

ECONOMIC IMPACT OF TOURISM IN WASHINGTON 2022

April 2023

Prepared for:



**THE STATE ^{OF}
WASHINGTON**



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INTRODUCTION

PROJECT BACKGROUND

The travel sector is an integral part of the Washington economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of Washington's future. In 2022, visitors supported a total of \$35.7 billion in sales at businesses in Washington.

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 the State of Washington that is adjusted to reflect the Washington economy. 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 value of seasonal and second homes was estimated based on census data for seasonal units and estimated gross rents. 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), Bureau of Economic Analysis.

To quantify the economic significance of the visitor economy in the State of Washington, 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.

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 spending and visitor profile characteristics for visitors to Washington
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- Datafy: mobile device geolocation data
- STR lodging performance data, including room demand, room rates, occupancy, and room revenue, for hotels
- Tax collections: Lodging and sales tax receipts
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Washington based on aviation, survey, and credit card information

ECONOMIC IMPACTS

KEY FINDINGS

DIRECT SPENDING IMPACT

Visitors to Washington spent \$22.1 billion in 2022, an increase of 24% over the prior year. Visitor spending exceeded its 2019 level, reaching 101% of its pre-pandemic benchmark, while visitor volumes reached 93% of its 2019 level.

TOTAL VISITORS

Washington welcomed 102.2 million visitors in 2022, including 99.7 million domestic visitors and 2.5 million international visitors.



102.2 MILLION
Total Visitors to Washington in 2022

TOTAL ECONOMIC IMPACTS

Tourism’s direct spending impact of \$22.1 billion generated a total economic impact of \$35.7 billion in Washington in 2022. This total economic impact included over 220,000 jobs, and \$3.1 billion in state and local tax revenues in 2022.



\$35.7 BILLION
Total Economic Impact of Tourism in Washington in 2022

SUMMARY ECONOMIC IMPACTS

Washington Tourism (2022)



\$22.1B

Direct Visitor
Spending



\$35.7B

Total
Economic
Impact



221,394

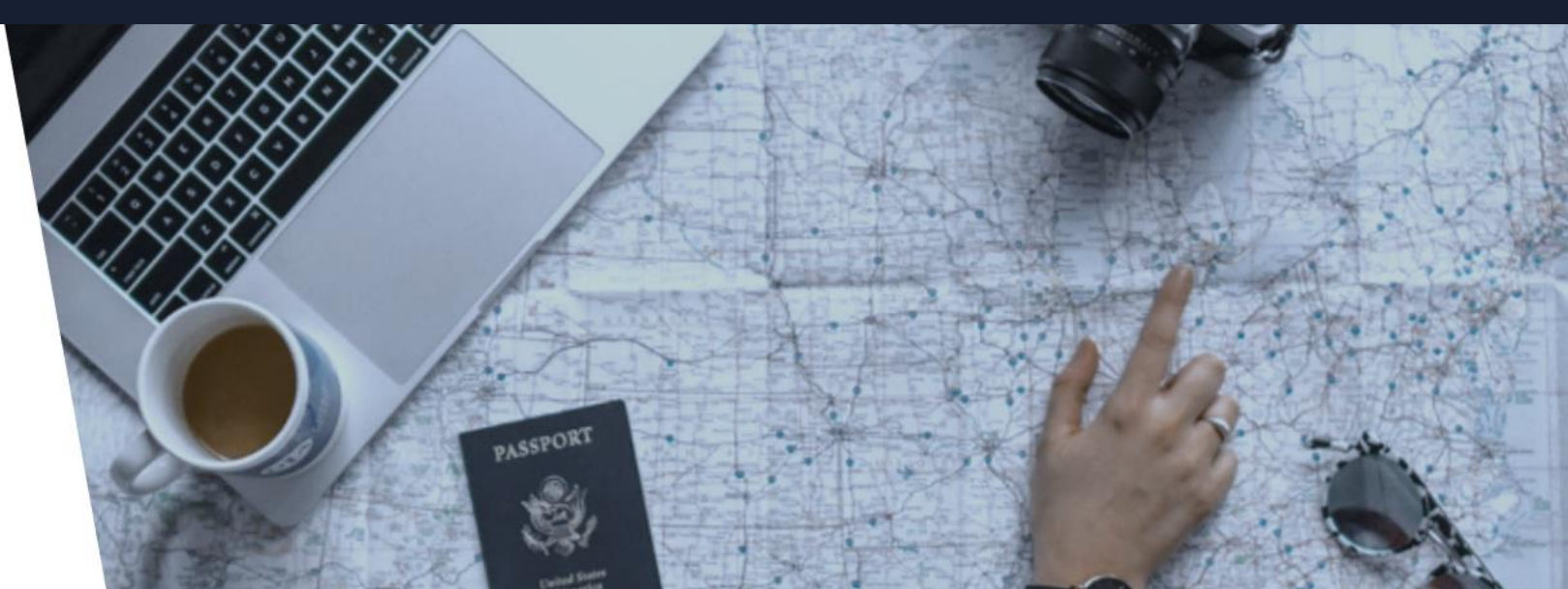
Total
Jobs
Generated



\$3.1B

State & Local
Taxes
Generated





VISITS & VISITOR SPENDING

Every year, the State of Washington draws tens of millions of visitors from Washington residents, other U.S. states, and from abroad. In 2022, Washington continued its recovery following the COVID-19 pandemic. Direct visitor spending amounted to \$22.1 billion with visitor volume totaling 102.2 million.

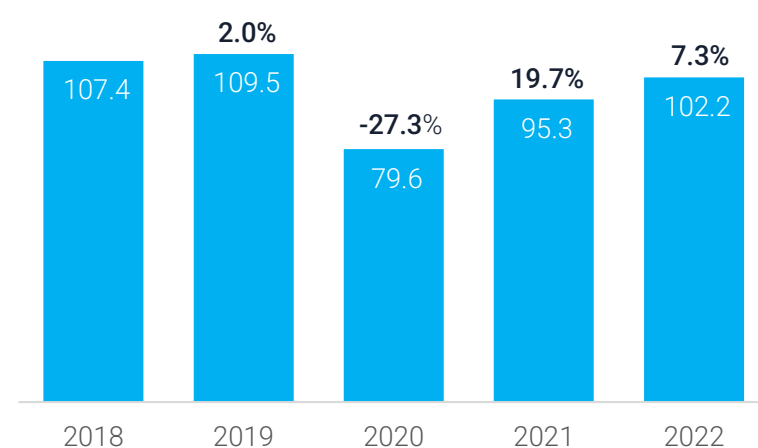
VISITOR VOLUME

Recovery in 2022

With an entire year of few restrictions and accessible vaccinations, visitor volume continued regain ground on its 2019 high, growing 7% year-over-year. Despite its decelerating recovery, Washington visitor volume reached just 7% below its 2019 benchmark.

Washington visitor volume

Amounts in millions of visitors



Sources: Longwoods International, Tourism Economics

VISITOR SPENDING

Visitors to Washington spent \$22.1 billion across a wide range of sectors in 2022.

Visitor spending expanded 24% in 2022, surpassing its 2019 benchmark by 1%.

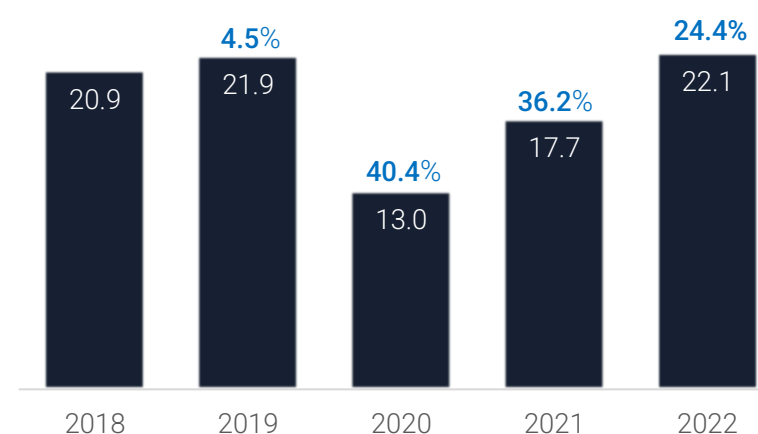
Of the \$22.1 billion spent in Washington in 2022, food and beverage accounted for 24% of total visitor spending.

Lodging, including hotels, short-term rentals, and the value of second homes, contributed \$5.1 billion in sales—about 23% of total visitor spending.

Visitors spent 23% of their total budget on transportation, including both transportation within the destination and air transportation, 18% on retail purchases, and 12% on recreation.

Washington visitor spending

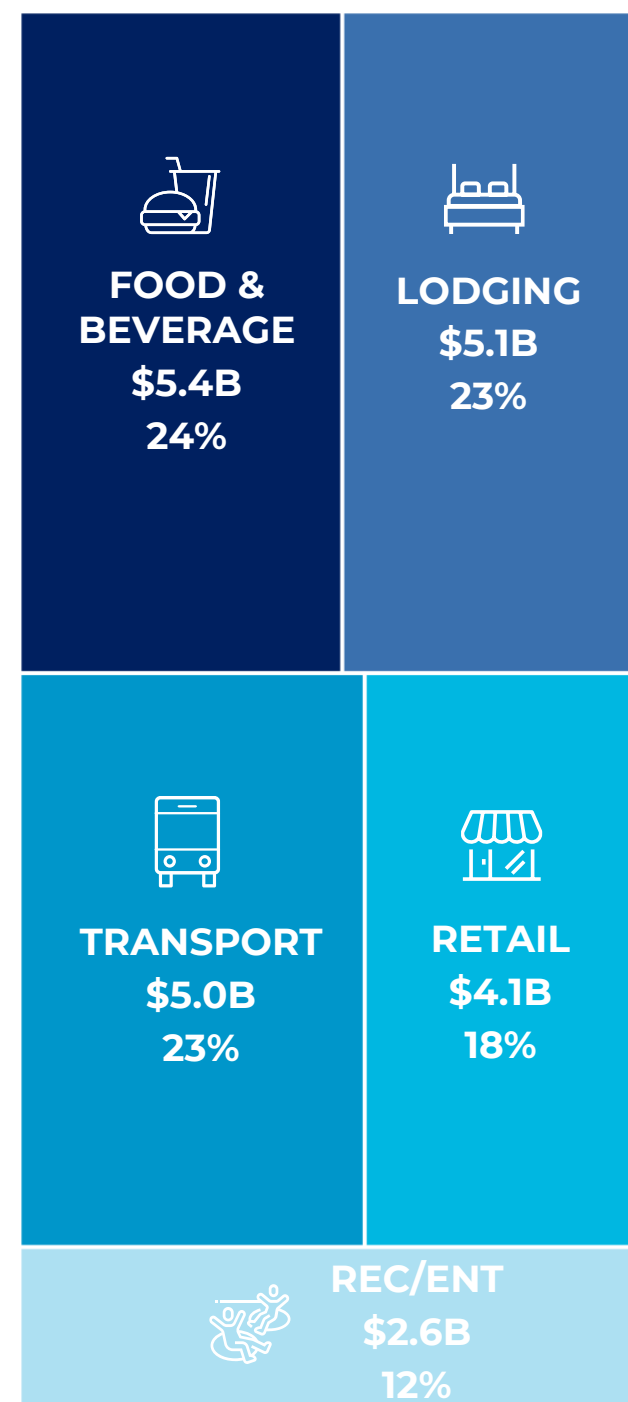
Amounts in \$ billions



Sources: Longwoods International, Tourism Economics

\$22.1 BILLION

Total Visitor Spending in 2022



Source: Tourism Economics
Note: Lodging spending is calculated as an industry and includes meetings, catering, etc., as well as second homes. Transport includes both air and local transportation.

VISITOR SPENDING TRENDS

Visitor spending increased 24% in 2022 to reach 101% of 2019 levels. Spending expanded across all sectors, driven by real spending and inflationary pressures, especially in transportation (+46%), lodging (+26%), and recreation (+20%). Average room rates at hotels in Washington were up 28% and gas prices rose 32% in 2022.

Rising prices boosted average spending per visitor 16% to \$216 per visitor to Washington.

VISITOR SEGMENTS

Total visitor volume expanded 7.3% in 2022 and remains largely dominated by domestic visitors (97.6% market share). International visits continue to lag the domestic visitor market and accounts for just 2.4% of all visitors.

Overnight volume growth outpaced day travel (+10.9% vs +2.6%), increasing its share of the domestic market to 43.4% in 2022.

Market segmentation

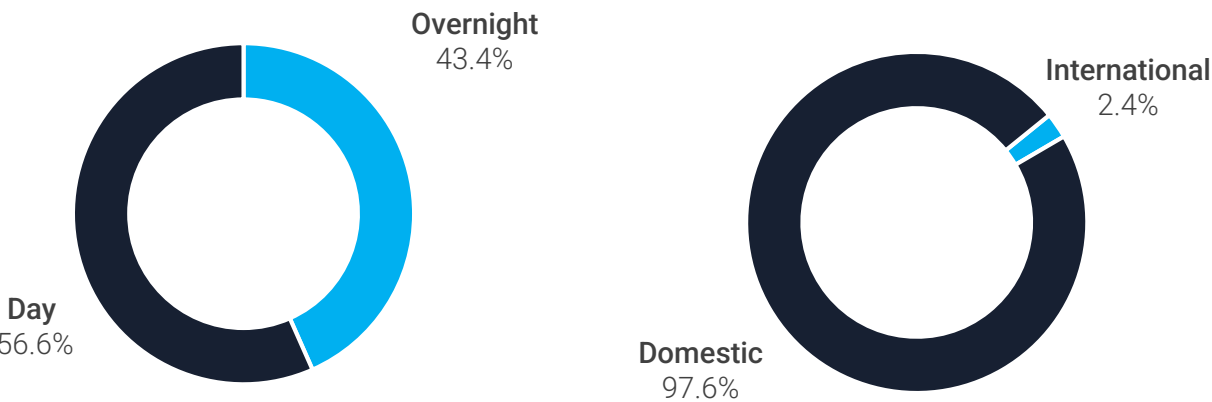
Amounts in millions of visitors

	Volume	Annual % ch	% share
Stay*	99.7	6.1%	100.0%
Day	56.4	2.6%	56.6%
Overnight	43.3	10.9%	43.4%
Purpose*	99.7	6.1%	100.0%
Leisure	92.2	6.0%	92.5%
Business	7.5	7.0%	7.5%
Market	102.2	7.3%	100.0%
Domestic	99.7	6.1%	97.6%
International	2.5	96.0%	2.4%

Source: Tourism Economics
*Domestic only

Washington visitor share by segment

Percentage of total visitation by market



Source: Tourism Economics
*Domestic only

Washington visitor spending and annual growth

Amounts in \$ billions, 2022 % change, and % recovered relative to 2019

	2018	2019	2020	2021	2022	2022 Growth	% of 2019
Total visitor spending	\$20.90	\$21.85	\$13.02	\$17.73	\$22.06	24.4%	101.0%
Food & beverage	\$5.03	\$5.28	\$3.49	\$4.57	\$5.36	17.4%	101.6%
Retail	\$3.93	\$4.13	\$2.81	\$3.56	\$4.05	13.7%	98.1%
Transportation**	\$4.87	\$5.06	\$2.44	\$3.41	\$4.98	46.0%	98.4%
Lodging*	\$4.44	\$4.65	\$2.64	\$4.01	\$5.05	26.0%	108.6%
Recreation	\$2.62	\$2.74	\$1.63	\$2.18	\$2.62	20.3%	95.7%

Source: Tourism Economics

* Lodging includes second home spending

** Transportation includes both ground and air transportation

Visitor volume and spending

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

	2018	2019	2020	2021	2022	2022 Growth
Total visitors, mils	107.4	109.5	79.6	95.3	102.2	7.3%
Domestic	102.3	104.5	78.6	94.0	99.7	6.1%
International	5.1	5.0	1.0	1.3	2.5	96.0%
Visitor spending, \$bils	\$20.90	\$21.85	\$13.02	\$17.73	\$22.06	24.4%
Domestic	\$16.46	\$17.68	\$12.18	\$16.56	\$19.93	20.4%
International	\$4.45	\$4.17	\$0.84	\$1.17	\$2.13	81.2%
Per visitor spending, \$	\$195	\$200	\$164	\$186	\$216	16.0%
Domestic	\$161	\$169	\$155	\$176	\$200	13.5%
International	\$875	\$834	\$844	\$931	\$861	-7.5%

Source: Tourism Economics



ECONOMIC IMPACT METHODOLOGY

Our analysis of the Washington 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 regional 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.

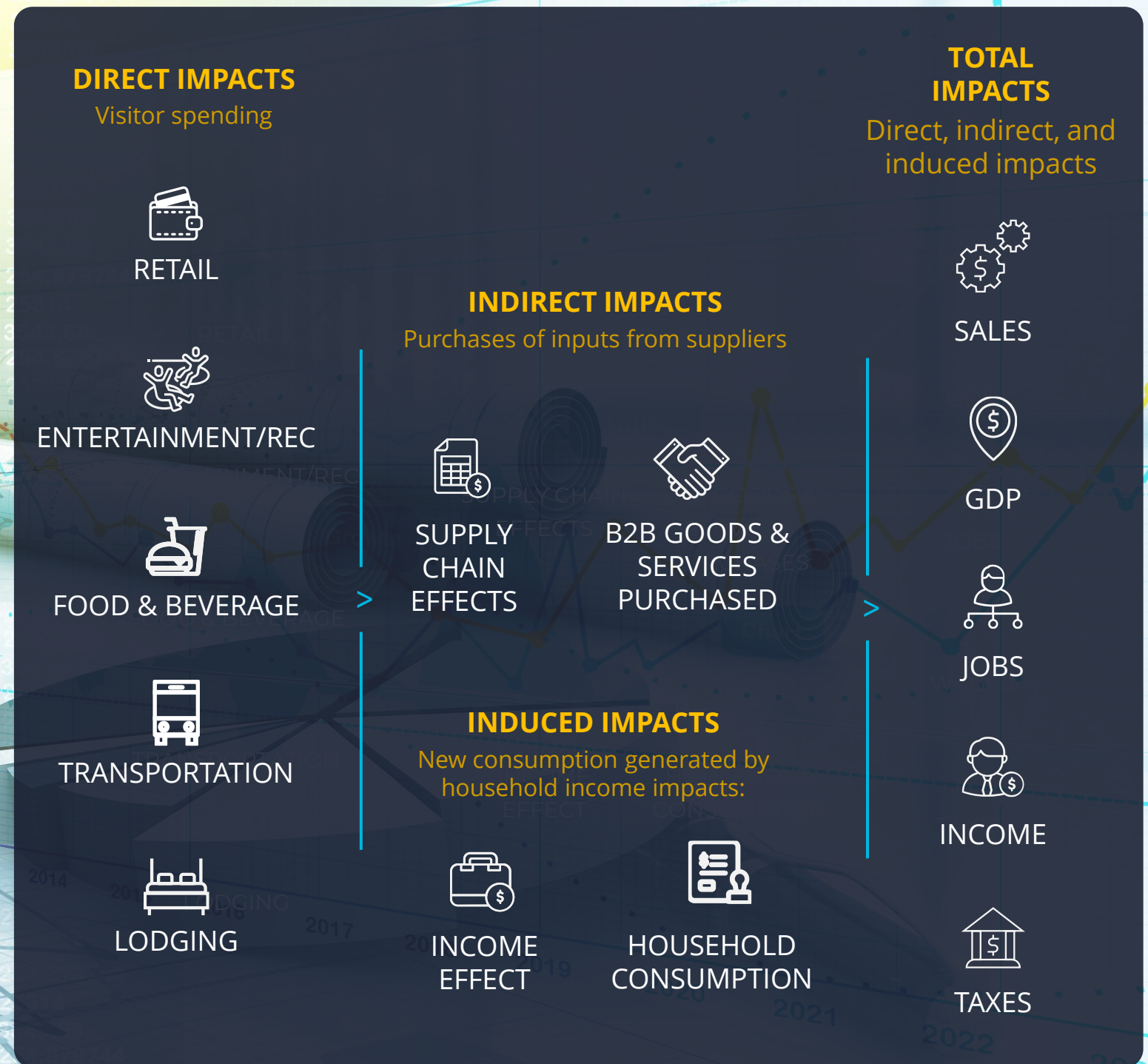
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and produces estimates of the following components:

- 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





ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

Spending in support of the visitor economy reached \$22.1 billion in 2022. This direct impact generated \$13.6 billion in indirect and induced impacts, resulting in a total economic impact of \$35.7 billion in the Washington economy.

Outside of direct impacts, significant benefits accrued in sectors like finance, insurance, and real estate and manufacturing.

Summary Economic impacts (2022)

Amounts in \$ billions



Source: Tourism Economics

Business sales impacts by industry (2022)

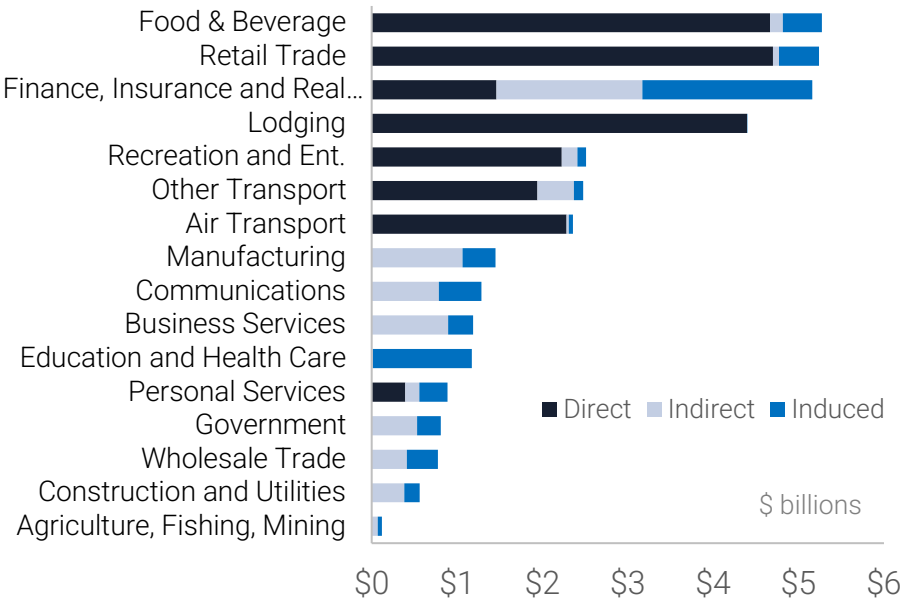
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$22,061	\$6,891	\$6,718	\$35,671
Food & Beverage	\$4,667	\$149	\$459	\$5,275
Retail Trade	\$4,701	\$72	\$468	\$5,241
Finance, Insurance and Real Estate	\$1,460	\$1,709	\$1,993	\$5,162
Lodging	\$4,395	\$6	\$5	\$4,405
Recreation and Ent.	\$2,225	\$183	\$101	\$2,509
Other Transport	\$1,940	\$427	\$110	\$2,478
Air Transport	\$2,280	\$29	\$46	\$2,356
Manufacturing		\$1,064	\$385	\$1,449
Communications		\$787	\$497	\$1,284
Business Services		\$896	\$291	\$1,187
Education and Health Care		\$13	\$1,159	\$1,172
Personal Services	\$393	\$163	\$331	\$887
Government		\$531	\$279	\$809
Wholesale Trade		\$410	\$365	\$775
Construction and Utilities		\$380	\$181	\$561
Agriculture, Fishing, Mining		\$71	\$48	\$119

Source: Tourism Economics

Tourism business sales impacts by industry (2022)

Amounts in \$ billions



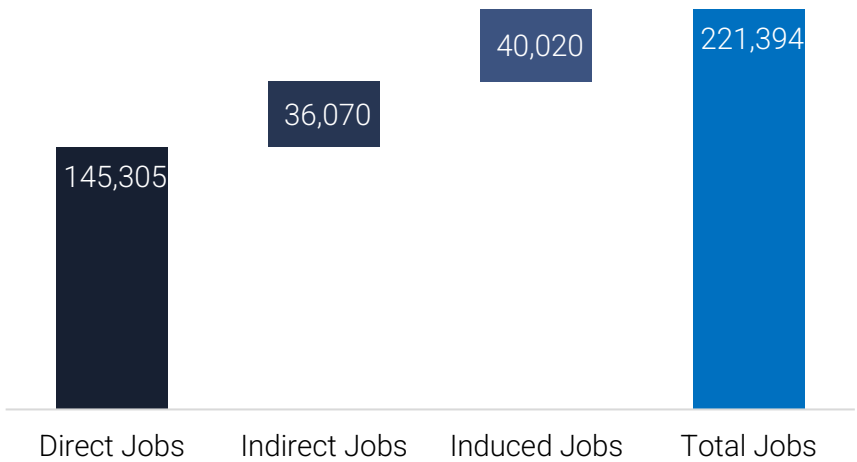
Source: Tourism Economics

JOB IMPACTS

Visitor activity sustained a total of 221,394 jobs in 2022, including 145,305 direct jobs and 76,089 jobs supported through indirect and induced impacts. This equates to nearly 1-in-20 jobs in the State of Washington.

Summary Employment impacts (2022)

Amounts in number of jobs



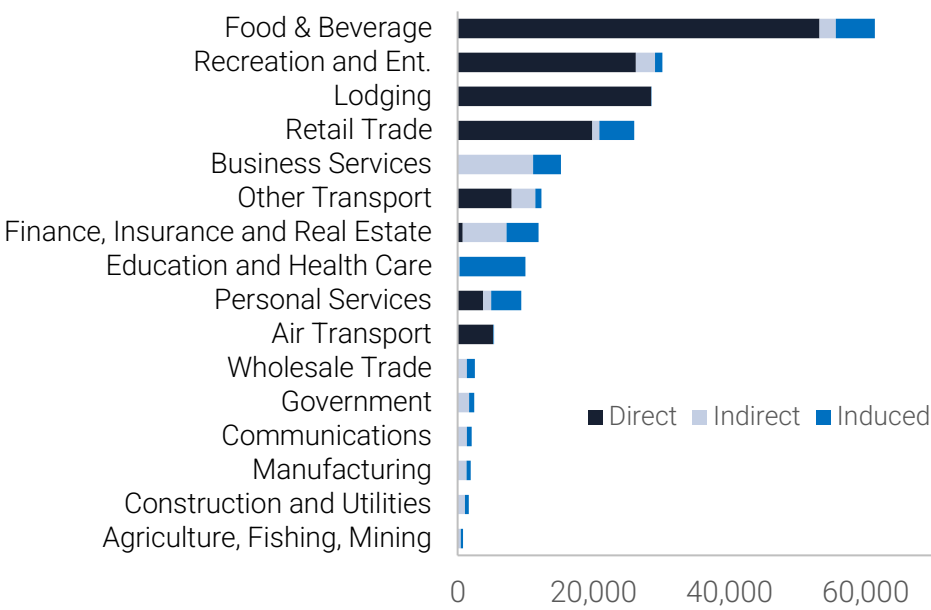
Source: Tourism Economics

Visitor spending supports the largest number of jobs in the food & beverage industry (61,381).

Spending by businesses directly impacted by visitor spending supported 11,104 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



Summary Job impacts by industry (2022)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	145,305	36,070	40,020	221,394
Food & Beverage	53,232	2,421	5,728	61,381
Recreation and Ent.	26,229	2,825	1,073	30,127
Lodging	28,450	33	31	28,514
Retail Trade	19,824	1,011	5,144	25,979
Business Services		11,104	4,100	15,204
Other Transport	7,940	3,504	884	12,329
Finance, Insurance and Real Estate	714	6,448	4,709	11,872
Education and Health Care		266	9,684	9,950
Personal Services	3,724	1,189	4,433	9,346
Air Transport	5,192	74	103	5,369
Wholesale Trade		1,326	1,192	2,517
Government		1,690	741	2,432
Communications		1,357	694	2,051
Manufacturing		1,281	646	1,926
Construction and Utilities		1,070	541	1,611
Agriculture, Fishing, Mining		469	316	786

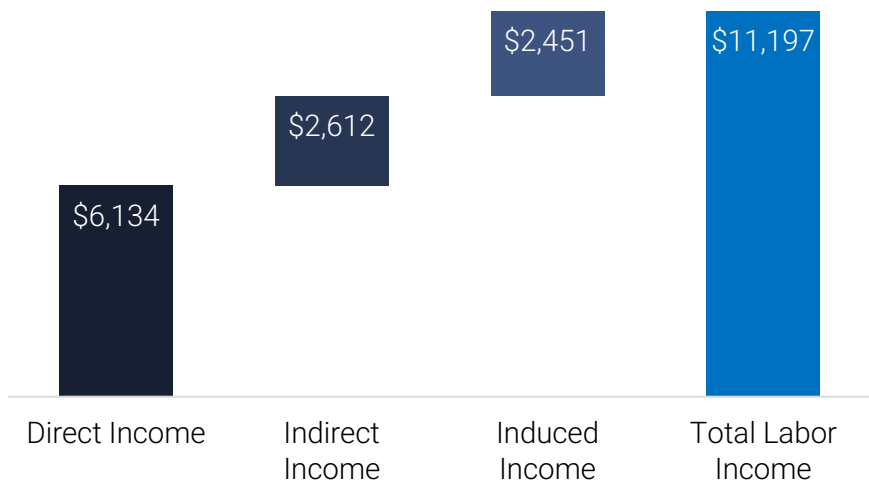
Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated over \$6.1 billion in direct labor income and a total of \$11.2 billion when including indirect and induced impacts.

Summary labor income impacts (2022)

Amounts in \$ millions

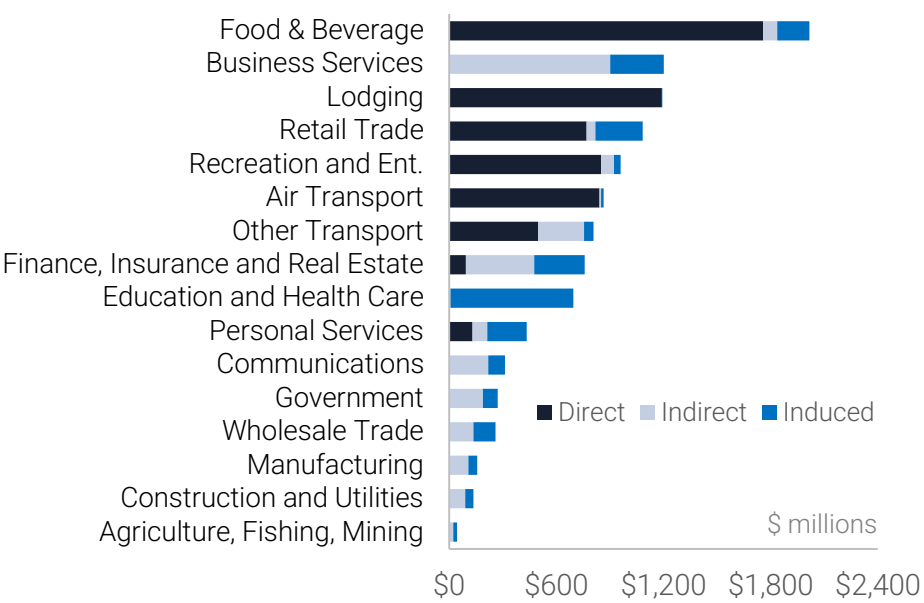


Source: Tourism Economics

There are nine industries in which visitor activity supports more than \$600 million in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services and education & health care.

Tourism labor income Impacts by Industry (2022)

Amounts in \$ millions



Source: Tourism Economics



Summary labor income impacts (2022)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$6,134	\$2,612	\$2,451	\$11,197
Food & Beverage	\$1,757	\$79	\$181	\$2,017
Business Services		\$903	\$299	\$1,202
Lodging	\$1,192	\$1	\$1	\$1,194
Retail Trade	\$770	\$48	\$265	\$1,083
Recreation and Ent.	\$850	\$73	\$36	\$959
Air Transport	\$841	\$10	\$14	\$865
Other Transport	\$498	\$258	\$53	\$808
Finance, Insurance and Real Estate	\$95	\$382	\$283	\$759
Education and Health Care		\$8	\$687	\$695
Personal Services	\$132	\$83	\$220	\$434
Communications		\$219	\$94	\$313
Government		\$190	\$81	\$271
Wholesale Trade		\$137	\$123	\$259
Manufacturing		\$109	\$49	\$157
Construction and Utilities		\$91	\$45	\$136
Agriculture, Fishing, Mining		\$24	\$20	\$44

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$6.1 billion in governmental revenues.

State and local taxes alone tallied \$3.1 billion in 2021.

Each household in Washington would need to be taxed an additional \$1,049 to replace the visitor taxes received by the state and local governments in 2022.

Fiscal (tax) impacts

Amounts in \$ millions

	Direct Taxes	Indirect & Induced Taxes	Total Taxes
Total Tax Revenues	\$4,008	\$2,059	\$6,067
Federal Taxes	\$1,685	\$1,305	\$2,990
Personal Income	\$552	\$456	\$1,008
Corporate	\$230	\$142	\$373
Indirect Business	\$200	\$123	\$323
Social Insurance	\$702	\$585	\$1,287
State and Local Taxes	\$2,324	\$753	\$3,077
Sales	\$1,325	\$412	\$1,736
Bed Tax	\$187	\$1	\$188
Corporate	\$2	\$1	\$3
Social Insurance	\$46	\$38	\$85
Excise and Fees	\$184	\$113	\$297
Property	\$580	\$188	\$768

Source: Tourism Economics

ECONOMIC IMPACTS IN CONTEXT



\$22.1B VISITOR SPENDING

The \$22.1 billion in visitor spending means that more than \$60 million was spent EVERY DAY on average by visitors in the State of Washington.



\$11.2B LABOR INCOME

The \$11.2 billion in total income generated by tourism is the equivalent of \$3,819 for every household in the State of Washington.



221,394 TOTAL JOBS

The total number of jobs sustained by tourism (221,394), including indirect and induced benefits, accounts for 4.9% of all jobs in the State of Washington.



\$3.1B STATE & LOCAL TAXES

The \$3.1 billion in state and local tax revenue received in 2022 would be enough to pay the salaries of over 45,000 elementary school teachers in the State of Washington.

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 visitors 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 discreet 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.