$836 million in direct income and \$1,395 million when indirect and induced impacts are considered.

Summary Personal Income Impacts (\$ millions)



Personal Income Impacts by Industry

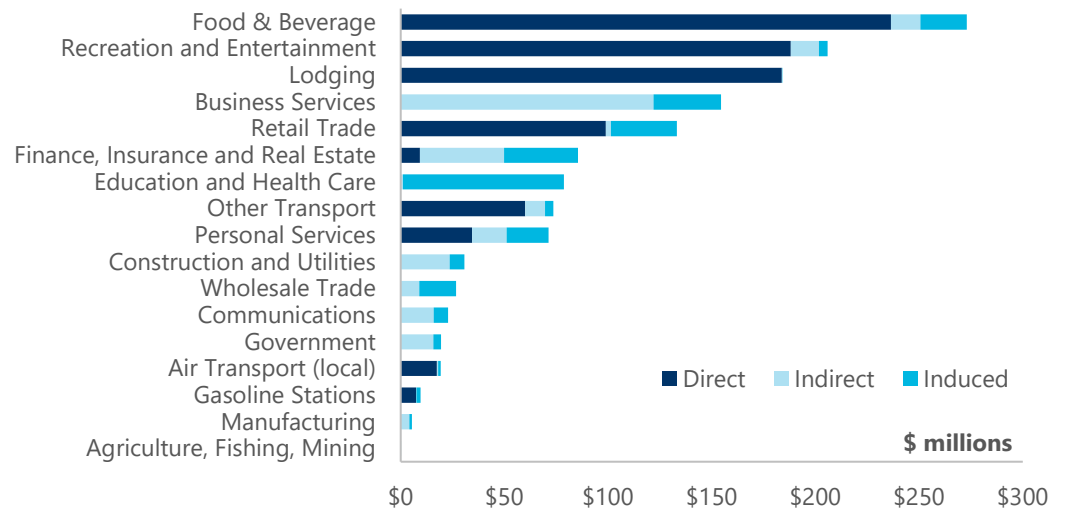
Amounts in millions of current dollars	Direct income	Indirect income	Induced income	Total income
Total, all industries	\$836	\$290	\$268	\$1,395
By industry				
Food & Beverage	\$236	\$14	\$22	\$273
Recreation and Entertainment	\$188	\$14	\$4	\$206
Lodging	\$184	\$0	\$0	\$184
Business Services		\$122	\$33	\$155
Retail Trade	\$99	\$3	\$32	\$133
Finance, Insurance and Real Estate	\$9	\$41	\$36	\$86
Education and Health Care		\$1	\$78	\$79
Other Transport	\$60	\$10	\$4	\$74
Personal Services	\$34	\$17	\$20	\$71
Construction and Utilities		\$24	\$7	\$31
Wholesale Trade		\$9	\$18	\$27
Communications		\$16	\$7	\$23
Government		\$16	\$4	\$20
Air Transport (local)	\$17	\$1	\$1	\$19
Gasoline Stations	\$7	\$0	\$2	\$10
Manufacturing		\$4	\$1	\$5
Agriculture, Fishing, Mining		\$0	\$0	\$0

Source: Tourism Economics

ECONOMIC IMPACTS

Personal income impacts by industry

Personal Income Impacts by Industry



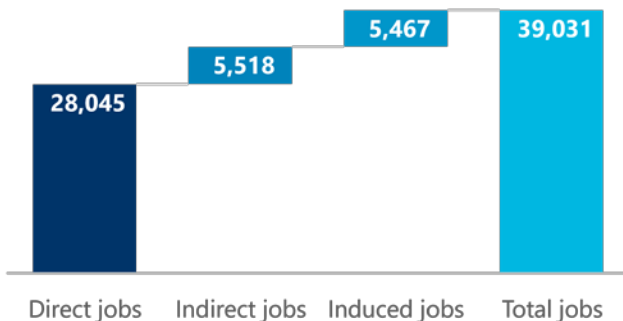
Source: Tourism Economics

ECONOMIC IMPACTS

Employment impacts by industry

Tourism supported a total of 39,031 jobs, 5.0% of total employment, in Wake County when indirect and induced impacts are considered.

Summary Employment Impacts (number of jobs)



Employment Impacts by Industry

Amounts in number of jobs	Direct jobs	Indirect jobs	Induced jobs	Total jobs
Total, all industries	28,045	5,518	5,467	39,031
By industry				
Food & Beverage	9,656	594	892	11,142
Recreation and Entertainment	8,137	493	176	8,805
Lodging	4,749	4	3	4,756
Retail Trade	3,188	72	861	4,121
Business Services		2,066	556	2,622
Finance, Insurance and Real Estate	223	1,007	785	2,015
Personal Services	699	286	379	1,363
Education and Health Care		29	1,274	1,303
Other Transport	931	163	67	1,161
Construction and Utilities		262	76	338
Air Transport (local)	305	12	20	337
Communications		188	82	270
Wholesale Trade		90	175	266
Government		182	56	238
Gasoline Stations	158	2	42	202
Manufacturing		54	16	70
Agriculture, Fishing, Mining		15	7	22

Source: Tourism Economics

ECONOMIC IMPACTS

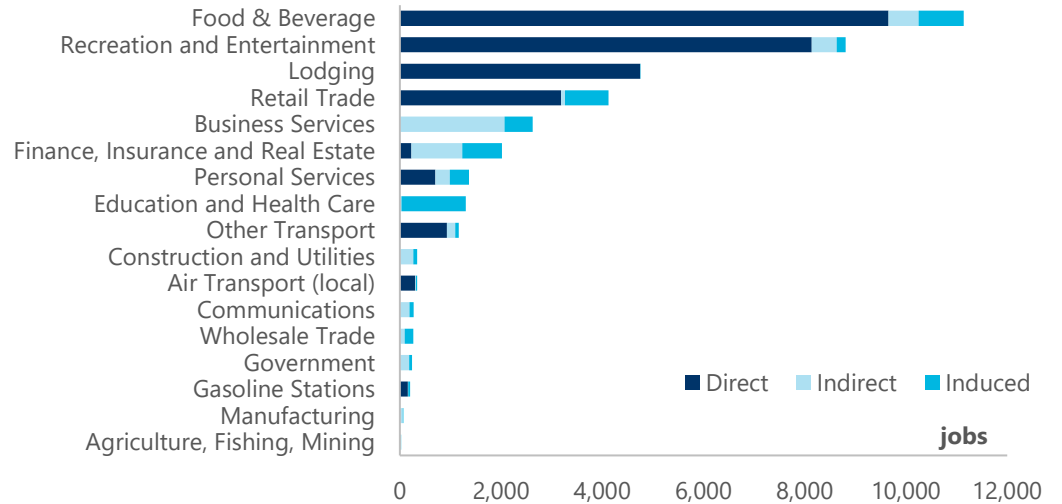
Employment impacts by industry

As a labor-intensive collection of services, tourism-related sectors represent significant employment to Wake County.

The over 39,000 jobs supported by Wake County tourism span every sector of the economy, either directly or indirectly.

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

Employment Impacts by Industry



Source: Tourism Economics

ECONOMIC IMPACTS

Tourism employment

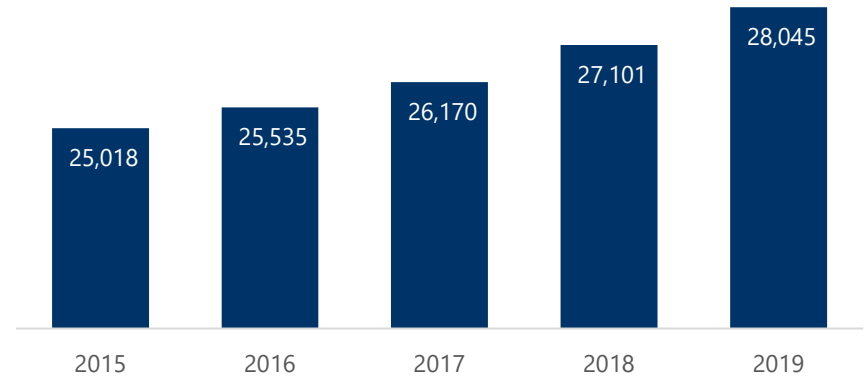
Visitor spending directly supported 28,045 jobs.

In 2019, direct visitor spending supported 28,045 jobs in Wake County. Growing 3.5% from the previous year, tourism employment has increased just over 12% since 2015.

The 28,045 jobs directly supported by visitors represents 3.6% of all jobs within Wake County.

Direct Tourism Employment in Wake County

Amounts in number of jobs



Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS

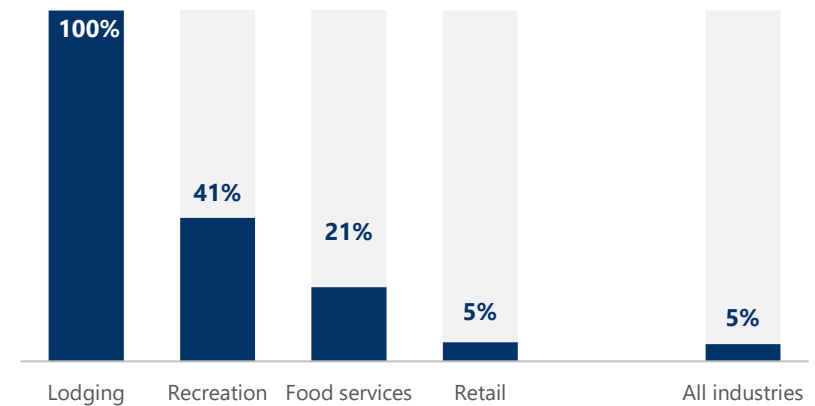
Tourism employment

Visitor-generated employment is a significant part of key industries.

The entire lodging industry, as well as 41% of recreation, and 21% of food & beverage employment is supported by visitor spending, including indirect and induced benefits.

Tourism Employment Intensity

Amounts in percentage of total industry employment



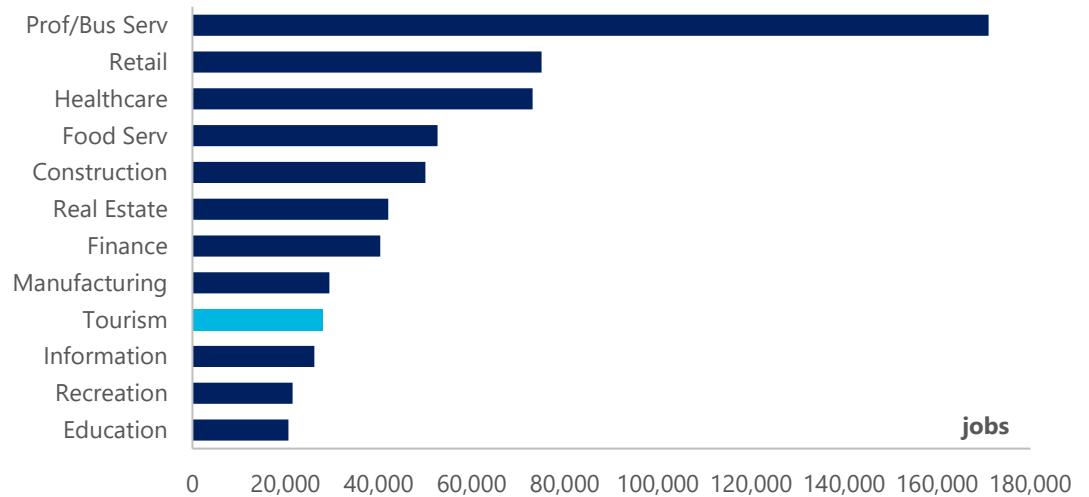
Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS

Tourism employment

As an industry, with over 28,000 jobs, tourism is the ninth largest employer in Wake County, ahead of education and recreation.

Wake County Jobs by Industry



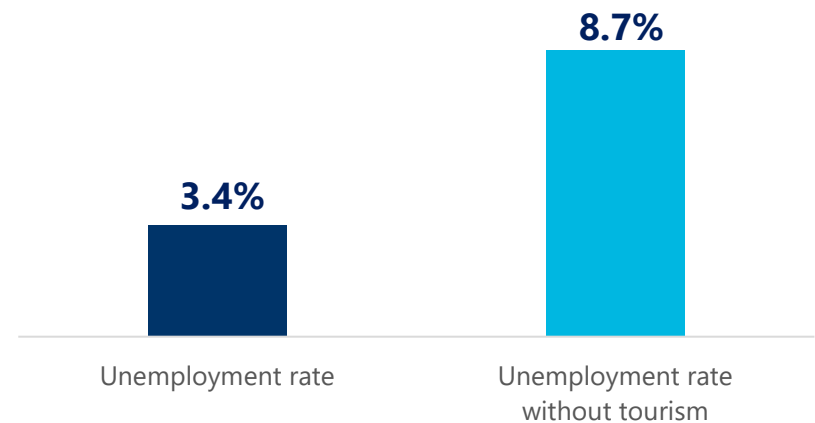
Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS

Tourism employment

In 2019, the unemployment rate was 3.4%. Without jobs supported by visitors, the unemployment rate would more than double to 8.7%.

Unemployment With and Without the Visitor Economy



Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS

Fiscal (tax)

Visitor spending, visitor supported jobs, and business sales generated \$552 million in governmental revenues.

State and local taxes alone tallied over \$284 million in 2019.

Fiscal (Tax) Impacts

Amounts in millions of current dollars

Total tax revenues	\$552
Federal	\$268
Personal income	\$80
Corporate	\$34
Indirect business	\$25
Social security	\$130
State and Local	\$284
Personal income	\$34
Sales	\$108
Lodging	\$31
Corporate	\$4
Social security	\$2
Excise and fees	\$28
Property	\$77

Source: Tourism Economics

ECONOMIC IMPACTS

Fiscal (tax)

The visitor economy supported \$145 million in local tax revenues for Raleigh/Wake County.

Each local household would need to be taxed an additional \$727 to replace the traveler taxes received by state and local governments in 2019.

Fiscal (Tax) Impacts

Amounts in millions of current dollars	State	Local
Total tourism taxes	\$139	\$145
Personal income	\$34	
Sales	\$76	\$32
Lodging		\$31
Corporate	\$4	
Social security	\$2	
Excise and fees	\$23	\$5
Property		\$77

Source: Tourism Economics

METHODOLOGY AND BACKGROUND

WHY QUANTIFY THE VISITOR ECONOMY?

By monitoring tourism's economic impact, policy makers can make informed decisions regarding the funding and prioritization of tourism development.

It 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 & beverage, car rental, taxi services, travel agents, museums, and theme parks.

DESCRIPTION OF SPENDING CATEGORIES

Spend Category	Description
Lodging	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels and similar establishments.
Recreation	Includes visitor 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.
Retail	Includes visitor spending in all retail sub-sectors within the Raleigh economy.
Food and beverage	Includes all visitor spending at restaurants and bars.

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, Buenos Aires, Dubai, Frankfurt, and Ontario.

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 250 full-time staff, including 150 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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