

The Economic Impact of Tourism in Hillsborough County, 2018

June 2019

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1) Key Findings for 2018

1) Tourism is a major contributor to Hillsborough County's economy

The impact of visitor spending on Hillsborough County

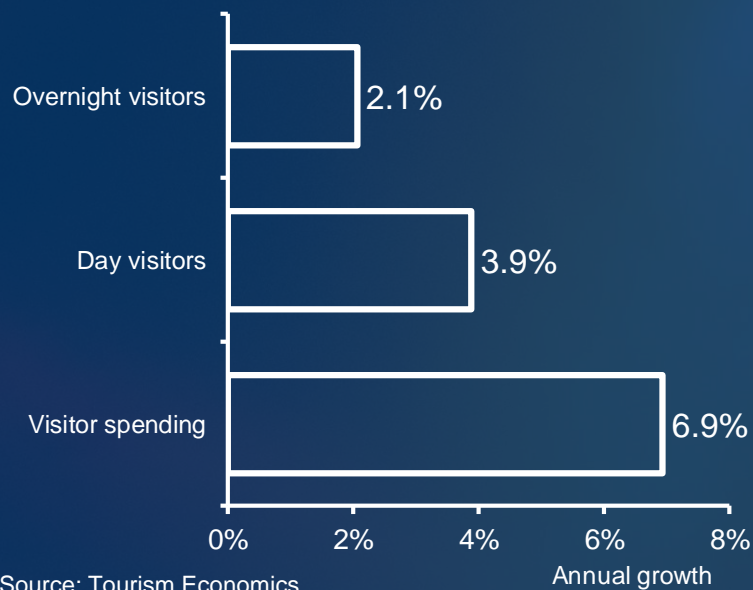
Visitors	23.6 million
Total rooms nights booked	6.0 million
Visitor spending	\$4.2 billion
Jobs sustained by tourism	53,446
Income sustained by tourism	\$2.4 billion
Taxes sustained by tourism	\$944 million
Federal	\$536 million
State	\$195 million
Local	\$206 million

Source: Tourism Economics



2) The tourism sector grew strongly in 2018

Increases in key tourism indicators, 2018



3) Tourism is growing quickly and makes a significant impact on local employment and tax revenue

Key tourism facts

Hotel average daily rate was up for the fifth straight year, reaching \$121

Visitor spending is up a total of 59% since 2009

The tourism sector sustains 7.4% of all jobs and 5.9% of all wages in Hillsborough County

Tourism contributes \$811 in state and local taxes for each household in Hillsborough County



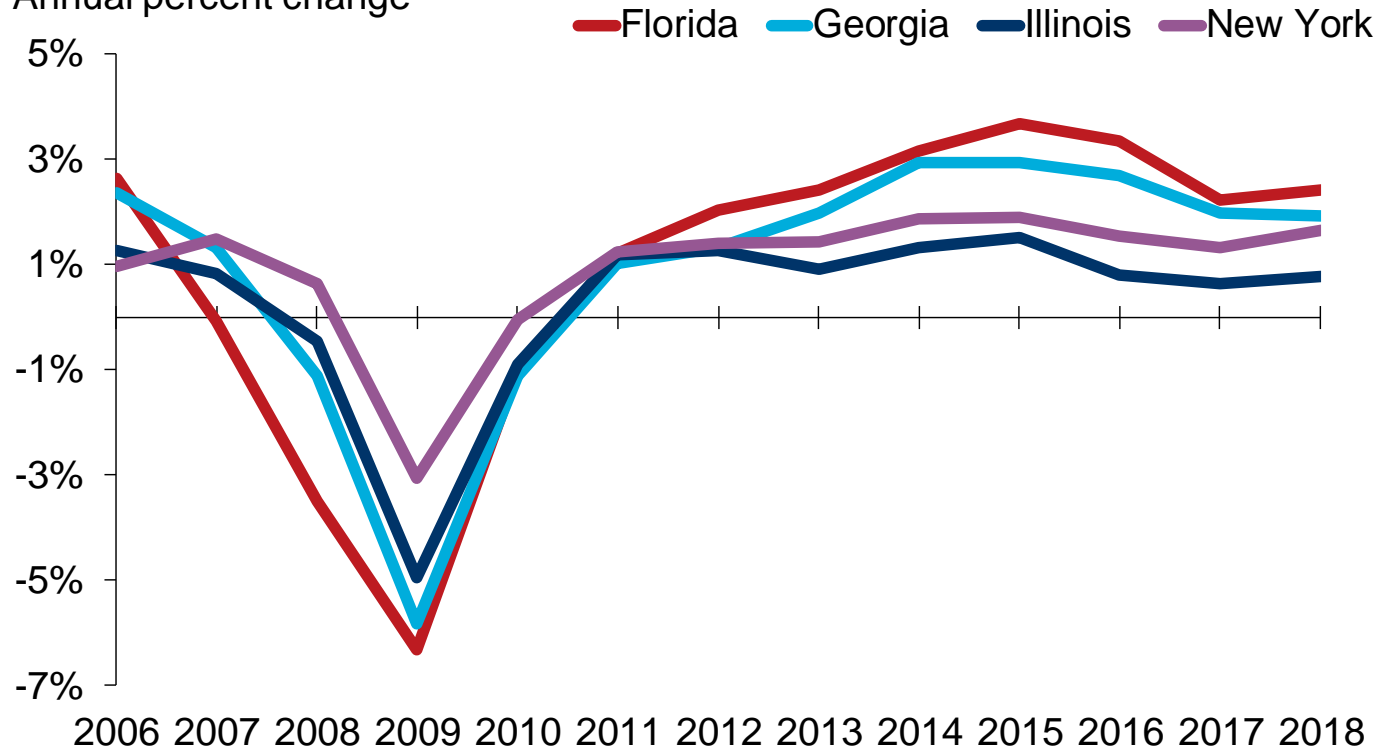
2) Local Tourism Trends

Economic growth continues in important source markets

Hillsborough's top four source markets continue to make gains in jobs and income

Employment in key source markets

Annual percent change



Source: BLS

Hotel metrics continue to rise

Hillsborough County reached new highs in all three key performance indicators (KPIs)

Revenue per available room (RevPAR) currently stands at \$89 and is up 79% from 2009.

Average Daily rate (ADR) reached \$121 and is up 29% from 2009.

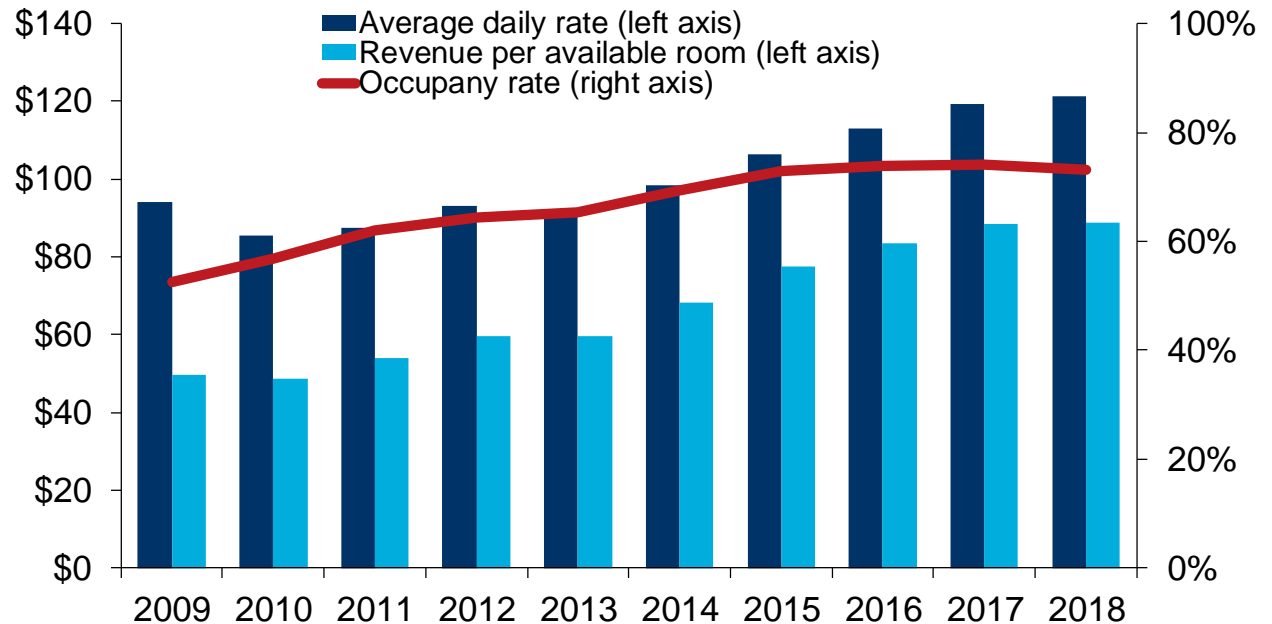
Occupancy rates have risen to 73% in 2018 from 53% in 2009.

6.0 million hotel room-nights were booked in Hillsborough County in 2018.

Hotel sector KPIs

Nominal dollars

Percentage

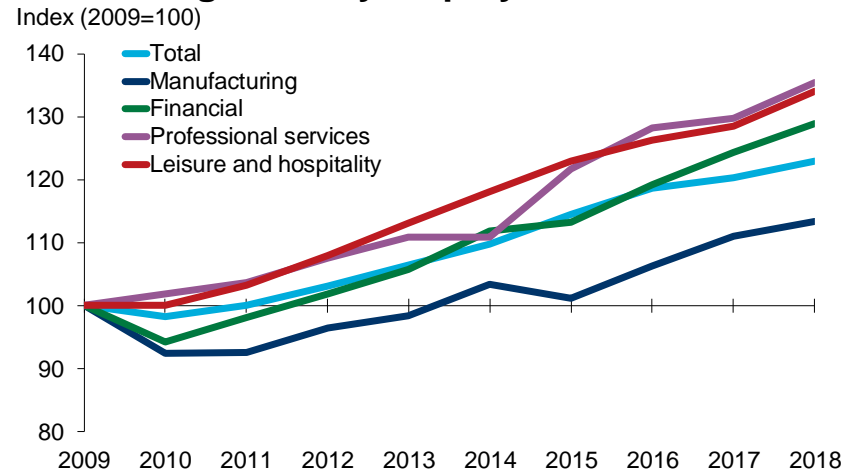


Source: STR

The leisure and hospitality sector is growing faster than the general economy

Employment in the leisure and hospitality sector has grown faster than the economy as a whole and key sectors such as manufacturing and finance.

Hillsborough County employment

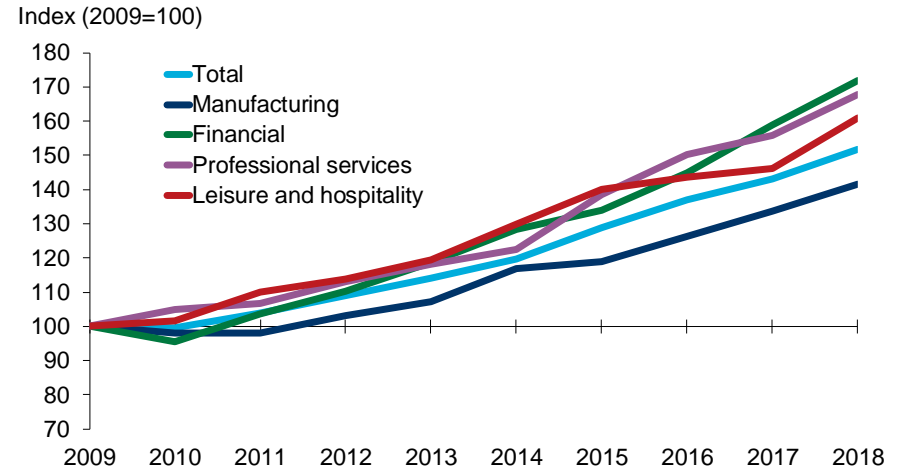


Source: BLS

Leisure and hospitality is becoming an increasingly important part of Hillsborough County's economy

Income in the leisure and hospitality sector has grown faster than the general economy, and just slightly behind the financial and professional services sectors.

Hillsborough County income

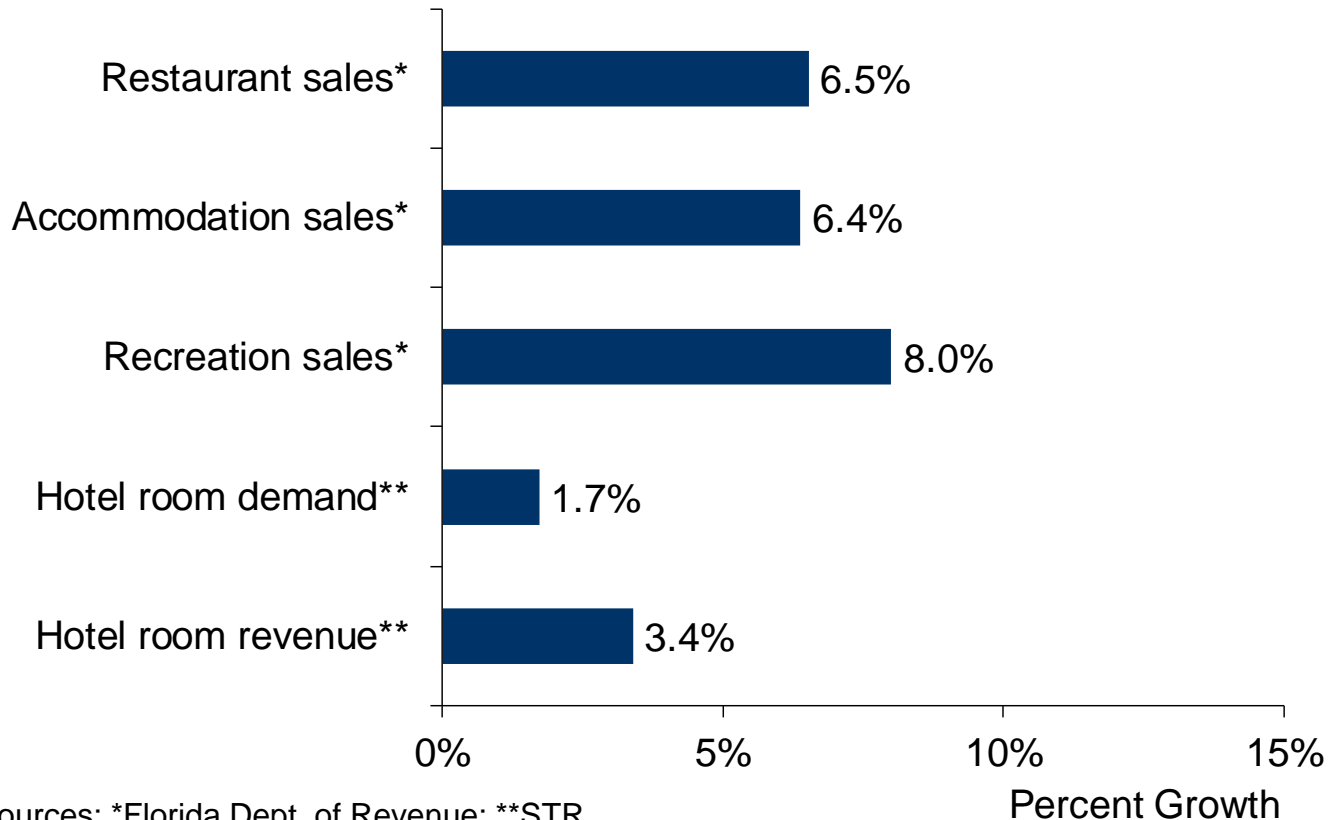


Source: BLS

Key indicators grew in 2018

Data from Florida's Department of Revenue and STR point towards a strong year for the leisure and hospitality sector

Growth in key indicators for Hillsborough County, 2018

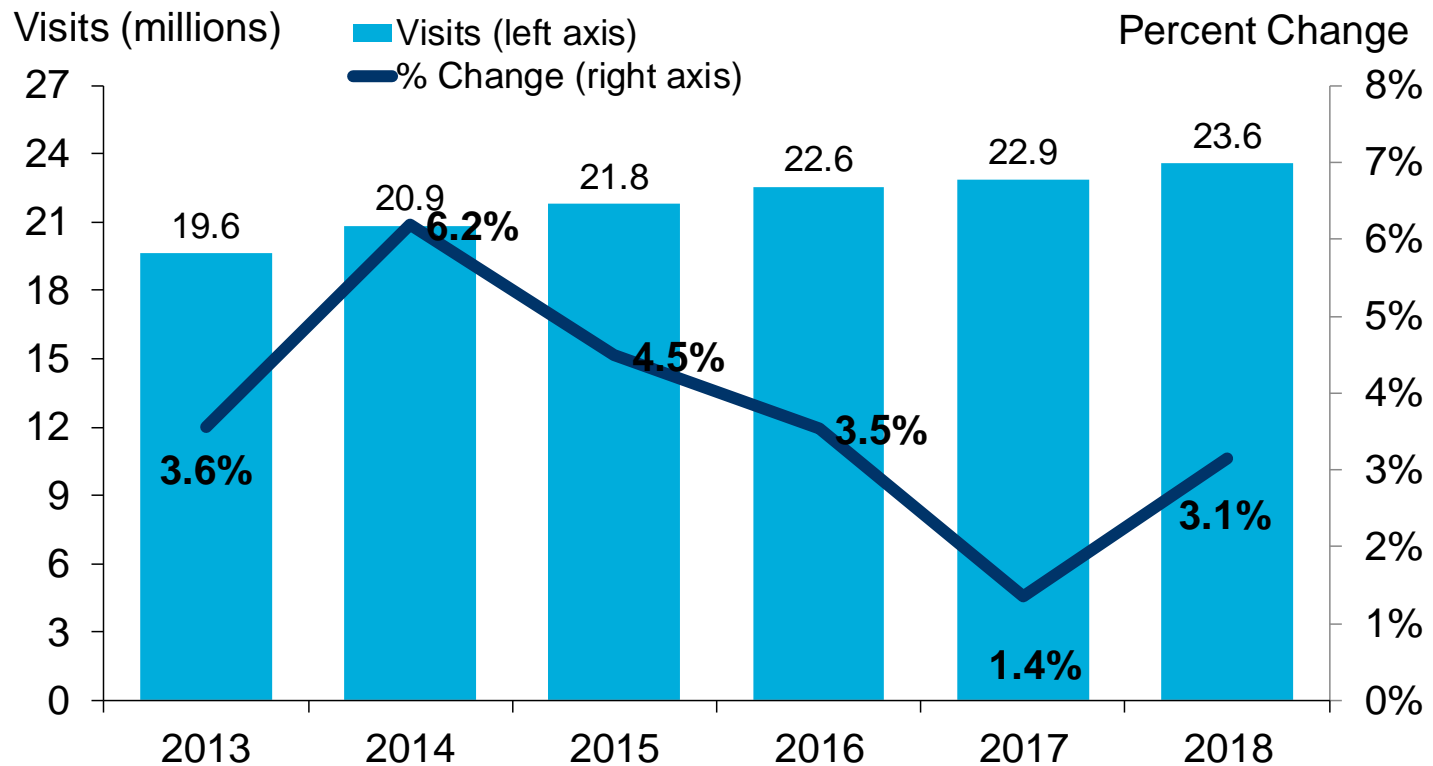


3) Trends in Visits and Spending

Hillsborough County hosted 23.6 million visitors in 2018

Visitation grew 3.1% in 2018 and reached a new all-time high; visits are up a total of 39% since 2009

Visits to Hillsborough County



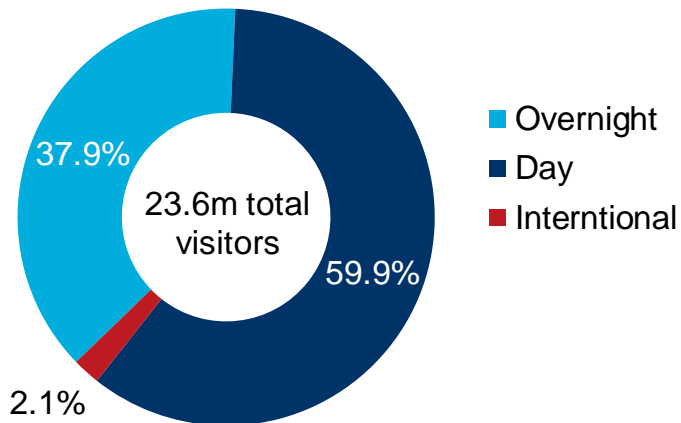
Source: Tourism Economics

Day trippers represent the majority of visits

Day trippers represent 60% of all visitors, and have increased by 41% since 2009. While the international market is much smaller than the domestic market, it is growing faster than both day and overnight domestic visitation.

Trips by visitor type, 2018

Percent



Sources: Tourism Economics; Longwoods International

All segments of visitors are increasing rapidly

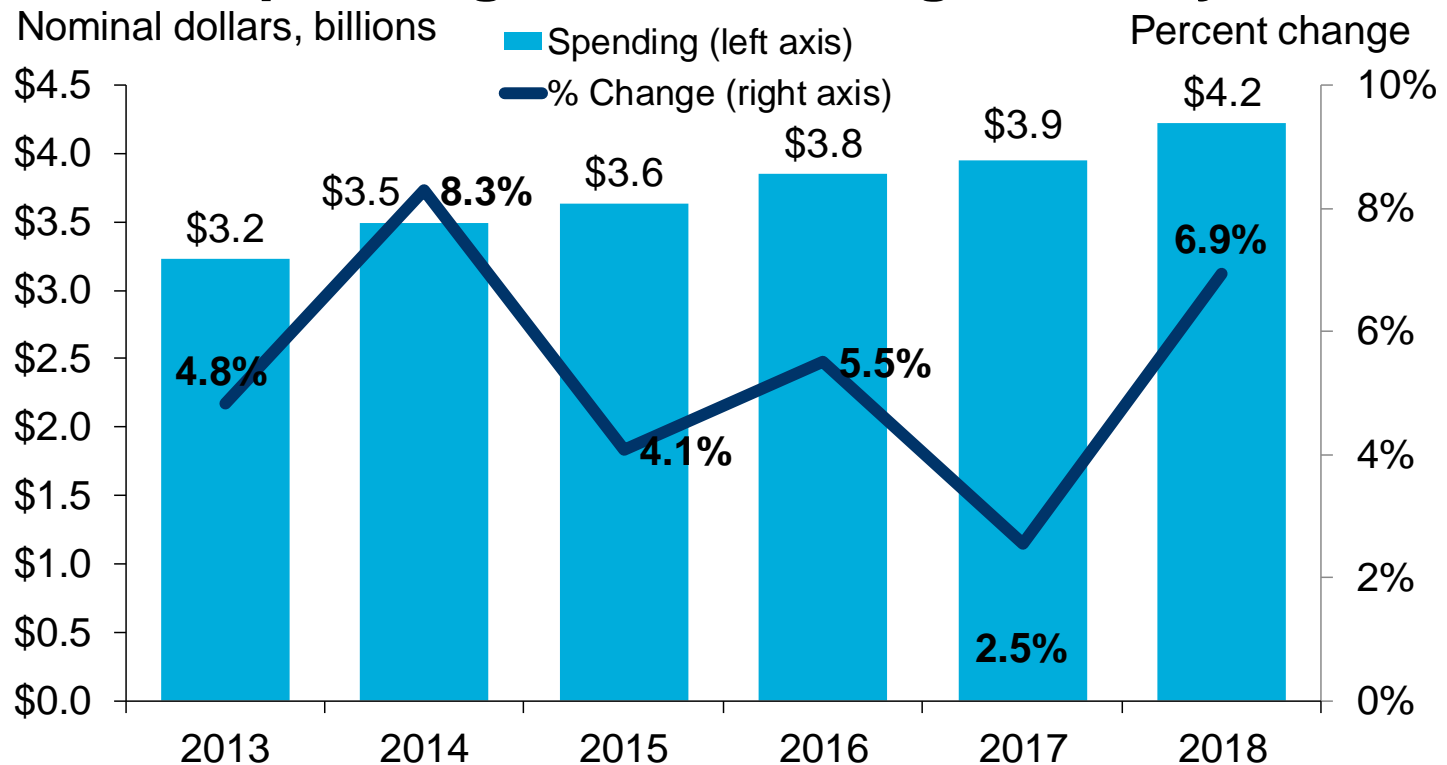
Visitors by type			
	Visits	2018 increase	Increase since 2009
Overnight	8,944,000	2.1%	33.9%
Day	14,137,000	3.9%	40.6%
International	505,000	2.1%	45.0%
Total	23,586,000	3.1%	38.6%

Source: Tourism Economics

In 2018, visitors spent \$4.2 billion in Hillsborough County

Spending is up 59.0% since 2009, and increased by 6.9% in 2018 alone

Visitor spending in Hillsborough County



Source: Tourism Economics

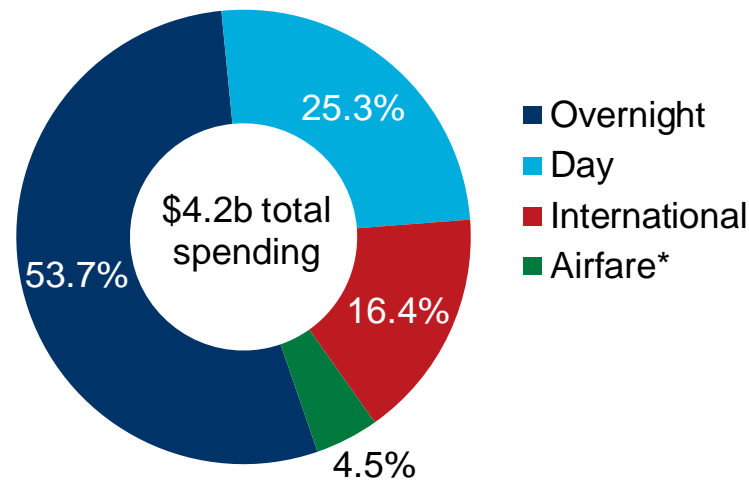
Overnight domestic visitors account for more than half of all spending

Overnight domestic visitors to Hillsborough County spent \$2.3 billion in 2018

Day visitors spent \$1.1 billion in Hillsborough County. While international spending remains the smallest segment, it is the fastest growing.

Spending by visitor type, 2018

Percent



Spending by source			
(US\$ Million)			
	Spending	2018 increase	Increase since 2009
Overnight	\$2,269	7.3%	58.5%
Day	\$1,071	9.5%	51.4%
International	\$693	4.4%	84.3%
Airfare*	\$191	-2.0%	23.0%
Total	\$4,224	6.9%	58.2%

*Airfare is not estimated for individual segments, this figure represents the portion of spending that accrues to Hillsborough County

Source: Tourism Economics

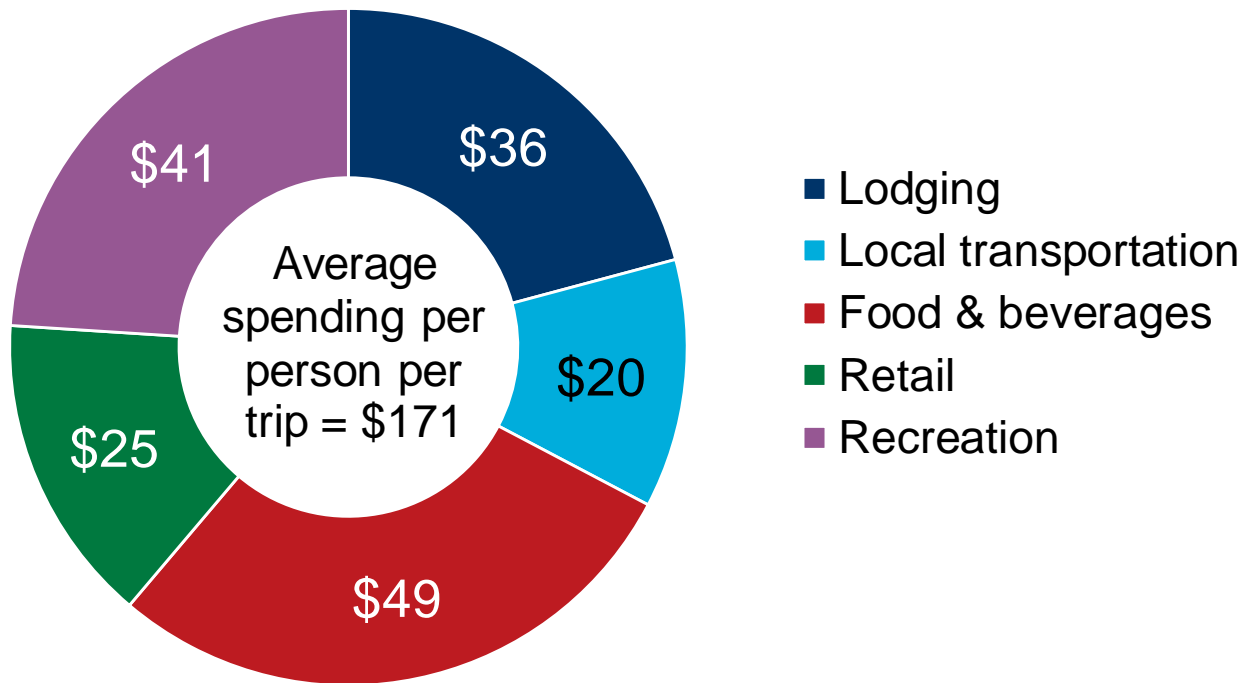
Sources: Tourism Economics; Longwoods International

Visitor spending is distributed across a variety of sectors

The largest share of the visitor dollar was spent on food and beverages - 28% of the total

Visitor spending profile, 2018

Dollars per person per day and percent of total



Sources: Longwoods International; Tourism Economics

Visitor spending details, 2018

Total Visitor Spending (US\$ Million)				
	Overnight	Day	International	Total
Lodging	\$640	\$0	\$201	\$840
Local trans.	\$249	\$147	\$83	\$479
Food & bev.	\$621	\$359	\$169	\$1,148
Retail	\$282	\$219	\$97	\$598
Recreation	\$478	\$346	\$144	\$967
Subtotal	\$2,269	\$1,071	\$657	\$4,033
Airfare**	-	-	-	\$191
Total	\$2,269	\$1,071	\$693	\$4,224

** Airfare total refers to only the portion of spending that accrues to Hillsborough County

Source: Tourism Economics

4) The Domestic Market

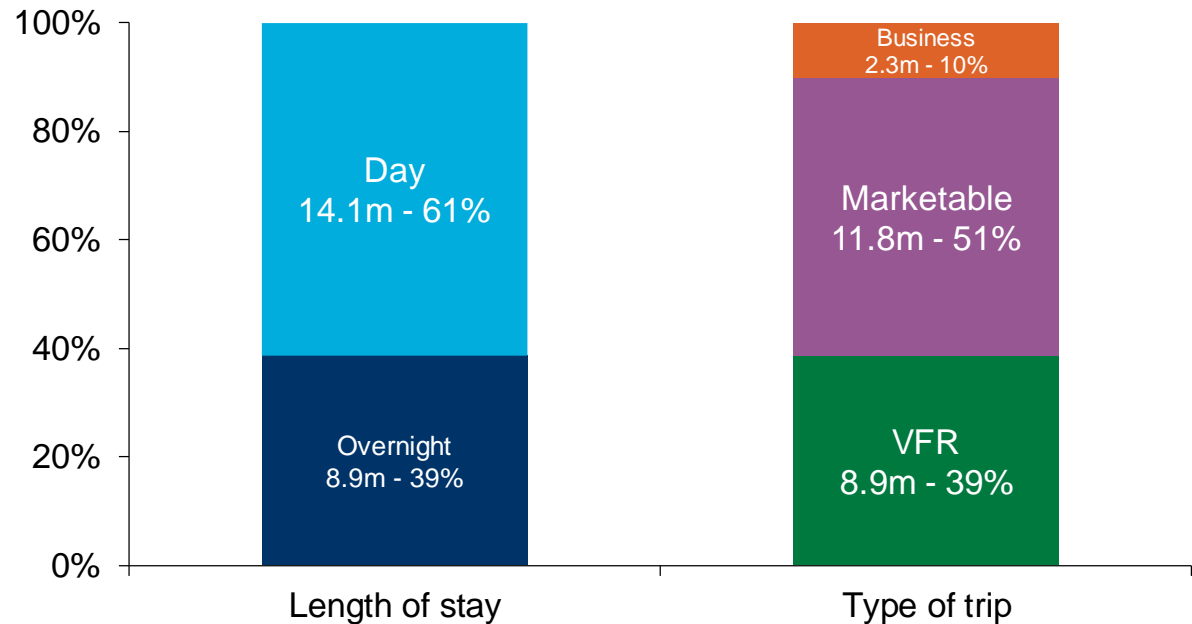
Hillsborough County hosted 23.1 million domestic trips in 2018

Over half of visitors are on 'marketable' leisure trips

39% of all visitors are visiting friends and relatives (VFR) and 10% are on business travel. The remainder, 11.8 million or 51% of the total, can be considered marketable leisure trips.

Domestic visitor segments, 2018

Percentage



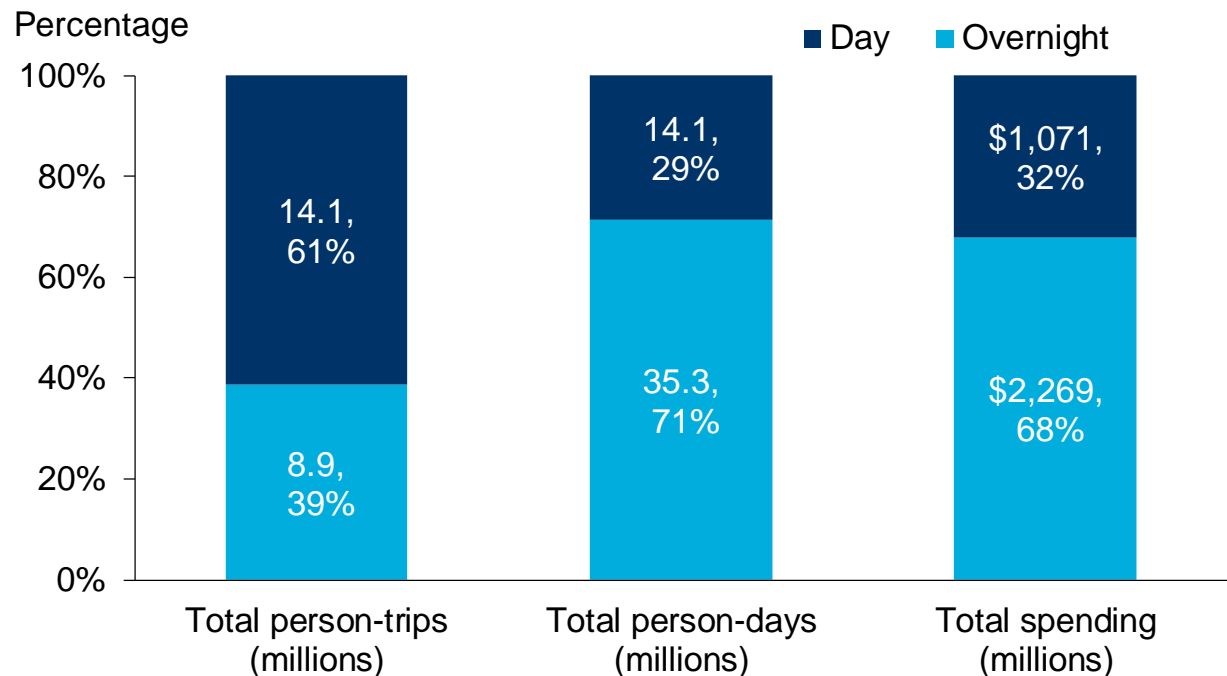
Sources: Longwoods International; Tourism Economics

Overnight visitors account for two thirds of all spending

Length of stay and spending on lodging leads to overnight visitors having a higher economic impact

On average, overnight visitors spend 2.9 nights in Hillsborough County. This means that while overnight visitors account for only 39% of total trips, they represent 71% of total person-days in Hillsborough County and 68% of total expenditures.

Key figures by visitor type, 2018



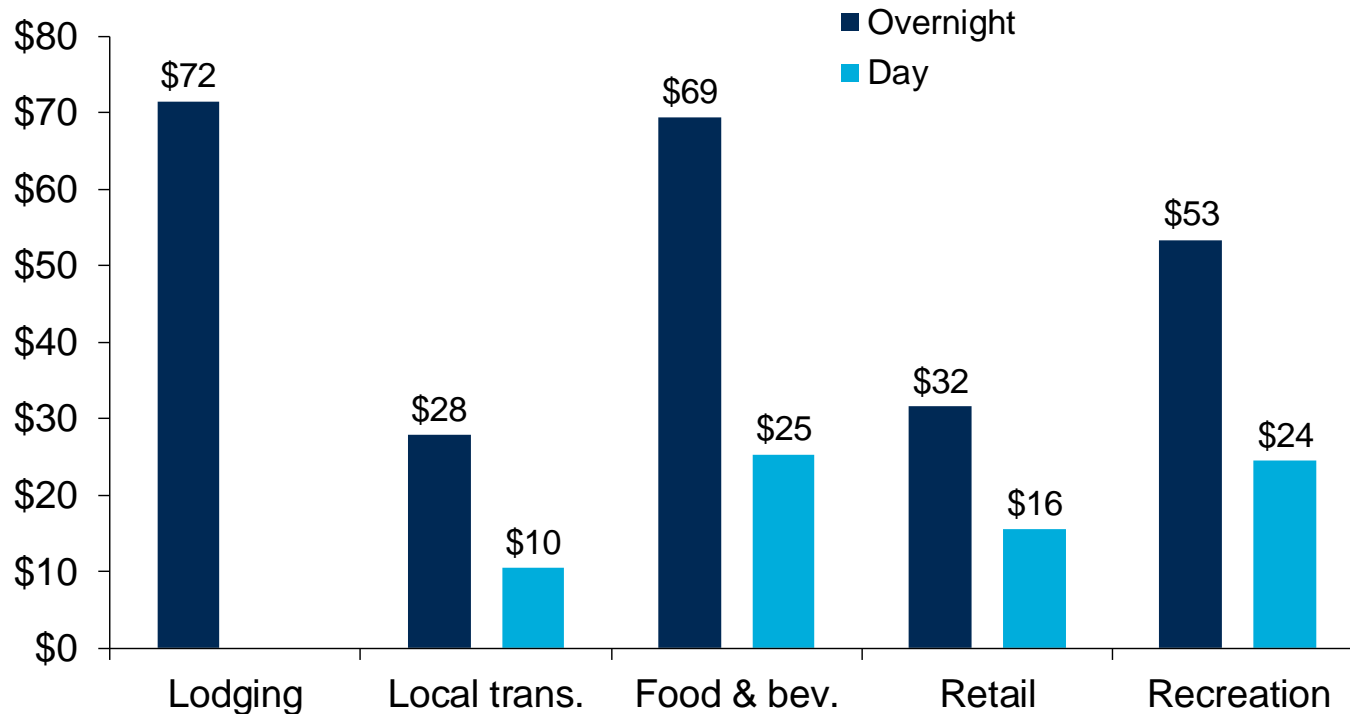
Sources: Longwoods International; Tourism Economics

Overnight visitors spend far more per trip

Overnight visitors spent \$253 per trip while day visitors spent \$76; overnight visitors spend the most on lodging while day visitors spend the most on recreation and food and beverages

Visitor spending by category, 2018

Dollars per person per trip



Sources: Longwoods International; Tourism Economics

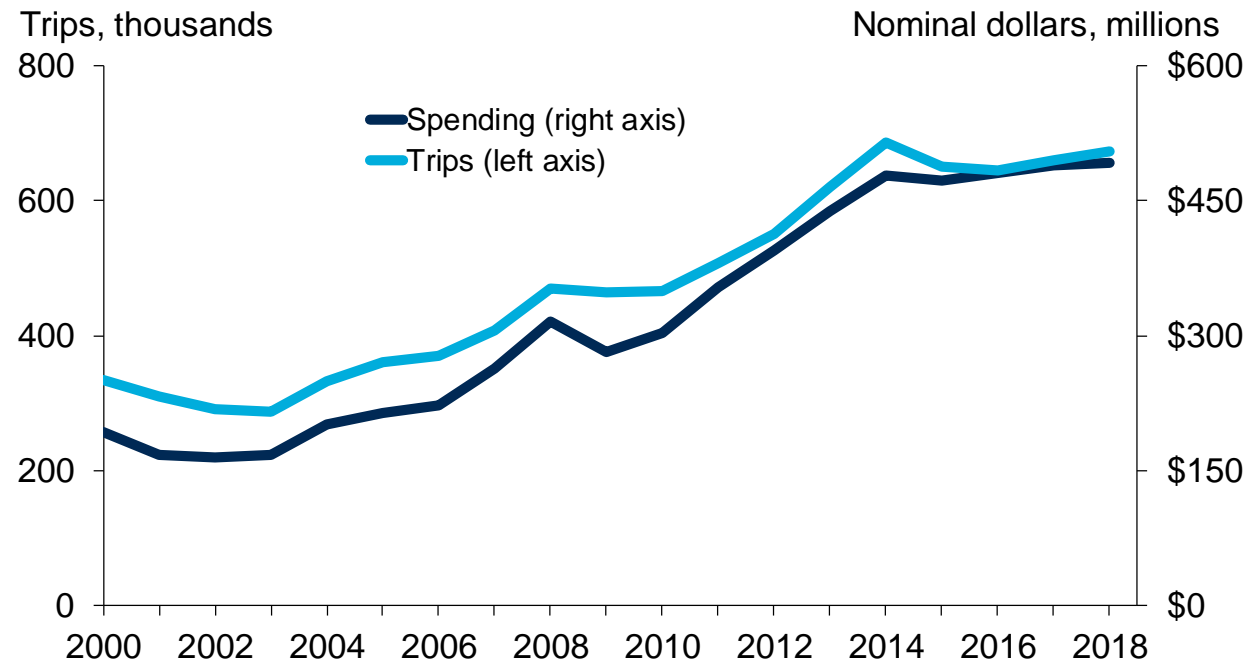
5) The International Market

Growth in the international market has resumed

Growth slowed from 2014 to 2016, but resumed growth in 2017 and 2018

Slow growth in arrivals from Brazil and Canada (which were experienced across the US) slowed growth of international arrivals in 2015 and 2016, but rebounding economies in those nations boosted arrivals and spending in 2017 and 2018.

International tourism to Hillsborough County



Source: Tourism Economics

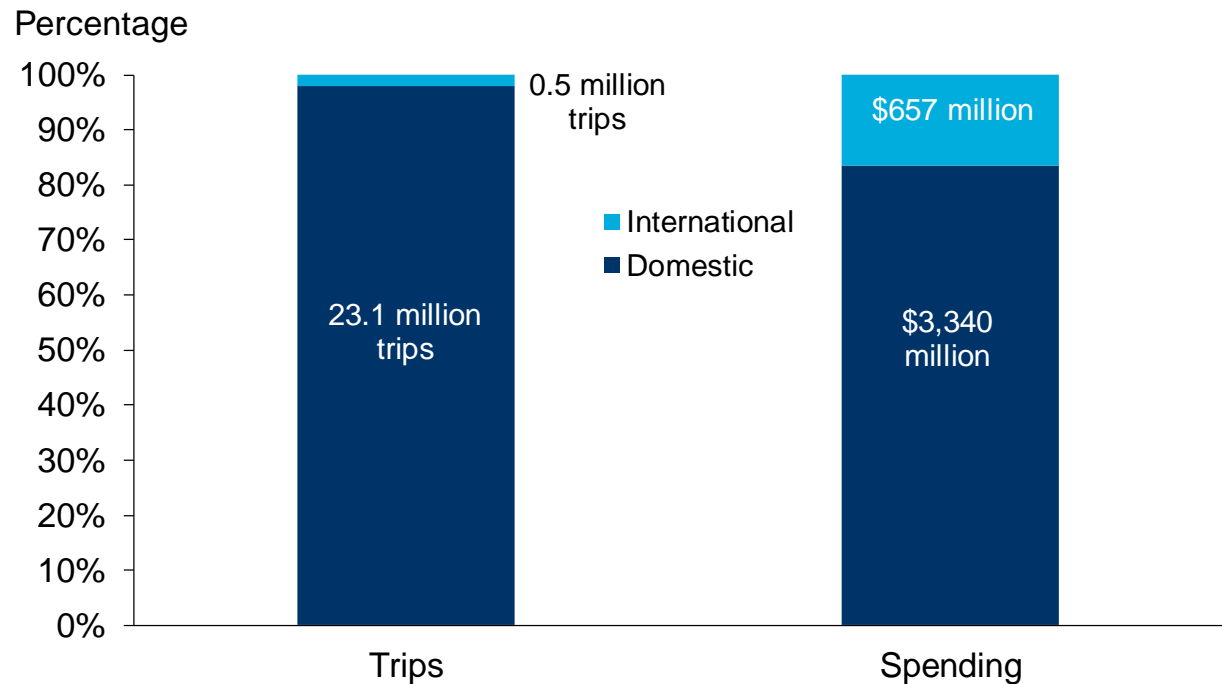
International tourists make a significant economic impact

Higher per trip spending by international visitors leads to a relatively high economic contribution

505,000 international travelers visited Hillsborough County last year, compared to 23.1 million domestic visitors.

International visitors spent much more per person per trip than domestic visitors (\$1,290 vs \$145). So while international tourists make up only 2.1% of trips, they represent 16.4% of total spending.

Trips and spending by visitor type, 2018



Sources: Longwoods International; Tourism Economics

6) Economic Impacts

How tourism generates impact

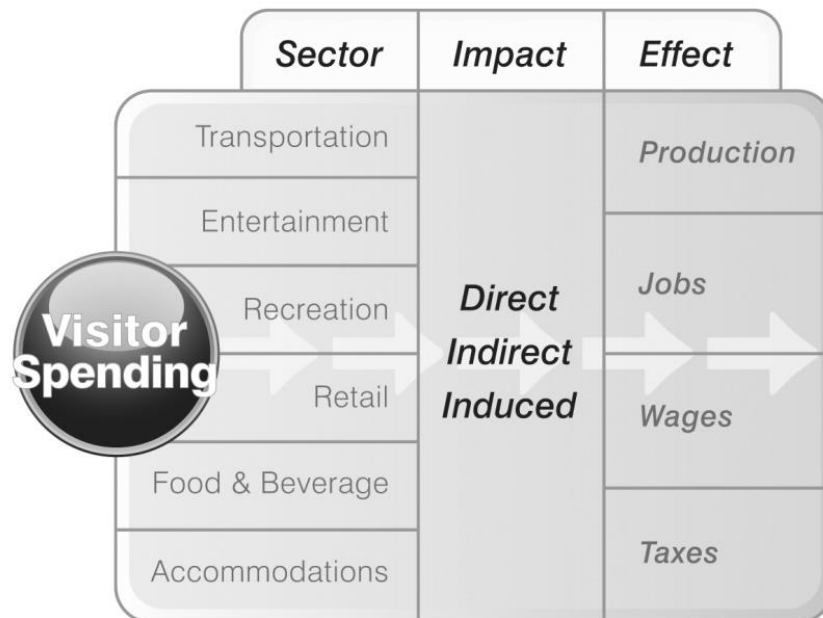
Our analysis of tourism's impact on Hillsborough County starts with actual spending by tourists, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in Hillsborough County, we input tourism spending into a model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

- Travelers create **direct** economic value within a discreet group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called **indirect** impacts.
- Lastly, the **induced** impact is generated when employees whose wages are generated either directly or indirectly by tourism, spend those wages in the local economy.

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

Tourism spending flows through the economy and generates economic benefits through multiple channels

How tourism spending flows through the economy and generates economic benefits



Economic impact summary

We estimate that in 2018, 23.6 million visitors spent \$4.2 billion in Hillsborough, which supported \$2.4 billion in income and 53,000 jobs

The economic impact of tourism on Hillsborough County, 2018

Dollar amounts in millions

Total visitors	23,586,000
Visitor spending generated	\$4,224
Impacts on Hillsborough County	
Total business sales	\$6,566
Direct expenditures	\$4,224
Indirect and induced business sales	\$2,343
Total income	\$2,431
Direct income	\$1,591
Indirect and induced income	\$839
Total jobs	53,446
Direct jobs	37,331
Indirect and induced jobs	16,115
State tax revenue	\$195
Local government tax revenue	\$206

Source: Tourism Economics

Tourism's impact on business sales (1 of 2)

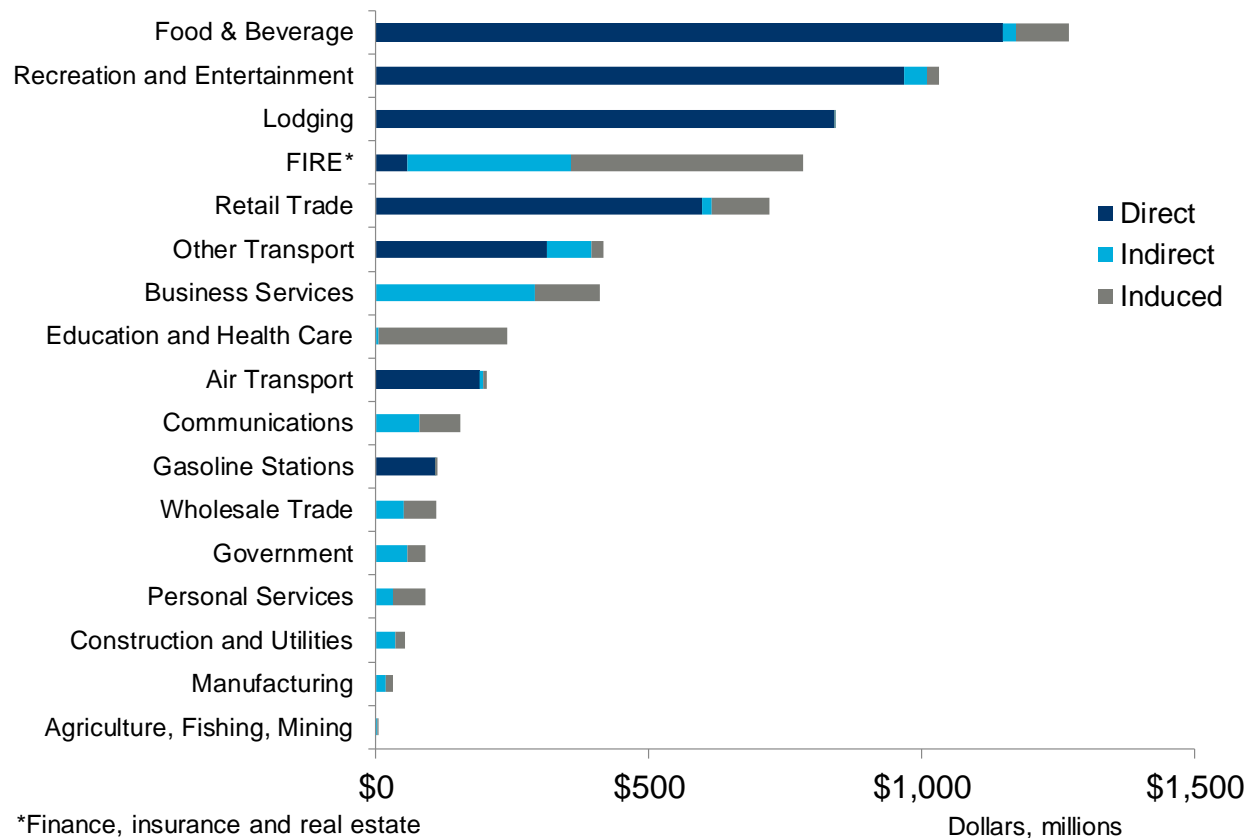
Visitors spent \$4.2 billion in Hillsborough County and supported \$6.6 billion in business sales when indirect and induced impacts are considered

Tourism industry generated business sales, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	\$1.6	\$0.6	\$2.1
Construction and Utilities	-	\$34.4	\$19.8	\$54.2
Manufacturing	-	\$18.3	\$13.0	\$31.2
Wholesale Trade	-	\$51.8	\$59.6	\$111.4
Air Transport	\$190.6	\$5.5	\$7.3	\$203.4
Other Transport	\$313.9	\$81.0	\$21.6	\$416.5
Retail Trade	\$598.0	\$17.3	\$105.0	\$720.3
Gasoline Stations	\$107.3	\$1.2	\$5.2	\$113.7
Communications	-	\$80.3	\$73.8	\$154.1
Finance, Insurance and Real Estate	\$58.1	\$298.9	\$425.5	\$782.5
Business Services	-	\$291.5	\$119.2	\$410.8
Education and Health Care	-	\$3.6	\$237.9	\$241.5
Recreation and Entertainment	\$967.3	\$42.7	\$21.0	\$1,031.1
Lodging	\$840.3	\$0.8	\$0.5	\$841.6
Food & Beverage	\$1,148.3	\$25.7	\$97.2	\$1,271.3
Personal Services	-	\$30.5	\$59.1	\$89.6
Government	-	\$57.6	\$33.6	\$91.2
TOTAL	\$4,223.7	\$1,042.7	\$1,300.1	\$6,566.5

Source: Tourism Economics

Tourism's impact on business sales (2 of 2)

Tourism industry generated business sales, 2018



Source: Tourism Economics

Tourism's impact on local employment (1 of 2)

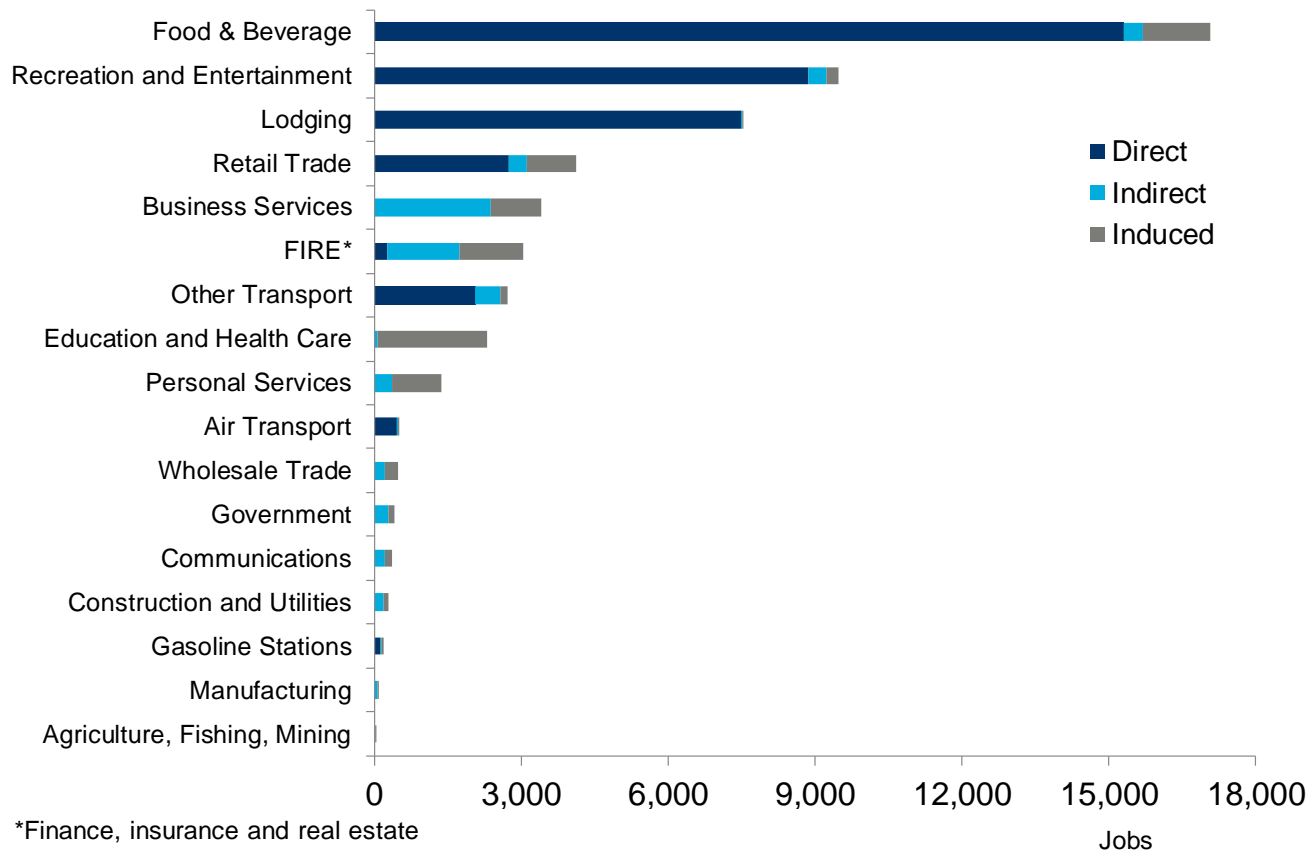
Tourism directly generated 37,331 jobs and 53,446 jobs when indirect and induced impacts are considered

Tourism industry generated employment				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	13	7	20
Construction and Utilities	-	184	109	293
Manufacturing	-	68	28	95
Wholesale Trade	-	215	265	480
Air Transport	465	16	24	505
Other Transport	2,051	537	138	2,726
Retail Trade	2,745	374	1,017	4,136
Gasoline Stations	121	21	61	204
Communications	-	216	152	368
Finance, Insurance and Real Estate	271	1,475	1,299	3,045
Business Services	-	2,381	1,029	3,410
Education and Health Care	-	59	2,244	2,302
Recreation and Entertainment	8,875	365	246	9,486
Lodging	7,499	9	6	7,514
Food & Beverage	15,304	402	1,381	17,088
Personal Services	-	372	989	1,361
Government	-	292	123	414
TOTAL	37,331	6,998	9,117	53,446

Source: Tourism Economics

Tourism's impact on local employment (2 of 2)

Tourism industry generated employment, 2018



Tourism's impact on local income (1 of 2)

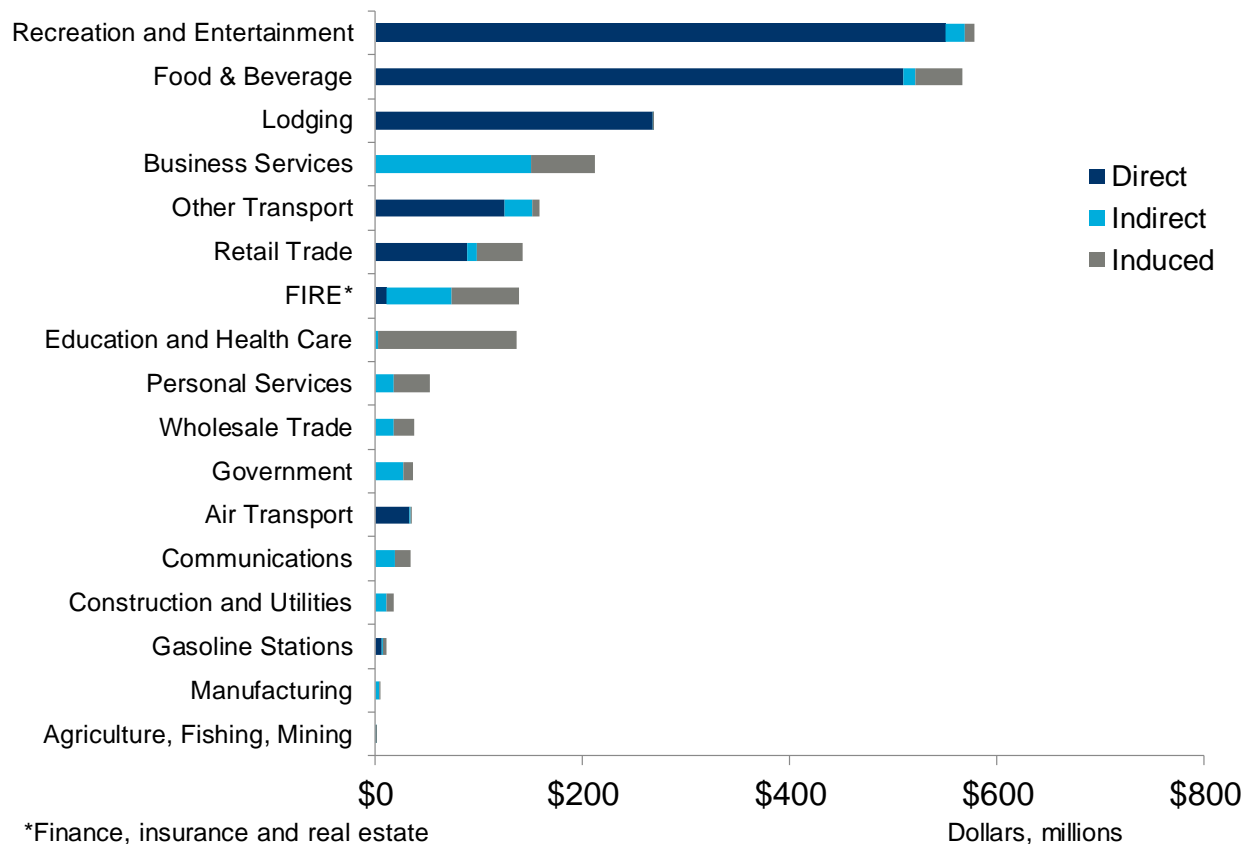
Tourism generated \$1.6 billion in direct income and \$2.4 billion when indirect and induced impacts are considered

Tourism industry generated income, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	\$0.6	\$0.2	\$0.8
Construction and Utilities	-	\$11.3	\$6.8	\$18.1
Manufacturing	-	\$3.4	\$1.7	\$5.1
Wholesale Trade	-	\$17.6	\$19.8	\$37.4
Air Transport	\$33.0	\$1.1	\$1.5	\$35.6
Other Transport	\$124.3	\$26.6	\$7.0	\$158.0
Retail Trade	\$88.6	\$9.9	\$43.8	\$142.3
Gasoline Stations	\$6.6	\$0.9	\$3.1	\$10.7
Communications	-	\$18.8	\$15.0	\$33.7
Finance, Insurance and Real Estate	\$11.2	\$62.8	\$64.4	\$138.3
Business Services	-	\$150.2	\$62.3	\$212.5
Education and Health Care	-	\$2.3	\$134.6	\$136.9
Recreation and Entertainment	\$550.0	\$19.0	\$9.1	\$578.1
Lodging	\$267.4	\$0.3	\$0.2	\$267.9
Food & Beverage	\$510.1	\$11.6	\$44.8	\$566.5
Personal Services	-	\$17.4	\$34.9	\$52.3
Government	-	\$27.2	\$9.2	\$36.4
TOTAL	\$1,591.3	\$381.0	\$458.4	\$2,430.6

Source: Tourism Economics

Tourism's impact on local income (2 of 2)

Tourism industry generated wages, 2018



Source: Tourism Economics

Tourism's impact on taxes

Tourism generated \$944 million in total taxes, \$206 million of which accrues to local government

Tourism supported tax revenue, millions			
	Direct	Indirect/Induced	Total
Federal	\$342.6	\$193.7	\$536.4
Personal Income	\$131.4	\$61.4	\$192.9
Corporate	\$27.9	\$29.4	\$57.3
Indirect business	\$42.6	\$16.4	\$59.0
Social Security	\$140.7	\$86.6	\$227.2
State and Local	\$297.1	\$110.6	\$407.7
Sales	\$128.8	\$52.2	\$181.0
Bed Tax	\$34.7	-	\$34.7
Corporate	\$4.0	\$4.4	\$8.4
Social Insurance	\$1.2	\$0.8	\$2.0
Excise and Fees	\$34.2	\$15.0	\$49.1
Property	\$94.2	\$38.2	\$132.4
TOTAL	\$639.7	\$304.3	\$944.0

Source: Tourism Economics

Tourism supported tax revenues, millions	
	Total
State Revenues	\$194.7
Sales	\$155.1
Corporate	\$8.1
Social Security	\$1.9
Excise and Fees	\$29.5
Local Govt. Revenues	\$206.4
Sales	\$25.9
Bed Tax	\$34.7
Excise and Fees	\$17.9
Property	\$127.9
TOTAL	\$401.1

Source: Tourism Economics

7) Key Figures in Context

Tourism is one of the largest industries in Hillsborough County

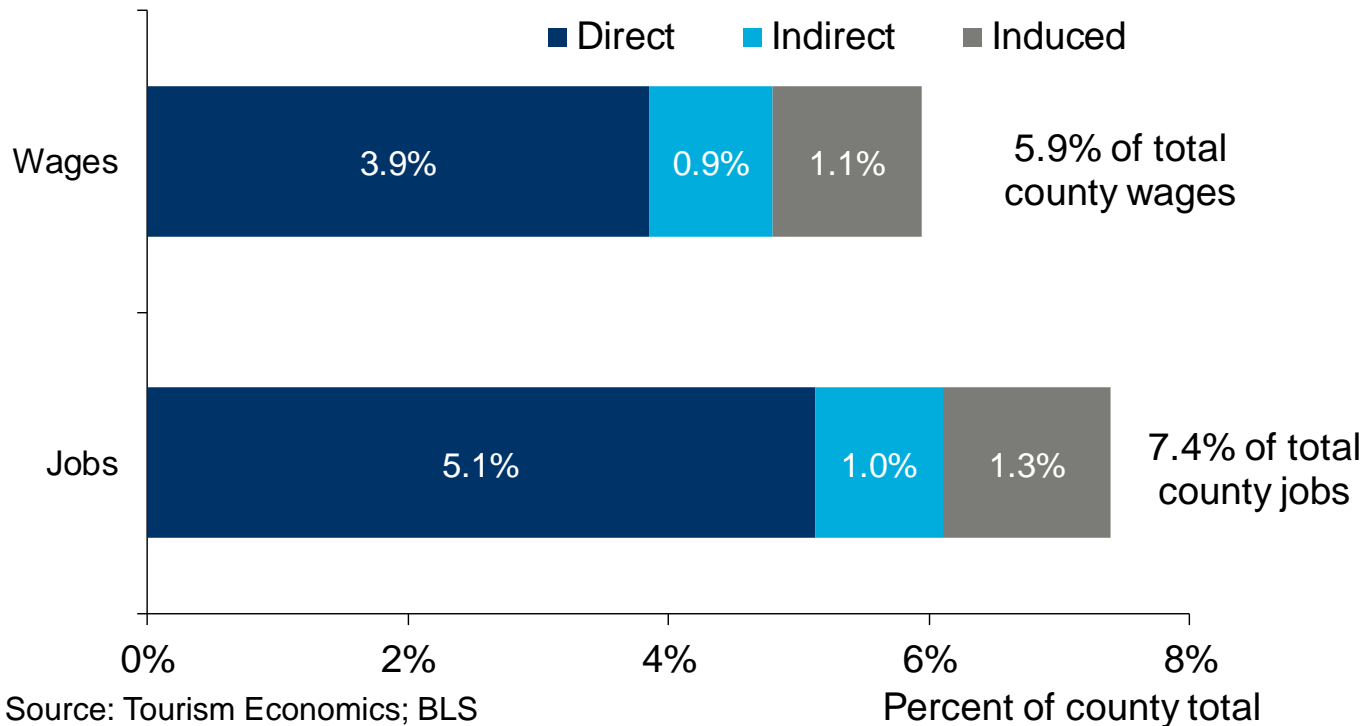
Employment in Hillsborough County, 2018



The tourism sector is a major contributor to Hillsborough County's economy

The tourism sector sustains 7.4% of all jobs and 5.9% of all wages in Hillsborough County

Share of total Hillsborough County jobs and wages supported by tourism, 2018



Figures in context

- 1 Visitors:** The 23.6 million total trips to Hillsborough County is roughly equivalent to everyone from the state of Florida visiting Hillsborough County during the year.
- 2 Visitor Spending:** The \$4.2 billion in visitor spending means that almost \$480,000 was spent by visitors EVERY HOUR in Hillsborough County in 2018.
- 3 Employment:** The number of people employed directly by visitors (37,331) would exceed the current capacity of Tropicana Field (31,042), and the employees sustained by tourism's indirect and induced impacts (16,115) would fill up most of the Amalie Arena (19,092).
- 4 Taxes:** To make up for the \$401 million in state and local taxes generated by tourism, each household in Hillsborough County would need to contribute an additional \$811 annually to maintain the current level of government.
- 5 Local taxes:** The \$206 million in local taxes generated would be enough to fully fund the Hillsborough County Police Department (\$160m).

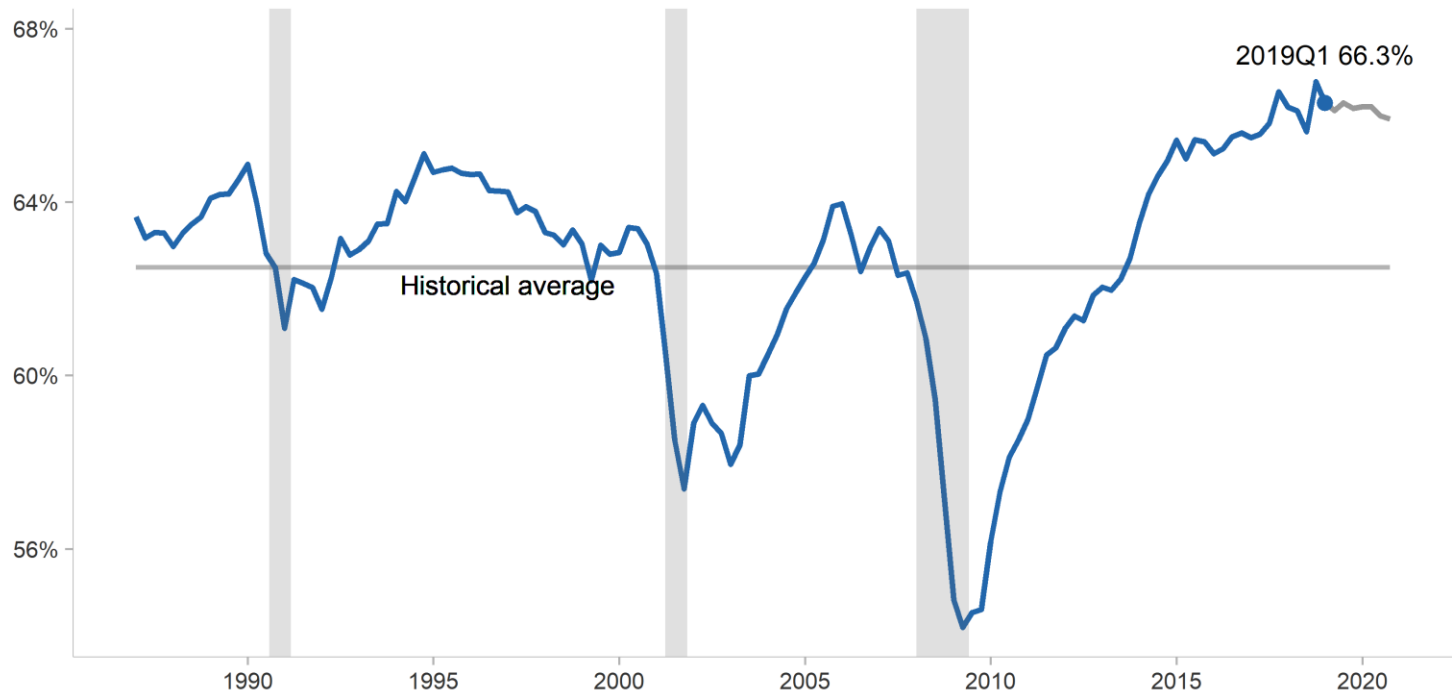
8) Trends to Watch in 2019

Travel trends are strong in early 2019

Hotels are at record occupancy levels

US Hotel occupancy rates, 1985-2019

Occupancy rate

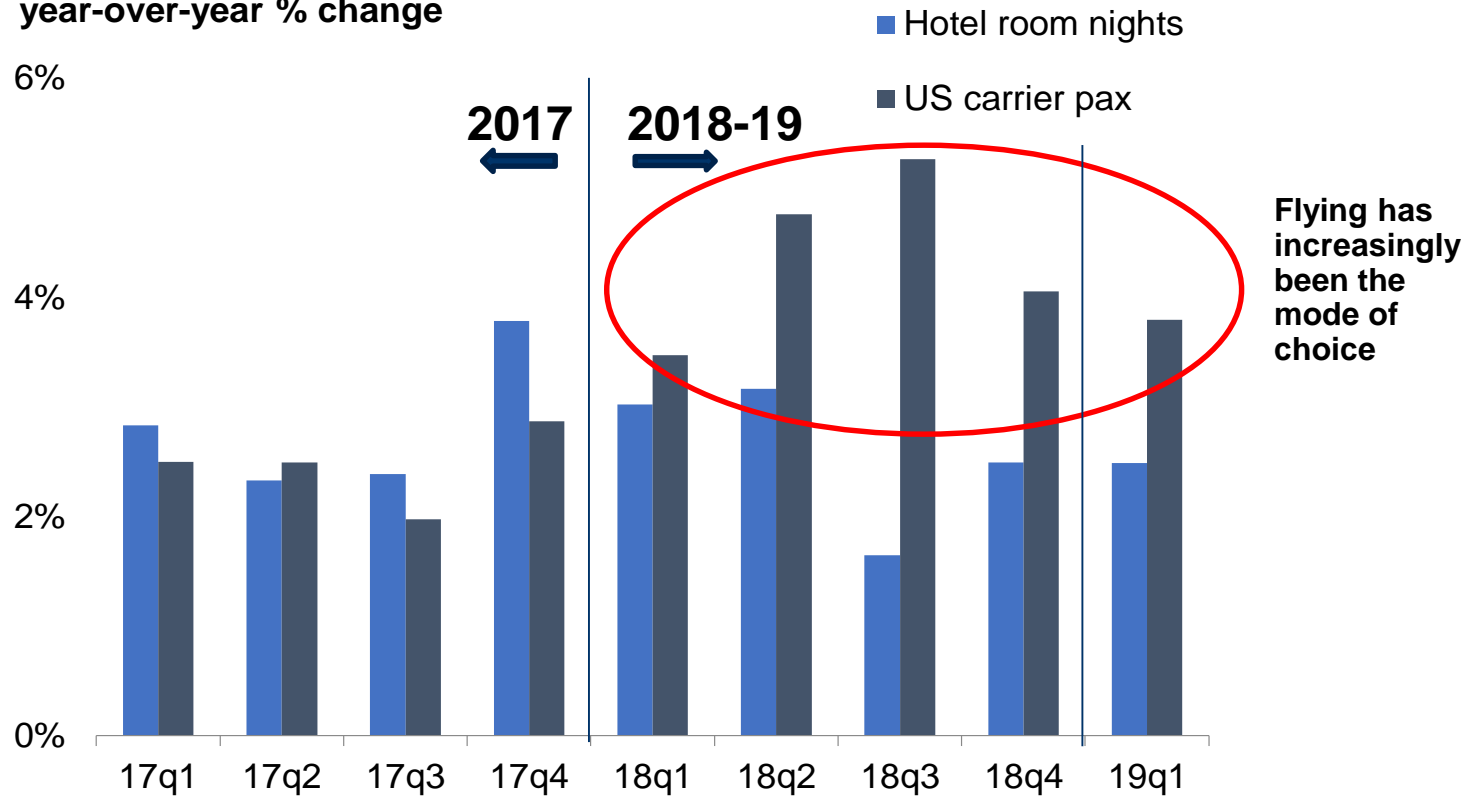


Note: Recessions shaded; data seasonally adjusted; history through 2019 Q1, forecast through 2020 Q4.
Source: STR; NBER; Tourism Economics

Travel trends are strong in early 2019

Hotels and air travel demand is growing quickly

US Travel Indicators year-over-year % change



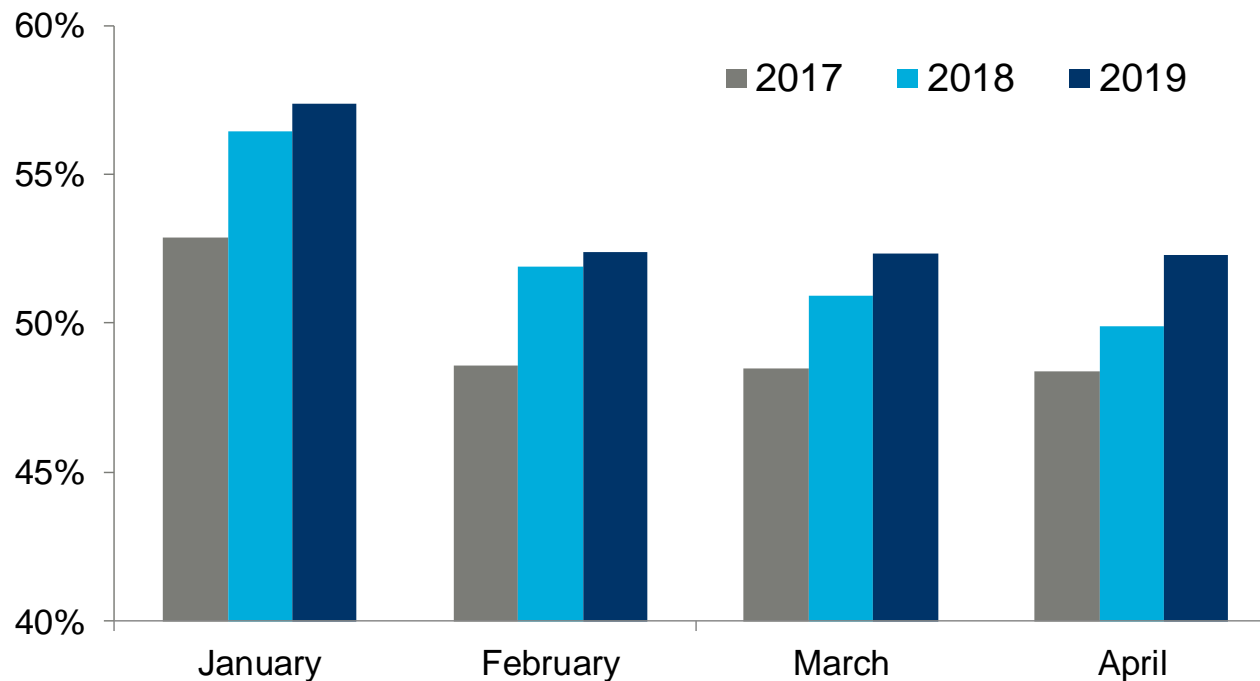
Source: STR, Tourism Economics

Travel trends are strong in early 2019

Q1 Vacation intentions are stronger than previous years, which could boost the summer season

US Household Vacation Intentions

% planning to take vacation in next six months

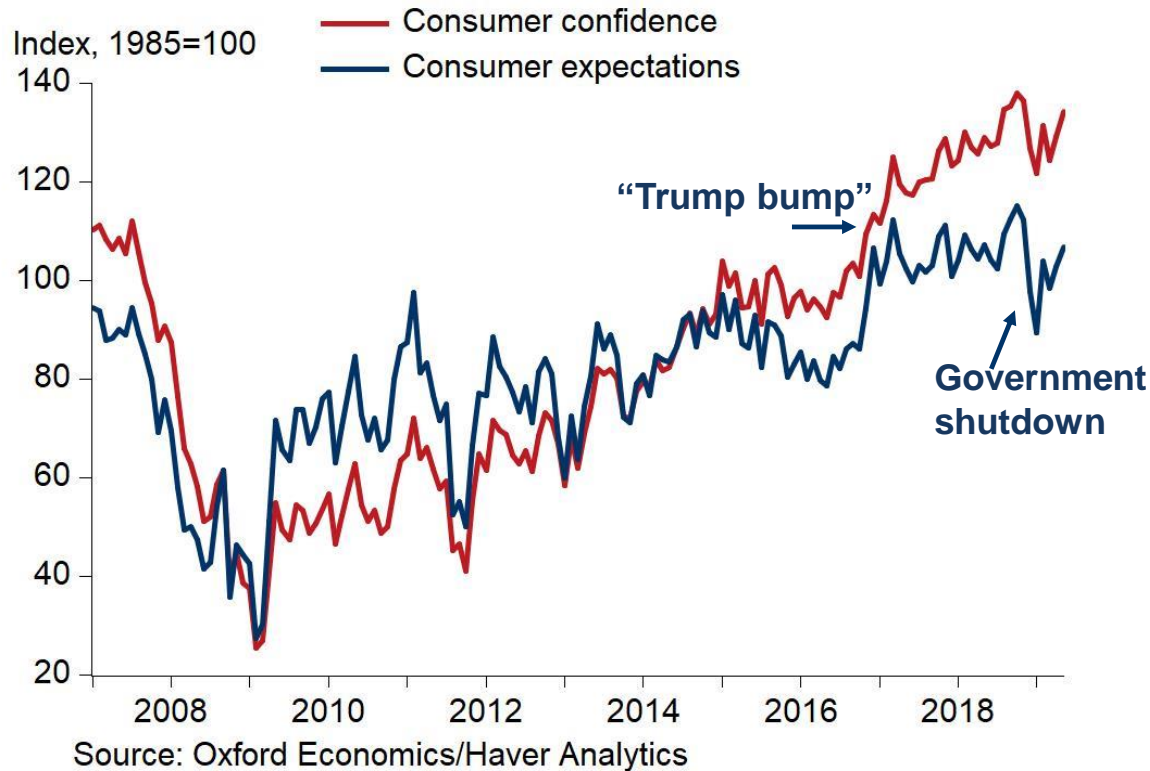


Source: Conference Board, Tourism Economics

Macroeconomic indicators are mixed

Consumer confidence has fallen back modestly...

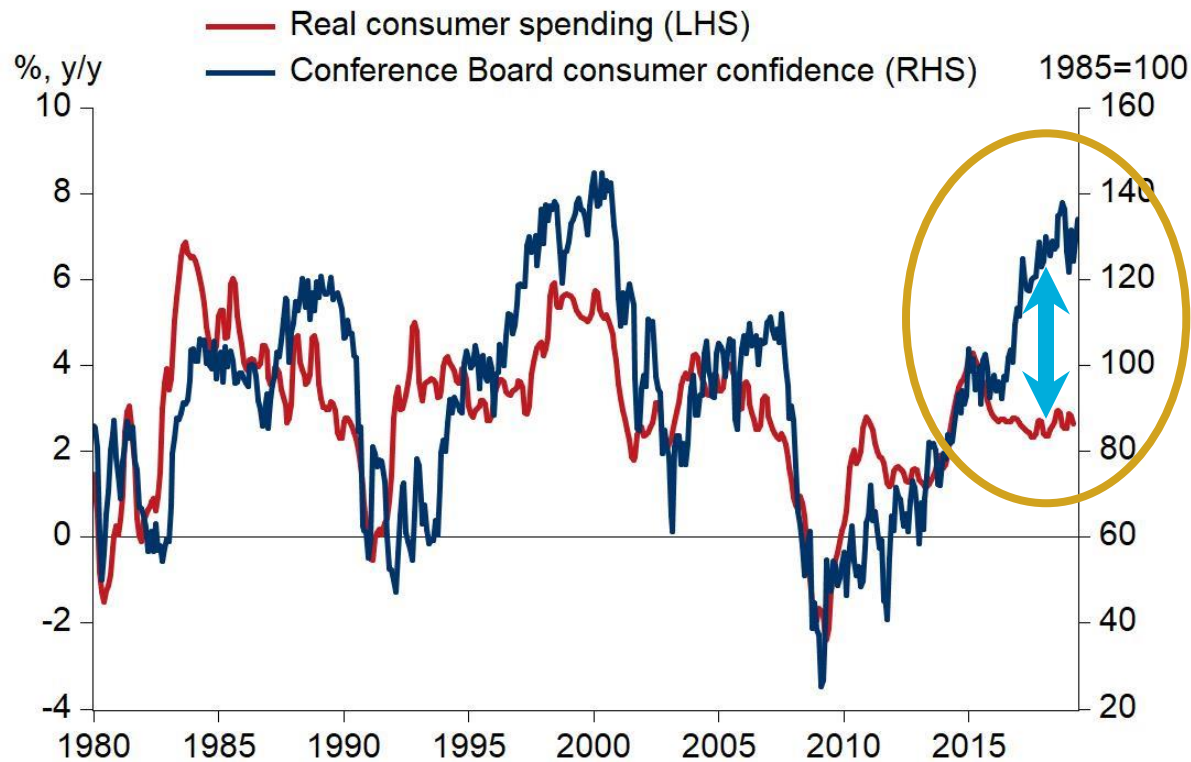
US: Consumer Confidence



Macroeconomic indicators are mixed

...and consumer spending growth is slowing

US: Confidence confidence and spending

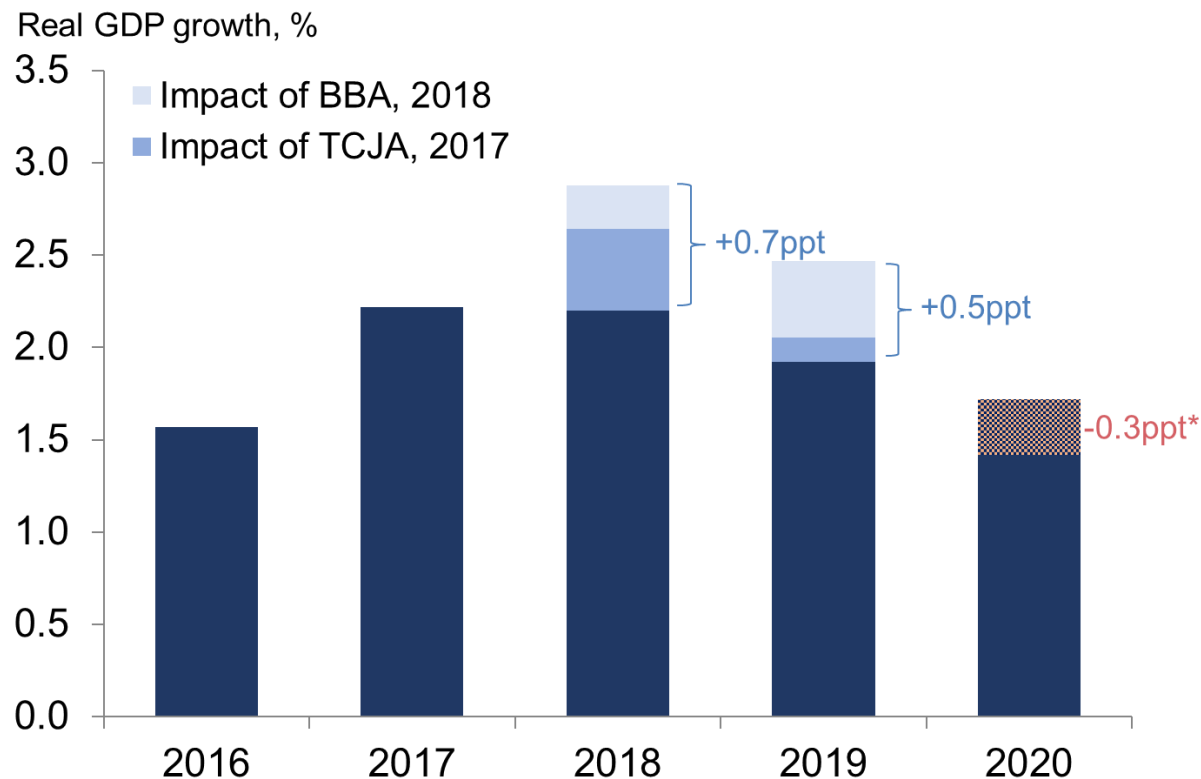


Source: Oxford Economics/Haver Analytics

Growth will moderate in 2019 and 2020

US fiscal stimulus is fading

US: Policy tailwinds will diminish over time



Source: Oxford Economics

BBA, 2018 = Bipartisan Budget Act of 2018

TCJA, 2017 = Tax Cuts and Jobs Act of 2017

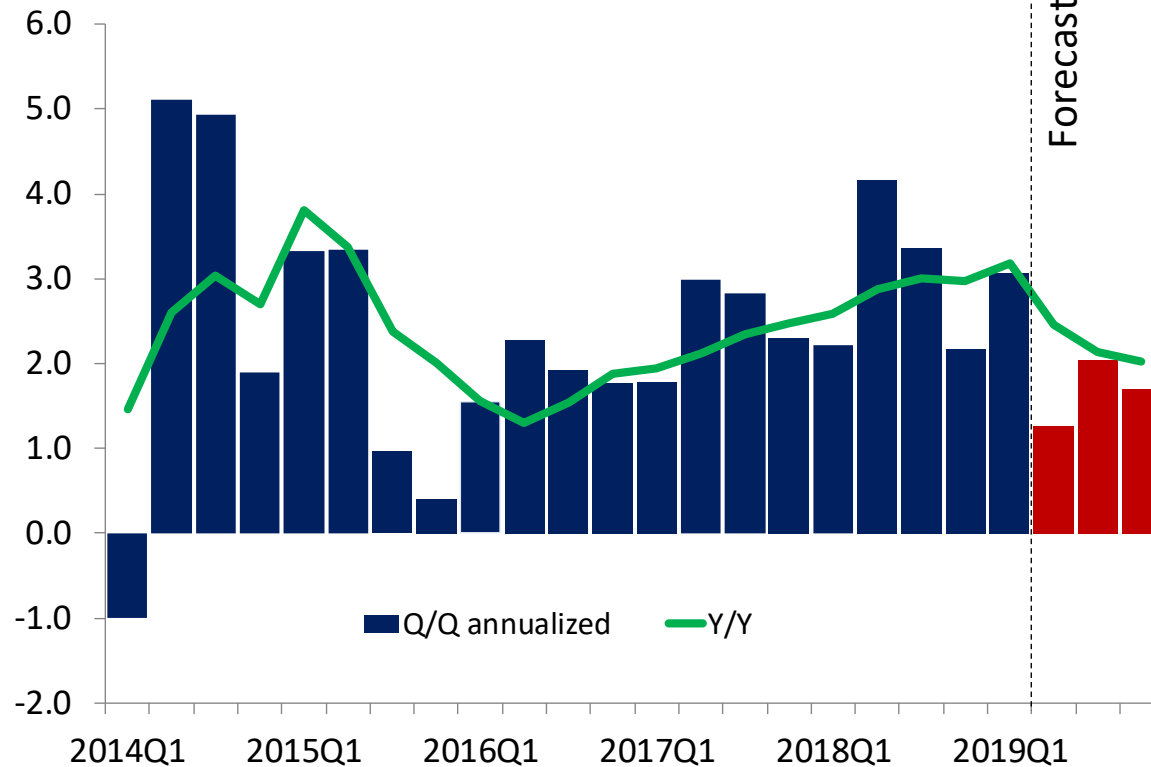
*Fiscal cliff risk if Congress doesn't extend BBA spending

Growth will moderate in 2019 and 2020

Economy expected to slow gradually, not abruptly

US: Real GDP growth

Percent, change



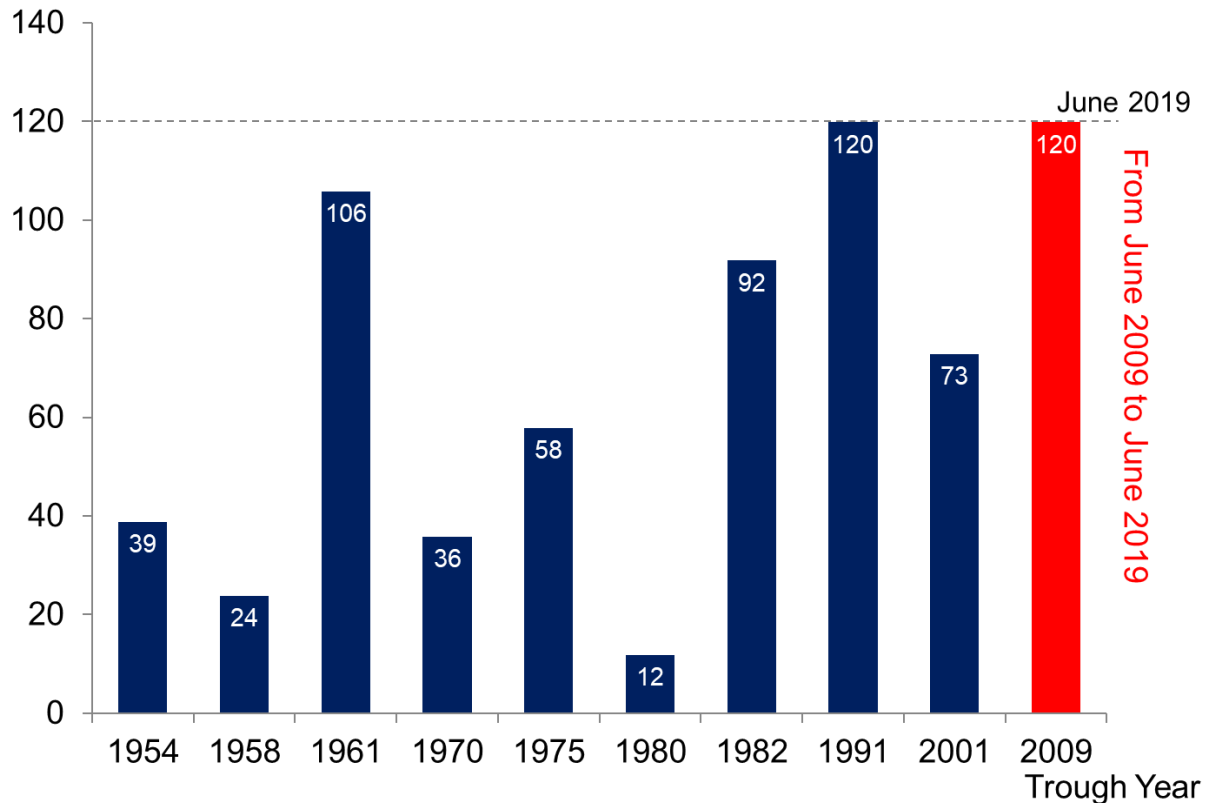
Source: Oxford Economics

Growth will moderate in 2019 and 2020

So is a recession due ?

US: The longest economic expansion on record

Number of months, Trough to Peak

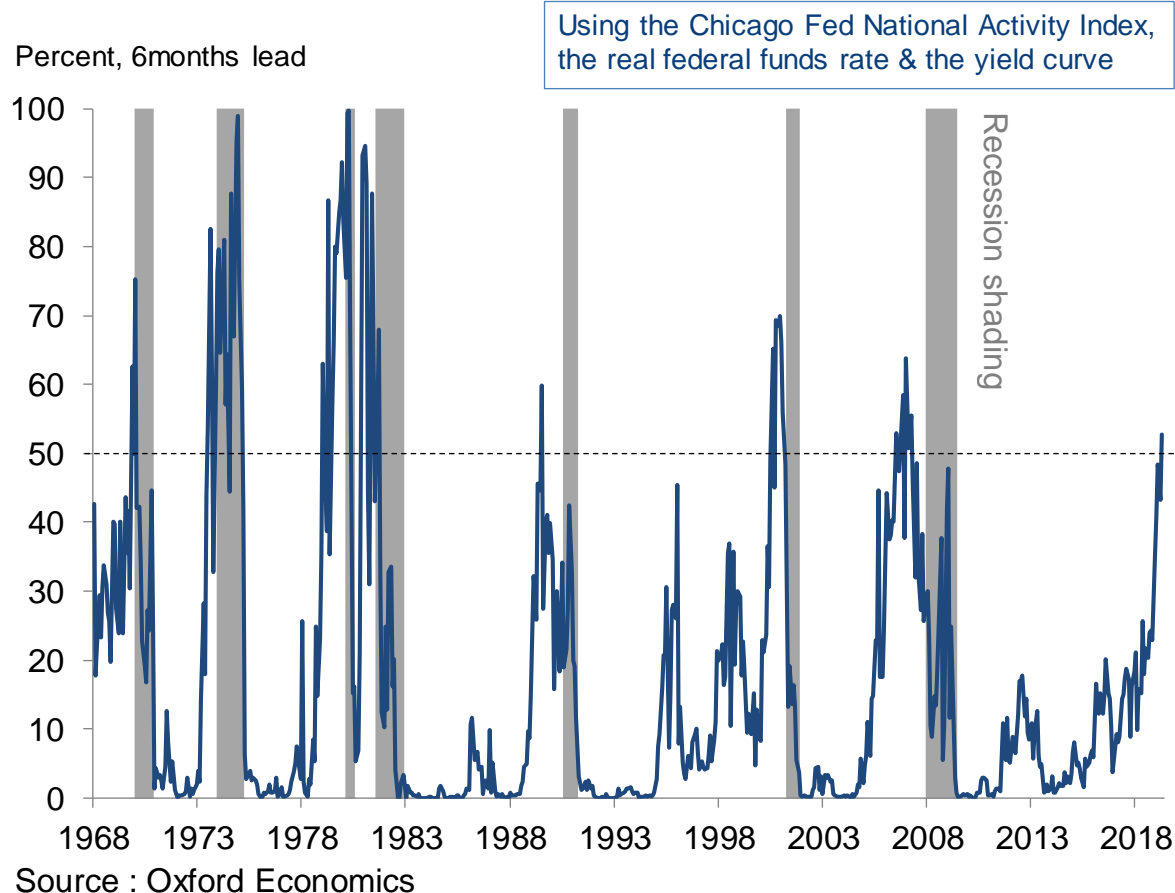


Source : Oxford Economics, NBER

Growth will moderate in 2019 and 2020

US Recession odds modest in 2019 and 40% in 2020

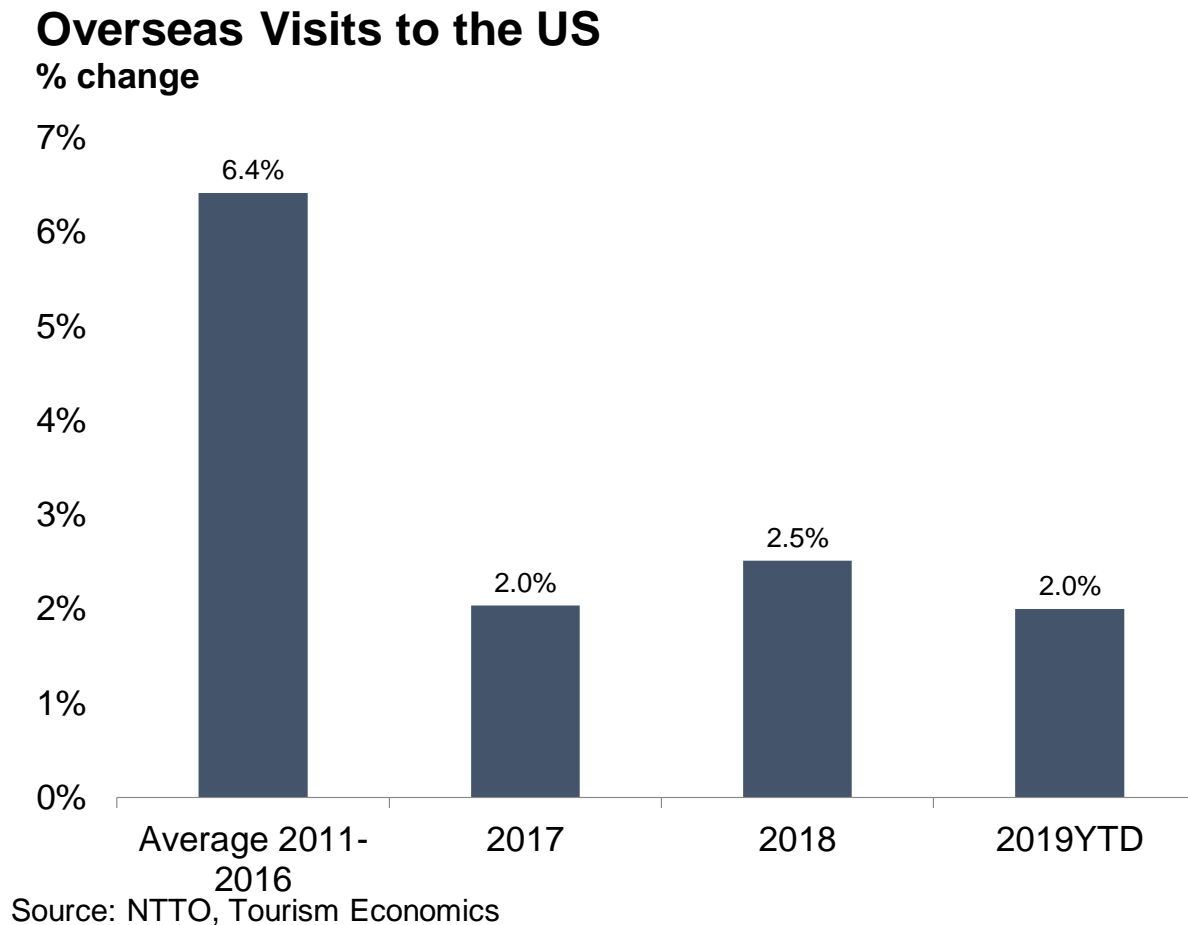
US: Probability of a recession 6 months ahead



- Recessions odds have risen due to yield curve & soft patch in Q1, but we caution that “recession panic” is misguided.
- We currently do not foresee a US recession on the short term horizon, but we note the increased risk that extreme Fed dovishness and the recession bias could lead to a self-fulfilling prophecy.

Slow global growth slows overseas arrivals

Modest global growth will slow overseas arrivals



Takeaways

Trends	Expectations	Strategy
<ul style="list-style-type: none">• 2018 was a solid year for the travel sector and growth is continuing in 2019• US economic fundamentals driving domestic market• International market tempered	<ul style="list-style-type: none">• US economy is on a slowing track• Recession indicators are not flashing	<ul style="list-style-type: none">• International markets continue to offer yield opportunity for long-term growth• Domestic market indicators favorable

Methodology

Methods and data sources

Domestic visitor expenditure estimates are provided by Longwoods International's representative survey of US travelers. These are broken out by sectors (lodging, transport at destination, food & beverage, retail, and recreation), by purpose (business and leisure), and by length of stay (day and overnight).

Tourism Economics then adds several categories of spending to these figures:

- Overseas visitor spending
- Spending on air travel which accrues to all airports and locally-based airlines
- STR data on hotel revenues
- Lodging tax receipts

All results are benchmarked and cross-checked against US Bureau of Labor Statistics and the Bureau of Economic Analysis data on wages and employment.

About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis, and economic impact studies.

With over four decades of experience of our principal consultants, it is our passion to work as partners with our clients to achieve a destination's full potential.

Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of more than 120 professional economists; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford Economics has offices in London, Oxford, Dubai, Philadelphia, and Belfast.

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