

SEATTLE SOUTHSIDE
Travel Impacts, 2003-2017p

February 2018



**SEATTLE SOUTHSIDE
TRAVEL IMPACTS, 2003-2017P
TUKWILA, SEATAC, & DES MOINES**

Prepared for the

Seattle Southside Regional Tourism Authority
3100 S. 176th Street
Seattle, Washington 98188

Prepared by

Dean Runyan Associates, Inc.
833 S.W. Eleventh Avenue, Suite 920
Portland, Oregon 97205
(503) 226-2973
www.deanrunyan.com

February 2018

SEATTLE SOUTHSIDE TRAVEL IMPACTS, 2003-2017P

TUKWILA, SEATAC & DES MOINES

This study, prepared for Seattle Southside Regional Tourism Authority, documents the economic significance of the travel industry in the Seattle Southside area of King County from 2003 through 2017. The estimates for 2017 are preliminary. The separate estimates for Tukwila, SeaTac and Des Moines are reported at a summary level for 2017 only. Overnight visitor volume estimates and average spending estimates for the larger Seattle Southside are also provided in this report.

REPORT CONTENTS

The main body of this report contains five sections:

- *Seattle Southside Travel Trends* (annual estimates of economic impacts and lodging sales for the larger Seattle Southside)
- *Travel Impacts in Des Moines, SeaTac and Tukwila* (summary estimates for 2017p, only)
- *Visitor Volume* (major trends and characteristics)
- *Detailed Spending and Visitor Volume Tables*
- *Detailed Impact Tables*

The report also contains appendices that provide an overview of methodology and definitions of terms and concepts.

INTERPRETATION OF IMPACT ESTIMATES

Users of this report should be aware of the following with respect to the interpretation of these estimates:

- All monetary estimates in this report are expressed in *current* dollars. There is no adjustment for inflation.
- Sub-county estimates such as contained in this report are necessarily less reliable than county and state level estimates because of data limitations. Nonetheless, these estimates were generally prepared with the same methodology used to estimate county and state level travel impacts and visitor volume.

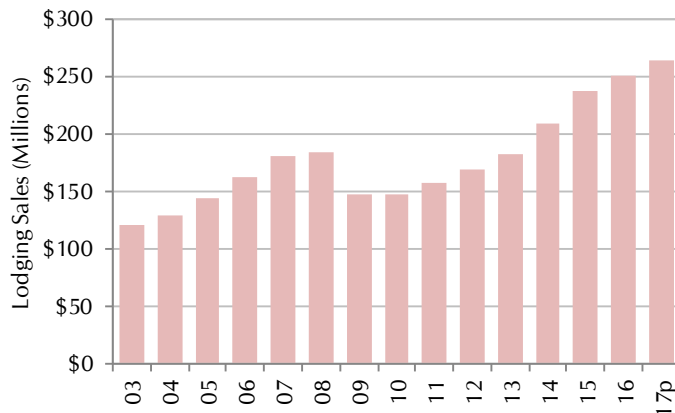
SEATTLE SOUTHSIDE TRAVEL TRENDS

Travel spending in the Seattle Southside increased by 4.8 percent from 2016 to 2017(preliminary). Earnings, employment and travel-generated tax receipts also increased. This was the seventh consecutive year of strong growth in the Seattle Southside travel industry.

Seattle Southside Travel Trends

	Spending (\$Millions)	Earnings (\$Millions)	Employment	Tax Receipts (\$Millions)		
				Local	State	Total
2003	389.8	122.3	4,410	15.2	21.2	36.4
2004	415.8	128.0	4,460	16.1	22.4	38.5
2005	454.6	139.7	4,710	17.7	24.3	41.9
2006	479.8	144.5	4,650	22.5	25.4	47.9
2007	519.8	155.1	4,800	25.0	27.4	52.4
2008	523.6	155.2	4,730	25.5	27.3	52.8
2009	456.1	146.8	4,450	22.5	24.6	47.1
2010	465.7	145.0	4,270	22.5	24.9	47.4
2011	496.6	147.2	4,260	23.8	26.1	49.9
2012	539.2	157.7	4,470	25.7	28.3	54.0
2013	566.3	169.7	4,650	27.3	29.8	57.1
2014	622.3	185.2	4,850	30.4	32.6	63.0
2015	667.0	195.4	4,890	33.3	35.2	68.5
2016	693.4	204.2	4,930	34.9	37.0	72.0
2017p	726.6	213.7	4,990	36.6	38.8	75.4
Annual Percentage Change						
16-17p	4.8	4.6	1.2	4.8	4.8	4.8
03-17p	4.5	4.1	0.9	6.5	4.4	5.3

Seattle Southside Lodging Sales



Lodging sales (in current dollars) were \$265 million in 2017 (preliminary), an increase of 5.7 percent over 2016. Lodging sales increased by approximately the same amount as the previous year.

Source: Washington State Department of Revenue. Lodging sales calculated from 1% Additional Hotel/Motel tax for Des Moines, SeaTac and Tukwila.

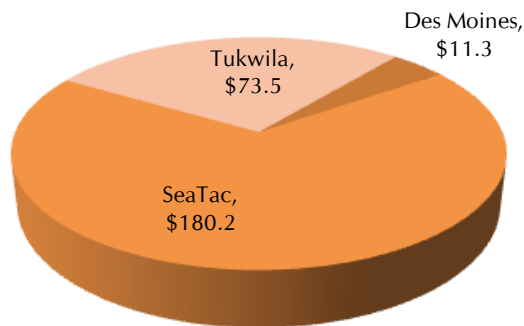
TRAVEL IMPACTS IN DES MOINES, SEATAC AND TUKWILA

The preliminary 2017 impact estimates for the three cities within the Seattle Southside are shown below. Lodging sales are shown in the pie chart. In general, these estimates are a function of lodging sales, the number of private homes for visiting friends and relatives, and the volume of sales in other types of establishments that serve visitors (e.g., restaurants, entertainment and retail). *(Note: These small area estimates are necessarily less reliable than the estimates for the larger Seattle Southside due to data limitations.)*

Travel Impacts within Seattle Southside, 2017p

	Travel		Employment (jobs)	Tax Receipts		Total (\$Million)
	Spending (\$Million)	Earnings (\$Million)		Local (\$Million)	State (\$Million)	
Des Moines	46.2	14.0	330	2.3	2.5	4.8
SeaTac	291.5	89.5	2,070	14.7	15.6	30.3
Tukwila	388.9	110.1	2,600	19.6	20.8	40.4
Seattle Southside	726.6	213.7	4,990	36.6	38.8	75.4

Lodging Sales within Seattle Southside 2017p

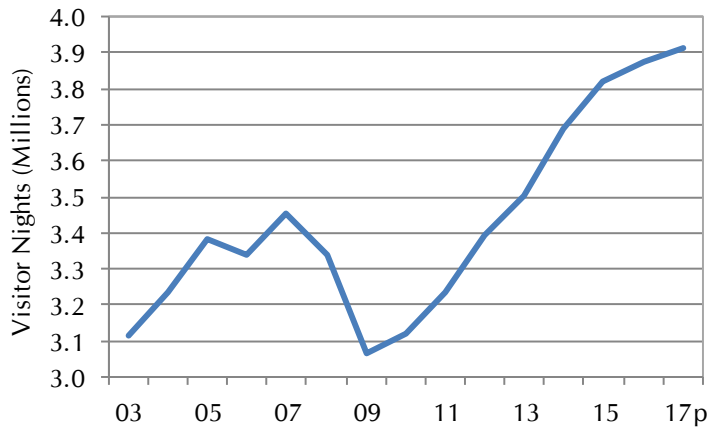


Although Tukwila has the greatest estimated visitor spending, SeaTac has almost 70 percent of all lodging sales. However, its share of visitor-related sales in food services, entertainment and retail is comparatively smaller.

Source: Washington State Department of Revenue.
Lodging sales calculated from 1% Additional Hotel/Motel tax for Des Moines, SeaTac and Tukwila.

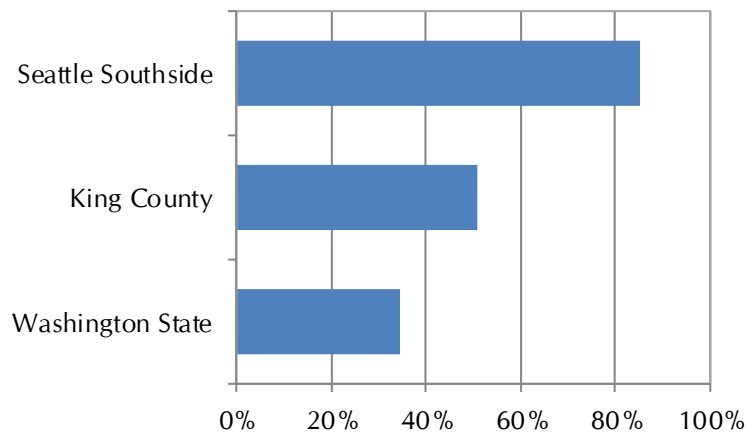
VISITOR VOLUME

All Overnight Person-Nights



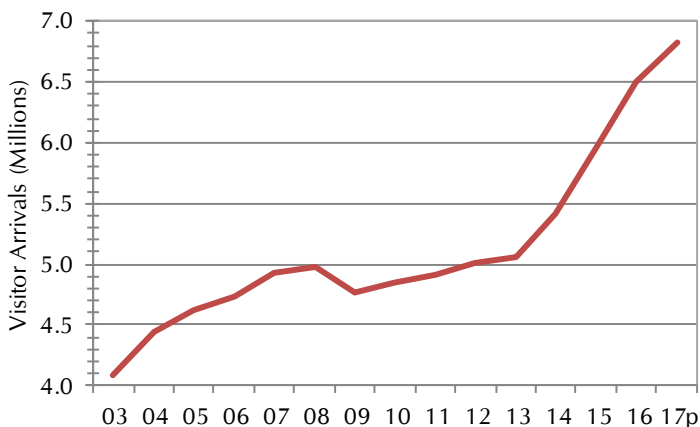
The estimate of all overnight visitor-nights (the number of nights that all individual visitors stayed in the Seattle Southside) is shown in the top line chart. The overall trend in visitor volume corresponds to the trends in travel spending and related impacts shown previously.

Hotel/Motel/STVR Visitor-Nights, 2017p



More than eighty percent of all visitor nights in the Seattle Southside are attributable to Hotel/Motel/STVR stays. This percentage is much greater than for King County and Washington State. (See bar chart to left. STVR are short term rental homes subject to lodging tax.)

Visitor Air Arrivals at SeaTac International Airport Domestic Flights



Visitor air arrivals (domestic only) to SeaTac airport have also increased for the seventh year in a row. (Note: Visitor air arrivals do not include return flights that were initiated at SeaTac, nor passengers making connecting flights.)

Source: U.S. Department of Transportation Airline Origin and Destination survey.

DETAILED SPENDING AND VISITOR VOLUME TABLES

The following three tables are inter-related. The first, Visitor Spending by Type of Traveler Accommodation, reports the total annual spending estimates for each type of visitor. The second, Average Expenditures for Overnight Visitors, reports the average daily and average trip expenditures for each type of visitor for 2017p. The third table, Overnight Visitor Volume, reports annual visitor volume for each type of visitor. Volume is broken out in terms of trips and nights and visitors (persons) and travel parties. In general, multiplication of an average spending numbers with the appropriate volume number will yield the annual total spending number for that type of visitor. (See appendix B.)

Day travel represents less than four percent of all visitor spending in the Seattle Southside (\$26.4 million in 2017p). Due to data limitations, reliable estimates of visitor volume and average expenditures cannot be reported for day travel.

Visitor Spending by Type of Traveler Accommodation (\$Million), 2007-2017p

	2007	2009	2011	2013	2014	2016	2017p
All Overnight	491.9	431.4	467.7	535.1	589.9	661.9	693.2
Hotel, Motel, STVR*	475.6	414.7	449.7	516.0	570.2	641.5	672.0
Other Overnight	16.3	16.7	18.0	19.1	19.7	20.3	21.2
Day Travel	20.1	18.3	20.1	22.5	24.0	25.4	26.4
Spending at Destination	512.0	449.7	487.8	557.6	613.9	687.2	719.6

Note: Destination spending does not include ground transportation expenditures for travel to other Washington destinations. STVR stands for short term vacation rentals or rented homes subject to lodging tax.

Average Expenditures for Overnight Visitors, 2017p

	Travel Party		Visitor (Person)		Party Size	Length of Stay (nights)
	Day	Trip	Day	Trip		
Hotel, Motel, STVR	\$471	\$1,105	\$202	\$472	2.3	2.3
Other Overnight	\$68	\$251	\$33	\$120	2.0	3.7
All Overnight	\$482	\$1,131	\$206	\$483	2.3	2.3

Overnight Visitor Volume, 2014-2016p

	Visitor-Nights (000)			Party-Nights (000)		
	2015	2016	2017p	2015	2016	2017p
Hotel, Motel, STVR	3,254	3,301	3,339	1,532	1,557	1,590
Other Overnight	565	572	575	276	281	284
All Overnight	3,819	3,873	3,914	1,808	1,838	1,874

	Visitor-Trips (000)			Party-Trips (000)		
	2015	2016	2017p	2015	2016	2017p
Hotel, Motel, STVR	1,389	1,409	1,425	647	657	670
Other Overnight	158	160	160	75	76	77
All Overnight	1,546	1,568	1,585	721	733	747

DETAILED IMPACT TABLES

The following table shows spending estimates for all categories of visitors, including day travel, earnings and employment estimates by industry sector, and travel-generated tax receipts.¹

Seattle Southside Travel Impacts, 2007-2017p

	2007	2009	2011	2013	2014	2016	2017p
Total Direct Travel Spending (\$Million)							
Destination Spending	512.0	449.7	487.8	557.6	613.9	687.2	719.6
Other Travel*	7.8	6.4	8.8	8.7	8.4	6.2	7.0
Total Direct Spending	519.8	456.1	496.6	566.3	622.3	693.4	726.6
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	190.8	154.4	165.0	191.1	219.9	263.2	277.0
Food Service	132.5	124.8	135.9	158.3	172.0	194.0	203.8
Retail, Entertainment & Local Transport	188.7	170.4	186.9	208.2	222.0	230.1	238.8
Destination Spending	512.0	449.7	487.8	557.6	613.9	687.2	719.6
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	115.5	110.9	110.3	128.4	139.0	154.9	162.9
Retail, Entertainment & Local Transport	39.6	35.9	36.9	41.4	46.2	49.3	50.8
Total Direct Earnings	155.1	146.8	147.2	169.7	185.2	204.2	213.7
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	3,550	3,290	3,110	3,450	3,590	3,690	3,750
Retail, Entertainment & Local Transport	1,250	1,160	1,150	1,200	1,260	1,250	1,240
Total Direct Employment	4,800	4,450	4,260	4,650	4,850	4,930	4,990
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	25.0	22.5	23.8	27.3	30.4	34.9	36.6
State Tax Receipts	27.4	24.6	26.1	29.8	32.6	37.0	38.8
Total Local & State	52.4	47.1	49.9	57.1	63.0	72.0	75.4

Details may not add to totals due to rounding.

*Other Travel reflects ground transportation expenditures for travel to other Washington destinations.

¹ The economic impacts for the Seattle Southside do not include travel to and from SeaTac International Airport. This passenger air travel accounted for 12,400 jobs with earnings of \$1.2 billion in 2016.

APPENDICES

APPENDIX A:	KEY TERMS AND DEFINITIONS
APPENDIX B:	TRAVEL IMPACT INDUSTRIES MATCHED TO 2007 NAICS
APPENDIX C:	RELATIONSHIP BETWEEN SPENDING AND VOLUME
APPENDIX D:	REGIONAL TRAVEL IMPACT MODEL

KEY TERMS AND DEFINITIONS

ECONOMIC IMPACTS

Commodity: A classification of a product or service, such as lodging or food service. An establishment or industry may produce more than one commodity.

Direct Impacts: Employment, earnings and tax receipts *directly* generated by travel spending, as distinguished from secondary and total impacts.

Earnings: Earnings include wage and salary disbursements, other earned income or benefits, and proprietor income. Only the earnings attributable to travel expenditures are included.

Employment: Industry employment (jobs) associated with travel-generated earnings. Includes both full-time and part-time positions, and salaried or self-employed individuals. Employment is reported as an average for a time period, typically annual. (Unless otherwise noted, the employment estimates refer to establishment or industry employment at place of work, not the employment status or residence of the individual.)

Industry: A classification of business or government establishments based on their primary technological process. (See NAICS Appendix table.)

Local Taxes: Lodging and sales taxes imposed by King county and the other local jurisdictions in the Seattle Southside region.

Other spending: See Travel spending.

Private Home: Unpaid overnight accommodations of friends and relatives.

Receipts: Travel expenditures less the sales and excise taxes paid by the consumer.

STVR: Short Term Vacation Rental or rented homes. These are taxable accommodations with stays being less than 29 nights.

State Taxes: Lodging, sales, motor fuel, and business and occupation tax imposed by the state of Washington.

Total Impacts: The sum of Direct and Secondary impacts.

Travel spending: The sum of visitor and other spending related to travel. Other spending includes spending by residents on ground and air transportation for the purpose of travel to other destinations and spending on travel arrangement services.

Visitor spending: All spending on goods & services by visitors at the destination. Also referred to as destination spending.

VISITOR VOLUME

Length of Stay: The number of nights that a visitor or travel party is away from home on a trip.

Night: Applies to overnight visitors only. The number of nights on a trip is the length of stay. The count of days and nights is generally equivalent for overnight visitors. (See trips.)

Party-trips: The number of trips to the destination by travel parties. Party-trips are equal to the number of Visitor-trips divided by the average party size.

Party-nights: The number of nights or days that travel parties stayed at the destination. Party-nights are equal to the number of visitor-nights divided by the average party size or the number of party-trips multiplied by the average length of stay.

Party Size: The number of individuals (adults and children, including non-household members) that are traveling together and are sharing the costs of travel.

Room Demand: A count of the number of hotel/motel rooms that are sold on a nightly basis over a given period of time. Also referred to as *room nights sold*.

Travel party: A *travel party* includes all *visitors* (adults and children) traveling together. The *party size* represents the average number of visitors or persons in the travel party.

Trip: A trip may include more than one day or night at a destination. For overnight visitor categories, the total number of trips will be less than the number of nights. The *length of stay* for the trip represents the number of nights (or days) at the destination.

Visitor: An individual traveler that stays overnight away from home in paid or unpaid accommodations, or a day visitor that travels at least fifty miles one-way from home on non-routine trip.

Visitor Air Arrival: A passenger who travels by air and initiated the trip at another location. Visitor air arrivals do not include passengers who are returning home from a trip to another destination or passengers that are making a connection to another flight.

Visitor-trips: The number of trips to the destination by visitors or persons. This is also equivalent to as the total number of *visits*.

Visitor-nights: The number of nights or days that visitors (persons) stayed at the destination. Visitor-nights are equal to the number of visitor-trips multiplied by the average length of stay.

TRAVEL IMPACT INDUSTRIES MATCHED TO NAICS

TRAVEL IMPACT INDUSTRY	NAICS INDUSTRIES* (code)
Accommodation & Food Services	Accommodation (721) Food Services and Drinking Places (722) Residential Property Managers (531311)
Arts, Entertainment & Recreation	Performing Arts, Spectator Sports (711) Museums (712) Amusement, Gambling (713) Scenic and Sightseeing Transportation (487) Miscellaneous Industries (see note**)
Retail	Food & Beverage Stores (445) Gasoline Stations (447) Clothing and Clothing Accessories Stores (448) Sporting Goods, Hobby, Book, and Music Stores (451) General Merchandise Stores (452) Miscellaneous Store Retailers (453)
Ground Transportation	Interurban and rural bus transportation (4852) Taxi and Limousine Service (4853) Charter Bus Industry (4855) Passenger Car Rental (532111) Parking Lots and Garages (812930)

Notes: *Government enterprises (e.g., park systems) are included in this classification.

**Includes parts of industries in other sectors (e.g., accommodation, charter bus).

A more detailed description of these industries can be found at <http://www.ntis.gov/naics>.

RELATIONSHIP BETWEEN SPENDING AND VOLUME

The Spending, Average Expenditures and Volume tables are computationally related as shown below.

- **Spending equals Average Expenditures multiplied by Volume** for comparable party/person and night/trip categories
- **Travel parties and persons** are related by division or multiplication with **Party Size**
- **Trips and nights** are related by division or multiplication with **Length of Stay**

Visitor Spending by Type of Accommodation (\$Million), YEAR

		YEAR
All Overnight	656,000 x \$79 = \$56,100,000 (calculated from person-trips)	56.1
Hotel, Motel, STVR	160,000 x \$200 = \$32,000,000 (calculated from party-nights)	32.0
Private Home	1,030,000 x \$20 = \$20,600,000 (calculated from person-nights)	20.6
Other Overnight	10,000 x \$350 = \$3,500,000 (calculated from party-trips)	3.5
Campground		3.0
Vacation Home		0.5
Day Travel		30.0
Spending at Destination		86.1

Average Expenditures for Overnight Visitors, YEAR

	Travel Party		Visitor (Person)		Party Size	Length of Stay (nights)
	Nights	Trip	Nights	Trip		
Hotel, Motel, STVR	\$200	\$340	\$83	\$142	2.4	1.7
Private Home	\$50	\$130	\$20	\$52	2.5	2.6
Other Overnight	\$117	\$350	\$34	\$103	3.4	3.0
All Overnight	\$494	\$214	\$197	\$86	2.5	2.3

Overnight Visitor Volume, YEAR

	Visitor-Nights (000)		Party-Nights (000)	
	YEAR	YEAR	YEAR	YEAR
Hotel, Motel, STVR	160 x 2.4 =	384		160
Private Home		1,030		412
Other Overnight		102		30
All Overnight		1,516		602

	Visitor-Trips (000)		Party-Trips (000)	
	YEAR	YEAR	YEAR	YEAR
Hotel, Motel, STVR		226		94
Private Home	1,030 / 2.6 =	396		158
Other Overnight		34		10
All Overnight		656		263

REGIONAL TRAVEL IMPACT MODEL

PRIMARY DATA SOURCES

Room Demand,
Visitor Surveys,
Population,
Inventory/Use of
Campsites &
Second Homes,
Visitor air
arrivals



Visitor Volume
(Travel Party Days by
Type of
Accommodation)



ECONOMIC IMPACTS OF TRAVEL

Accommodation
Sales,
Visitor Surveys,
Airfares



Visitor Spending
(Type of
Accommodation and
Type of Commodity)



Point of Sale Taxes
(Sales and Excise Taxes
associated with Visitor
Spending)



Business Receipts
(not reported)



Business Taxes
(State Income Taxes)

*Note: Receipts equals
Spending less
POS Taxes*



Earnings
(By Industry)



Personal Taxes
(Local, state and
federal income and
payroll taxes)



Ratio of
Earnings to
Receipts for
relevant
Industry



Average
Annual
Earnings per
job for
relevant
industry



Employment
(By Industry)

*Note: Most estimates of taxes
are based on implicit tax rates
applied to visitor spending,
business receipts, and
employee earnings. Lodging
tax receipts reflect actual tax
collections.*